



**TOWN OF VINCENT**

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*"Enhancing and celebrating our diverse community"*

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# **MINUTES**

## **SPECIAL COUNCIL MEETING**

**6 SEPTEMBER 2010**

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Minutes of the Special Meeting of Council of the Town of Vincent held at the Administration and Civic Centre, 244 Vincent Street, Leederville, on Monday 6 September 2010, commencing at 6.00pm.

**1. DECLARATION OF OPENING**

The Presiding Member, Mayor Nick Catania, declared the meeting open at 6.05pm.

**2. APOLOGIES/MEMBERS ON APPROVED LEAVE OF ABSENCE**

**(a) Apologies:**

Cr Taryn Harvey – apologies due to being unwell.

**(b) Present:**

Mayor Nick Catania, JP	Presiding Member
Cr Matt Buckels	North Ward
Cr Anka Burns	South Ward (from 6.35pm)
Cr Steed Farrell	North Ward
Cr Sally Lake ( <i>Deputy Mayor</i> )	South Ward
Cr Warren McGrath	South Ward
Cr Dudley Maier	North Ward
Cr Joshua Topelberg	South Ward
John Giorgi, JP	Chief Executive Officer
Rob Boardman	Director Development Services
Rick Lotznicker	Director Technical Services
Mike Rootsey	Director Corporate Services
Mr John Del Dosso	Director Research, Consultancy and Valuation, Certified Practising Valuer – Colliers International

No members of the Public were present.

**(c) Members on Leave of Absence:**

Nil.

**3. (a) PUBLIC QUESTION TIME & RECEIVING OF PUBLIC SUBMISSIONS**

Nil.

There were no speakers.

**4. APPLICATIONS FOR LEAVE OF ABSENCE**

Nil.

**5. ANNOUNCEMENTS BY THE PRESIDING MEMBER (Without Discussion)**

Nil.

**6. DECLARATION OF FINANCIAL INTEREST**

Cr Topelberg declared an interest affecting Impartiality. The extent of his interest being that his father-in-law owns a property in Pier Street, opposite nib Stadium.

**7.1 Motion to Rescind or Change a Council Decision relating to the Rectangular Stadium at 310 Pier Street, Perth**

<b>Ward:</b>	South	<b>Date:</b>	3 September 2010
<b>Precinct:</b>	Beaufort, P13	<b>File Ref:</b>	RES0082/RES0114
<b>Attachments:</b>	-		
<b>Reporting Officer:</b>	John Giorgi, Chief Executive Officer		
<b>Responsible Officer:</b>	John Giorgi, Chief Executive Officer		

**OFFICER RECOMMENDATION:**

*That the Council;*

(i) *NOTES that;*

(a) *at its Special Meeting of Council held on 29 May 2007 (Item 7.1) in Clause (iii), it resolved (in part);*

**"(h) TASKFORCE RECOMMENDATION 8 - INDEPENDENT STADIA TRUST:**

*"That the major stadia should be governed by a State Government appointed Trust/Authority."*

**Council Position:**

*This Recommendation is supported. However, it should not apply to Members Equity Stadium - which the Town owns freehold and in which the Town has made a significant contribution as part of Stage 1 Redevelopment. The Town requests further information concerning this Recommendation.*

(i) **TASKFORCE RECOMMENDATION 9 - SINGLE TRUST:**

*"That the State Government consider establishing a single Trust/Authority to oversee Western Australia's major government funded sports and entertainment infrastructure."*

**Council Position:**

*This Recommendation is supported. However, it should not apply to Members Equity Stadium - which the Town owns freehold and in which the Town has made a significant contribution as part of Stage 1 Redevelopment. The Town requests further information concerning this Recommendation.*

(j) **TASKFORCE RECOMMENDATION 10 - FUNDING:**

*"That no public funds be allocated to the redevelopment/development of any existing or new stadium unless it is under the direct control of a Government Appointed Trust/Authority."*

**Council Position:**

*This Recommendation is supported. However, it should not apply to Members Equity Stadium - which the Town owns freehold and in which the Town has made a significant contribution as part of Stage 1 Redevelopment. The Town requests further information concerning this Recommendation.*

