



Extraordinary Meeting of Council

AGENDA

11 November 2020

**Commencing at following the
Planning and Strategy Meeting**

Queanbeyan Council Chambers

- 1 OPENING
- 2 ACKNOWLEDGEMENT OF COUNTRY
- 3 APOLOGIES AND APPLICATIONS FOR A LEAVE OF ABSENCE BY COUNCILLORS
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- 7 REPORTS FOR CLOSED SESSION
- 8 CONCLUSION OF THE MEETING

LIST OF ATTACHMENTS –

(Copies available from General Manager's Office on request)

Open Attachments

- Item 5.1 Queanbeyan Civic and Cultural Precinct issue invitation to tender
- Attachment 3 QCCP Architectural Drawings - Nov 2020 (Under Separate Cover)*
 - Attachment 4 QCCP Landscaping Drawings - Nov 2020 (Under Separate Cover)*
 - Attachment 5 QCCP Images - Nov 2020 (Under Separate Cover)*
 - Attachment 6 QCCP Summary Program (Under Separate Cover)*
 - Attachment 7 QCCP Project Presentation (Under Separate Cover)*

Closed Attachments

- Item 5.1 Queanbeyan Civic and Cultural Precinct issue invitation to tender
- Attachment 1 QCCP Head Contractor - Design Finalisation and Construction - EOI Evaluation Report (Under Separate Cover)*
 - Attachment 2 Queanbeyan Civic and Cultural Precinct 80% - PTE cost estimate (Under Separate Cover)*

ITEM 4 DECLARATION OF CONFLICTS/PECUNIARY INTERESTS

The provisions of Chapter 14 of the *Local Government Act, 1993* regulate the way in which Councillors and nominated staff of Council conduct themselves to ensure that there is no conflict between their private interests and their public trust.

The Act prescribes that where a member of Council (or a Committee of Council) has a direct or indirect financial (pecuniary) interest in a matter to be considered at a meeting of the Council (or Committee), that interest must be disclosed as soon as practicable after the start of the meeting and the reasons for declaring such interest.

As members are aware, the provisions of the *Local Government Act* restrict any member who has declared a pecuniary interest in any matter from participating in the discussions, voting on that matter, and require that member to vacate the Chamber.

Council's Code of Conduct provides that if members have a non-pecuniary conflict of interest, the nature of the conflict must be disclosed. The Code also provides for a number of ways in which a member may manage non pecuniary conflicts of interest

Recommendation

That Councillors and staff disclose any interests and reasons for declaring such interest in the matters under consideration by Council at this meeting.

5.1 **Queanbeyan Civic and Cultural Precinct issue invitation to tender (Author: Hansen/Damo)**

File Reference: 36.1.2 & Other Project 100265-31-04

Summary

The design for the Queanbeyan Civic and Cultural Precinct (QCCP) has reached the 80% design milestone and a QS cost estimate has been undertaken on this design. The pre-tender estimate has confirmed the project can be delivered within the budget set by the Business Case dated October 2019 that was exhibited and endorsed by Council.

Funding for the project will be sought from NSW TCorp and other commercial banks. As indicated at the councillor workshop on 4 November, staff will evaluate options for 20 (TCorp) and 30 (commercial) year terms.

The workshop included a repayment schedule showing the components to meet the principal and interest loan repayments for this project.

Recommendation

That Council

- 1. issue an invitation to tender for the design finalisation and construction of the Queanbeyan Civic and Cultural Precinct to the firms recommended in the Expression of Interest Evaluation Report**
- 2. update the Operational and Delivery Plans with confirmed scope and funding of QCCP.**

Background

The 80% design, estimates, capital funding and debt financing was presented to Council at a workshop on 4 November. The architectural and landscape designs are included as attachments to this report. A copy of the presentation to the workshop of 4 November 2020 is included as an attachment to this report.

A cost estimate of the 80% design has been completed. A copy of the 80% design / Pre-Tender cost estimate is included as an attachment to this report. The cost plan confirms the project can be completed within the budget set by the Business Case of October noting it includes contingency and costs incurred to date on the project.

It is proposed that head contractor procurement will commence in November and close in December with a report to award a construction contract to Council in February 2021. Construction would then be able to commence in early-mid 2021 and continue to the end of 2022. Commissioning and move-in would take place up to early 2023. A summary program is attached to this report.

5.1 Queanbeyan Civic and Cultural Precinct issue invitation to tender (Author: Hansen/Damo) (Continued)

The key risks to the project are that:

- The forecast incomes for lettable areas are not achieved.
- The tender prices are not within the project budget.

Earlier this year, the Government announced Regional NSW would place up to 100 staff into QCCP. A Heads of Agreement to Lease levels 4 and 5 to formalise that announcement is being pursued with Property NSW. Discussions have also commenced with commercial real estate agents and potential operators of the smart hub.