*Should the State Government compulsorily acquire/resume the Town's facility, full compensation to the Town is required."*

- (b) *at its Ordinary Meeting of Council held on 24 March 2009 (Item 14.2, Clause (iii), it resolved that the Council;*
- "(iii) ADOPTS the following position concerning Members Equity Stadium and advises the Department of Sport and Recreation accordingly:*
- (a) the Town will not lease Members Equity Stadium to the State Government on a long term basis;*
  - (b) the Town will not relinquish control of its asset and the Stadium Management Committee; and*
  - (c) that it considers the most acceptable and cost efficient option of delivering the Proposed Stage 2 Redevelopment of Members Equity Stadium is by a Financial Assistance Agreement between the State Government and the Town;"*
- (ii) *in accordance with Regulation 10 of the Local Government (Administration) Regulations 1996 as referred to in Section 5.25(e) of the Local Government Act, three Council Members, namely Mayor Nick Catania, Councillor Steed Farrell and Councillor Taryn Harvey, being one third of the number of offices of members of the Council, SUPPORT this motion to revoke or change a Council decision;*
- (iii) *Councillor Steed Farrell MOVES a motion to CHANGE the decision by deleting Clause (iii)(h), (i) and (j) and Clause (iii)(a), (b) and (c) (as above); and*
- (iv) *in accordance with Regulation 10 of the Local Government (Administration) Regulations 1996 as referred to in Section 5.25(e) of the Local Government Act 1995, the Council RESOLVES BY AN ABSOLUTE MAJORITY to CHANGE part of the decision by RESCINDING the following;*

*Special Meeting of Council held on 29 March 2007 (Item 7.1)*

*Deletion of the following words, shown by strike-through, where they appear in Clause (iii) (h), (i) and (j);*

*"(h) TASKFORCE RECOMMENDATION 8 - INDEPENDENT STADIA TRUST:*

*"That the major stadia should be governed by a State Government appointed Trust/Authority."*

*Council Position:*

*This Recommendation is supported. However, it should not apply to Members Equity Stadium which the Town owns freehold and in which the Town has made a significant contribution as part of Stage 1 Redevelopment. The Town requests further information concerning this Recommendation.*

(i) **TASKFORCE RECOMMENDATION 9 - SINGLE TRUST:**

*"That the State Government consider establishing a single Trust/Authority to oversee Western Australia's major government funded sports and entertainment infrastructure."*

**Council Position:**

*This Recommendation is supported. However, it should not apply to Members Equity Stadium which the Town owns freehold and in which the Town has made a significant contribution as part of Stage 1 Redevelopment. The Town requests further information concerning this Recommendation.*

(j) **TASKFORCE RECOMMENDATION 10 - FUNDING:**

*"That no public funds be allocated to the redevelopment/development of any existing or new stadium unless it is under the direct control of a Government Appointed Trust/Authority."*

**Council Position:**

*This Recommendation is supported. However, it should not apply to Members Equity Stadium which the Town owns freehold and in which the Town has made a significant contribution as part of Stage 1 Redevelopment. The Town requests further information concerning this Recommendation.*

*Should the State Government compulsorily acquire/resume the Town's facility, full compensation to the Town is required."*

**Ordinary Meeting of Council held on 24 March 2009 (Item 14.2)**

*Deletion of Clause (iii)(a), (b) and (c), as follows;*

*"(iii) ADOPTS the following position concerning Members Equity Stadium and advises the Department of Sport and Recreation accordingly:*

*(a) the Town will not lease Members Equity Stadium to the State Government on a long term basis;*

*(b) the Town will not relinquish control of its asset and the Stadium Management Committee; and*

*(c) that it considers the most acceptable and cost efficient option of delivering the Proposed Stage 2 Redevelopment of Members Equity Stadium is by a Financial Assistance Agreement between the State Government and the Town."*

**COUNCIL DECISION ITEM 7.1**

**Moved Cr Farrell, Seconded Cr McGrath**

*That the recommendation be adopted.*

**MOTION PUT AND CARRIED**  
**BY AN ABSOLUTE MAJORITY (7-0)**

**(Cr Harvey was an apology for the Meeting. Cr Burns had not yet arrived at the Meeting.)**

## PURPOSE OF REPORT:

The purpose of the report is for the Council to rescind or change previous Council decisions concerning possible leasing and governance of the Stadium. This is a procedural matter required under the Local Government Act, which must be determined, prior to the Council considering and determining an offer from the State Government of Western Australia for a long term lease of the Town's Rectangular Stadium at 310 Pier Street, Perth.

## BACKGROUND:

### Previous Reports

Progress reports have been submitted to the Ordinary Meeting of Council held on 27 July 2010, 28 July 2009, 24 March 2009, 24 February 2009, 8 April 2008, 4 December 2007, Special Meeting of Council held on 29 May 2007 and Ordinary Meetings of Council held on 13 June 2006, 11 April 2006, 14 February 2006, 22 November 2005, 12 July 2005, 26 April 2005, 22 March 2005, 21 December 2004 and 26 October 2004.

At the Special Meeting of Council held on 29 May 2007 (Item 7.1), the Council considered this matter and resolved (in part) as follows;

*"That the Council;*

- (i) *RECEIVES;*
  - (a) *the Report of the Major Stadia Taskforce (the Taskforce) dated May 2007 and titled "The Stadium & the City" (Perth Stadium Feasibility Report) (the Report) concerning the future of stadia in Perth (copy "Laid on the Table")...;*
- (ii) *NOTES that;*
  - (a) *the Report has made ten (10) recommendations concerning Major Stadia in Perth, of which six (6) are particularly relevant to the Town;...*
- (iii) *APPROVES of the Council's position for the Taskforce recommendations, as detailed below and ADVISES the Minister for Sport and Recreation and Department that;*
  - (a) *TASKFORCE RECOMMENDATION 1 - NUMBER OF STADIA:*  
*"That the State Government adopt a Two Stadia Policy that will accommodate the needs of AFL, Rugby Union, Rugby League, Soccer and Cricket."*

Council Position:

*The Council has previously **supported** a two-stadia policy and continues to do so.*

- (b) *TASKFORCE RECOMMENDATION 2 - MAJOR STADIUM:*

*"That the State Government develop within the next 4 to 8 years a 60,000 seat multi-use outdoor stadium, incorporating a reconfigurable lower tier of seating to allow the field to be reconfigured for oval and rectangular sports."*

Council Position:

*This Recommendation is **supported**. The aspect of timing is not particularly relevant to the Town. At this stage, the Council is not in a position to express a view on the East Perth site, as it is currently assessing the comprehensive details in the Taskforce Report. The Council will advise of its position at a later date, after it has further considered the matter.*

(c) **TASKFORCE RECOMMENDATION 3 - MEMBERS EQUITY STADIUM:**

*"That Members Equity Stadium is retained as the State's rectangular stadium at its current capacity with some minor improvements."*

Council Position:

*This Recommendation is **supported**. The Town requests that further information concerning the "minor improvements", be provided to the Town. The Town further requests that it be fully consulted in this matter.*

(d) **TASKFORCE RECOMMENDATION 4 - RECTANGULAR STADIUM:**

*"The State Government develop a major capacity rectangular stadium (potentially at MES) at some time in the future when the number of events and the Business Case support such a development."*

Council Position:

*This Recommendation is **supported**. The Council requests the State Government to select MES as the site for the major rectangular stadium. The Town requests that it be fully consulted in this matter.*

(e) **TASKFORCE RECOMMENDATION 5 - FUTURE EXPANSION:**

*"That the major stadium (and its site) should have the capacity to be expanded to a total capacity of 70,000 seats."*

Council Position:

*This Recommendation is **not particularly relevant to the Town** other than in the event that the East Perth site is selected it will require the logistics to cope with an increased capacity of 10,000 spectators (plus necessary events support staff, e.g. 500), at some time in the future.*

*Therefore, the Town should not take a position at this stage.*

(f) **TASKFORCE RECOMMENDATION 6 - PUBLIC TRANSPORT STRATEGY:**

*"That the State Government requires the major stadia (and hirers) to have a strategy that achieves public transport utilisation of 50 to 70% of the stadium capacity."*

Council Position:

*This Recommendation is **strongly supported**.*

(g) **TASKFORCE RECOMMENDATION 7 - GOVERNANCE:**

*"That the governance of the major stadia should be independent of the sporting codes and other major hirers."*

Council Position:

*This Recommendation is **supported**.*

(h) *TASKFORCE RECOMMENDATION 8 - INDEPENDENT STADIA TRUST:*

*"That the major stadia should be governed by a State Government appointed Trust/Authority."*

Council Position:

*This Recommendation is **supported**. However, it should not apply to Members Equity Stadium - which the Town owns freehold and in which the Town has made a significant contribution as part of Stage 1 Redevelopment. The Town requests further information concerning this Recommendation.*

(i) *TASKFORCE RECOMMENDATION 9 - SINGLE TRUST:*

*"That the State Government consider establishing a single Trust/Authority to oversee Western Australia's major government funded sports and entertainment infrastructure."*

Council Position:

*This Recommendation is **supported**. However, it should not apply to Members Equity Stadium - which the Town owns freehold and in which the Town has made a significant contribution as part of Stage 1 Redevelopment. The Town requests further information concerning this Recommendation.*

(j) *TASKFORCE RECOMMENDATION 10 - FUNDING:*

*"That no public funds be allocated to the redevelopment/development of any existing or new stadium unless it is under the direct control of a Government Appointed Trust/Authority."*

Council Position:

*This Recommendation is **supported**. However, it should not apply to Members Equity Stadium - which the Town owns freehold and in which the Town has made a significant contribution as part of Stage 1 Redevelopment. The Town requests further information concerning this Recommendation.*

*Should the State Government compulsorily acquire/resume the Town's facility, full compensation to the Town is required."*

**CHIEF EXECUTIVE OFFICER'S FURTHER COMMENT AS AT  
3 SEPTEMBER 2010:**

**Notwithstanding the previous comments concerning leasing and governance, there has been a significant change in circumstances over the previous twelve months. The proposed lease between the Town and the State Government is considered to provide sufficient safeguards to protect the Town's and ratepayer's interest in the Stadium.**

At the Ordinary Meeting of Council held on 24 March 2009, the Council considered a report relating to the upgrade of Members Equity (now "nib") Stadium and resolved (in part) as follows;

*"That the Council; ...*

- (iii) *ADOPTS the following position concerning Members Equity Stadium and advises the Department of Sport and Recreation accordingly:*
- (a) *the Town will not lease Members Equity Stadium to the State Government on a long term basis;*
  - (b) *the Town will not relinquish control of its asset and the Stadium Management Committee; and*
  - (c) *that it considers the most acceptable and cost efficient option of delivering the Proposed Stage 2 Redevelopment of Members Equity Stadium is by a Financial Assistance Agreement between the State Government and the Town;..."*

**FURTHER COMMENT AS AT 3 SEPTEMBER 2010:**

**Notwithstanding the previous comments concerning leasing and governance, there has been a significant change in circumstances over the previous twelve months. The proposed lease between the Town and the State Government is considered to provide sufficient safeguards to protect the Town's and ratepayer's interest in the Stadium. In addition, The Offer by the Premier is financially attractive, which justifies a change in the Council's position.**

**CONSULTATION/ADVERTISING:**

Not applicable.

**LEGAL/POLICY:**

The Local Government Act 1995, Section 5.25(e) and Town of Vincent Local Law Relating to Standing Orders PART 10.

**STRATEGIC IMPLICATIONS:**

This is in keeping with the Town's Strategic Plan - Plan for the Future 2009-2014, Objective 4.1.2 - *"Manage the organisation in a responsible, efficient and accountable manner."*

**SUSTAINABILITY IMPLICATIONS:**

Nil.

**FINANCIAL/BUDGET IMPLICATIONS:**

Nil.

**COMMENTS:**

The Council's approval of the Motion to rescind or change part of a Council decision is to comply with the requirements of the Local Government Act 1995, Section 5.25(e) and Town of Vincent Local Law Relating to Standing Orders PART 10.