The cost plan has utilised current market rates and the overall contract costs have been bench-marked against other comparable projects. The project falls within the benchmark cost range.

Implications***Legal***

The request for Expressions of Interest has been published and applications have been considered in accordance with Section 166 and 168 of the *Local Government (General) Regulation 2005*.

The proposed select tender for the design finalisation and construction of the QCCP will comply with Section 55(4) of *Local Government Act 1993* as the persons invited have responded to a public advertisement for expressions of interest in the particular contract.

Policy

The engagement of the QCCP design finalisation and construction Head Contractor will comply with Council's Procurement Policy.

Strategic

A Development Application for the project was submitted to Council in December 2019. Council has referred the application to the Southern Regional Planning Panel (SRPP) for determination in accordance with State Environmental Planning Policy (State and Regional Development) 2011. Schedule 7 of this Policy categorises the development as a regionally significant development as it has a capital investment of more than \$5 million and Council is the applicant; the owner of the land on which the development is to be carried out; and the development is to be carried out by Council – consequently the assessment and determination are to undertaken independently of Council.

The Development Application was received, reviewed and deferred by SRPP pending receipt of further information from Council. A supplementary submission responding to the request for further information was provided to SRPP and a determination of the Development Application is expected during November 2020.

There are number of planning control documents that will govern the design for the site. These include:

- Queanbeyan Local Environmental Plan (QLEP) 2012.
- Queanbeyan Development Control Plan (DCP) 2012.

5.1 Queanbeyan Civic and Cultural Precinct issue invitation to tender (Author: Hansen/Damo) (Continued)

Any proposed departures from the QLEP, DCP or Council Policies are described in the Development Application.

The progress of this development is instrumental in implementing the ambitions of the QCBD Transformation Strategy and Masterplan.

Sustainability

The QCCP project will comply with Council's Sustainable Design Strategy for Council Buildings which requires Council infrastructure with a cost of over \$2 million to achieve a minimum 5 star sustainability rating. The design brief includes meeting a minimum Nabers 4 rating for office buildings - a requirement of government tenancy.

Asset

The redevelopment of the old administration building is substantially a renewal of an existing asset, upgraded to accommodate additional council and agency staff, incorporating relevant sustainability elements. Further to the scope published in 2017, the project has added:

- agency and commercial office levels and smart hub
- library
- basement carparking
- new public domain
- integration with the Bicentennial and the Q

The Property Council of Australia (PCA) A-grade standard will be targeted for the building, with the exception of a number of high cost items which are considered to only provide marginal improvements to the functionality of the building, such as a second chiller and distributed antenna system for in-building mobile phone coverage.

Social / Cultural

The delivery of the project will provide improved connectivity between the old chambers, the Q Theatre and Bicentennial Centre which will increase the functionality of the conference, community and cultural spaces. The extensive public domain and forecourt will provide a beautifully designed space for both civic and less formal social events.

Economic

Economic benefits of the project are described in the project Business Case October 2019.

Engagement

Council placed the QCCP concept design and detailed Business Case on public exhibition between 28 October and 29 November 2019. During this period, a number of engagement activities were undertaken to promote the project. These were more fully described in the report on community and staff consultation in the QCCP Business Case presented to Council at the December 2019 Council meeting.

5.1 Queanbeyan Civic and Cultural Precinct issue invitation to tender (Author: Hansen/Damo) (Continued)

As part of the QCCP project team, a Change Manager has been engaged to assist staff to transition from their multiple and varied workplaces to a new workplace environment. The Change Management team has prepared a strategy for engagement with staff and the community which will be endorsed by Council's Executive prior to implementation.

A community information session for the Monaro Street and Poets Lane Upgrade Project is planned for 11 November 2020 at which Council will also provide an update on the QCCP Project.

Financial

At its meeting on 23 October 2019, Council resolved to:

Endorse the concept, uses, business case and the plan of subdivision for the Queanbeyan Civic and Cultural Precinct and head office building shown as Option 5.

The project is included in the Long Term Financial Plan 2018-28 where it is noted Council resolved in 2018 that the cost of servicing debt for the new head office in Queanbeyan occupied by Council staff would be met by merger, building costs savings and service review savings. Estimates for QCCP include on-costs, professional fees and contingencies around 42%.

The Business Case for the project outlined the funding for the project. This included \$1.9m from grant funding, \$50.1m from borrowings and \$20.5m from property sales and related development proceeds.

The property sales component is now reduced to \$6.956m as the Government will be a tenant rather than purchasing a strata in the development, and borrowings increase accordingly. Grants will be sourced to fit out the library and offset the cultural spaces integration. If that does not materialise in full, reserves (from property sales) would be raised for the balance.

Additionally, the long term financial plan (LTFP) has been modelled on the basis of the full loan amount being repaid over 20 years, rather than the initial proposal to make early repayments once property sales are realised. Accordingly, debt for QCCP increases to \$72.924 million, P&I debt servicing increases to \$4.5 million per annum, and lease revenues offset that increase by \$550,000 (estimate allowed for State Government rental). No amount has been borrowed for the capital project cost incurred to June 2020, but may be considered to improve unrestricted cash. The sales proceeds may be utilised for that purpose.

As referenced above, the NSW Government has announced it will establish the southern headquarters of Department of Regional NSW in the new QCCP building, taking up a tenancy to accommodate up to 100 staff comprising ~ 1650m² GFA and 30 car spaces.

Commercial terms and preparation of an agreement to lease is underway. The lease will contribute to servicing of the additional debt, designed to deliver cash-positive returns from year 10 (i.e. rent > P&I) for that proportional share of the debt.

The table below summarises funding sources for the \$74.847m project, inclusive of professional fees and contingencies.

Program Code	Expense Type	Funding source	Amount (\$M)
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5.1 Queanbeyan Civic and Cultural Precinct issue invitation to tender (Author: Hansen/Damo) (Continued)

Capital	Debt	72.924
	Grant (culture/library)	1.923

Resources (including staff)

Internal staff resources will be required for the duration of the project to provide owner and occupant inputs to the detail design along with staff and community engagement.

The level of staff input to review the detail design as it progresses will be significant in order to maintain the project program. A change management process is in place to transition staff from 11 buildings in the CBD, into QCCP.

The Project Management Plan will further detail the level of staff involvement in the project. While APP were engaged to manage the project, oversight will continue with the Project Management Committee (executive and project support office).

Integrated Plan

The project business case outlines how the benefits generated by the project assist in meeting the objectives of Community Strategic Plan 2018-28

QPRC Delivery Program 2018-21: Council will undertake the design, planning approvals and construction tender during 2019-20, with construction expected to commence in 2020-21.

QPRC Operational Plan 2019-20 provides for the head office project as part of the QCBD Transformation as per below.

Queanbeyan CBD Transformation	Estimated Cost \$,000	2018-19 \$,000	2019-20 \$,000	2020-21 \$,000
The Queanbeyan CBD Transformation Strategy draws on previous work undertaken by Council, including the CBD Master Plan. It aims to increase the number of residents and workers in the CBD to increase patronage into the retail and lifestyle precincts. To build confidence in business to invest in the CBD, Council is proposing to initially bring all of its Queanbeyan office-based staff to a single building to enable the other 11 buildings and cottages to be vacated and redeveloped into a mix of residential, commercial and aged care developments by the private sector.	65,947	3,022	12,665	50,260
	Source of funds			
Improving the amenity and safety of the CBD involves centralising carparking into undercover decked carparks in Morisset and Crawford Sts, and converting part of the Rutledge, Lowe and Morisset carparks into public domain to act as green pedestrian corridors between the Queanbeyan parks and the River.		Asset sales Reserves Grants and contributions	Assets sales Loans	Loans
Individual projects include: Rutledge walkway, Smart City, Queanbeyan Head Office and Smart Hub, Civic plaza, Lowe St pedestrian corridor, Morisset St improvements and more.				

The Resourcing Strategy 2017-21 includes the action to provide a contemporary workplace. This project achieves this strategy by providing a new workplace at 5 star green star and PCA A grade facility.

The Operational Plan should be updated to reflect the tenancy rather than strata sale for the Government occupancy.

Conclusion

The QCCP project is the catalyst for the transformation of Queanbeyan CBD, enabling over 200 staff to vacate 11 buildings around the CBD into a single efficient office, that releases

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those sites for sale and redevelopment and in turn, activates those sites into mixed use (commercial, office and residential) developments to bring more workers and residents into the town centre. The proceeds of sale may then assist the reinstatement of unrestricted cash (working capital) identified in the LTFFP.






The construction activity in the CBD is considerate of impacts on traffic and parking and scheduled to divert traffic and parking to CBD edges, and timed to return Morisset carpark to public use once the Police vacate in the new year.

The design for the QCCP has progressed to point that has been sufficiently detailed for the project to go to tender for design finalisation and construction. The pre-tender estimate on the 80% design has confirmed the project can be delivered within the budget set by the Business Case dated October 2019.

Approval for finance from NSW TCorp has been sought and the loan has endorsement from the NSW Office of Local Government. The commercial spaces of the project will be financed via commercial fund providers.

The forecast principal and interest repayments are met by a mix of merger and building savings, lease revenues and internal attributions between Funds.

Attachments

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6 NOTICE OF INTENTION TO DEAL WITH MATTERS IN CLOSED SESSION

It is necessary for the Council to adopt a resolution to formalise its intention to deal with certain matters in Confidential Session. The reports are incorporated in the “confidential” business paper which has been circulated to Councillors.

The *Local Government Act, 1993* requires the General Manager to identify those matters listed on the business paper which may be categorised as confidential in terms of Section 10A of the *Local Government Act, 1993*.