**7.2 CONFIDENTIAL REPORT: Proposed Lease of the Rectangular Stadium at 310 Pier Street, Perth to the State Government of Western Australia**

<b>Ward:</b>	South	<b>Date:</b>	3 September 2010
<b>Precinct:</b>	Beaufort, P13	<b>File Ref:</b>	RES0082/RES0114
<b>Attachments:</b>	<a href="#">001</a>		
<b>Reporting Officer:</b>	John Giorgi, Chief Executive Officer		
<b>Responsible Officer:</b>	John Giorgi, Chief Executive Officer		

**OFFICER RECOMMENDATION:**

*That the Council;*

- (i) **RECEIVES** the Progress Report of the Stadium Redevelopment, together with;
  - (a) **THE OFFER** of the State Government of Western Australia dated 30 August 2010, as shown in Appendix 7.2A; and
  - (b) the Independent Advice from Colliers International, the Town's Valuer/Property Consultants, dated 1 September 2010, as detailed in this report and shown in Appendix 7.2B;
- (ii) **APPROVES BY AN ABSOLUTE MAJORITY** to;
  - 1. **ACCEPT "THE OFFER"** of the State Government of Western Australia dated 30 August 2010, as shown in Appendix 7.2A, to lease the premises known as "nib Stadium, 310 Pier Street, Perth", as detailed in the Confidential Report, subject to;
    - (a) the Council approving of a Major Land Transaction Business Plan in accordance with Section 3.59 of the Local Government Act; and
    - (b) approval of the Lease Term by the Minister for Lands; and
    - (c) the Lease between the Town and the State Government to contain a "make good" Clause which, at the discretion of the Town, upon cessation of the Lease, requires the State to remove all Capital Improvements made to the Premises, at the State's cost and "make good" the land, to the satisfaction of the Town;
  - 2. **ALLOCATE** the;
    - (a) upfront Offer Payment to the Beatty Park Leisure Centre Reserve Fund; and
    - (b) Annual Fee to the Town's Capital Reserve Fund; and
  - 3. **APPROVES** of a portion of Loton Park to be used as a temporary Builder's Construction Compound for the duration of the redevelopment of the eastern stand, as shown in Appendix 7.2D (Plan No. 2737-CP-01), subject to;
    - (a) submission of a Construction Management Plan to the Town, prior to the issue of a Building Licence;

- (b) *the area being kept to an absolute minimum and the majority of Loton Park being kept available for public use at all times, during the construction period and the Chief Executive Officer being authorised to determine the actual area to be used;*
  - (c) *sufficient access being kept available so that the public can move unimpeded at all times in Loton Park from Bulwer Street through to Lord and Brewer Streets;*
  - (d) *all costs associated with the setting up of the Builder's Compound being paid by the State, and/or Builder; and*
  - (e) *the area being re-instated (at the State's and/or Builder's cost) at the conclusion of the construction period to the satisfaction of the Town;*
- (iii) **AUTHORISES** the Chief Executive Officer to;
- (a) *negotiate finalisation of the Terms and Conditions of The Offer and Draft Lease (in liaison with the Mayor);*
  - (b) *invoke the Heads of Agreement "Redevelopment of the Stadium" Clause 11.1 and serve written notice on Allia Venue Management Pty Ltd (Allia);*
  - (c) *assist the State Government, if required, to confer and renegotiate the provisions of the Heads of Agreement and Deeds of Licence with Allia and the Licensees and provide a further report to the Council for approval; and*
  - (d) *sign the Lease (when agreement has been reached), together with the Mayor, and affix the Council's Common Seal;*
- (iv) **NOTES** that the State Government has requested that, subject to The Offer being accepted by the Council, a Public Announcement is to be jointly made by the State Government and the Town as soon as practicable thereafter; and
- (v) **DIRECTS** that;
- (a) *the matter be treated as Strictly Confidential until agreement has been reached between the Town and State Government; and*
  - (b) *the report remain Confidential until it has been made public by the Chief Executive Officer.*

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**Moved Cr Farrell, Seconded Cr Lake**

*That the recommendation be adopted.*

Debate ensued.

The Presiding Member, Mayor Nick Catania welcomed Mr Del Dosso to the Meeting. He asked for questions from the Councillors.

Mr Del Dosso responded to several questions concerning his valuation advice.

The Presiding Member, Mayor Nick Catania advised that there were a number of proposed amendments and he ruled that each clause would be moved and voted upon separately.

**AMENDMENT NO 1:**

**Moved Cr Maier, Seconded Cr Lake**

*That a new subclause (ii)(1)(e) be inserted as follows:*

*“(ii)(1)(e) the State ceding care and control of property at 1 Cheriton Street, Perth, as a Crown Grant (or equivalent) for community use in recognition of the impact to the amenity of the local community as a result of the significant increase of activity at the stadium.”*

**Debate ensued.**

A letter dated 27 August 2010 from the Department of Regional Development and Lands advising that the government could provide the land “at market value” and the Town’s letter of response dated 2 September 2010 was also provided to Council Members.

**AMENDMENT NO 1 PUT AND LOST (2-5)**

**For:** Cr Lake, Cr Maier

**Against:** Mayor Catania, Cr Buckels, Cr Farrell, Cr McGrath, Cr Topelberg

(Cr Harvey was an apology for the meeting. Cr Burns had not yet arrived at the Meeting.)

**AMENDMENT NO 2:**

**Moved Cr Maier, Seconded Cr McGrath**

*That a new subclause (ii)(1)(f) be inserted as follows:*

*“(ii)(1)(f) the payment of fifty cents per patron for any non-sporting event held at the stadium and this payment will be indexed to CPI.”*

**Debate ensued.**

**Cr Burns entered the Meeting at 6.35pm.**

**Debate ensued.**

**Cr Farrell departed the Chamber at 6.50pm.**

**Debate ensued.**

**Cr Farrell returned to the Chamber at 6.52pm.**

**AMENDMENT NO 2 PUT AND LOST (2-6)**

**For:** Cr Lake, Cr Maier

**Against:** Mayor Catania, Cr Buckels, Cr Burns, Cr Farrell, Cr McGrath, Cr Topelberg

(Cr Harvey was an apology for the meeting.)

**AMENDMENT NO 3:**

**Moved Cr Maier, Seconded Cr McGrath**

*That clause (ii)(1)(c) be amended to read as follows:*

*“(ii)(1)(c) the Lease between the Town and the State Government to include the following clauses:*

*A. ~~to contain~~ a "make good" Clause which, at the discretion of the Town, upon cessation of the Lease, requires the State to remove all Capital Improvements made to the Premises, at the State's cost and "make good" the land, to the satisfaction of the Town;*

*B. the basis for setting parking fees for Loton Park may be adjusted every five years to reflect any general change of parking costs in the Perth CBD and to reflect the prevailing market rates;*”

Debate ensued.

The Presiding Member, Mayor Nick Catania requested that the Chief Executive Officer change the wording to reflect more appropriate terminology, including “Market Review. The following words were proposed (as underlined):

*“(ii)(1)(c) the Lease between the Town and the State Government to include the following clauses:*

*A. a "make good" Clause which, at the discretion of the Town, upon cessation of the Lease, requires the State to remove all Capital Improvements made to the Premises, at the State's cost and "make good" the land, to the satisfaction of the Town;*

*B. the basis for setting parking fees for Loton Park may be adjusted by way of a Market Review every five years to reflect any general change of parking costs in the Perth CBD and to reflect the prevailing market rates or any extraordinary or special circumstances which may exist at the time;*”

Debate ensued.

**AMENDMENT NO 3 PUT AND CARRIED (8-0)**

(Cr Harvey was an apology for the meeting.)

**PROPOSED AMENDMENT NO .....**

*That clause (ii)(1)(c) be amended to include subclause C. as follows:*

*“(ii)(1)(c) the Lease between the Town and the State Government to include the following clauses:*

*C. the Town reserving the right to temporarily suspend parking on Loton Park if in the opinion of the Town such parking will result in damage to the Park.*”

The Presiding Member, Mayor Nick Catania advised that the proposed condition was already included in the Draft Lease. He asked the Chief Executive Officer to read out the relevant clause of the Draft Lease – which was done.

The Presiding Member, Mayor Nick Catania advised that as the proposed condition was in the Draft Lease, the proposed amendment was no longer required.

AMENDMENT NO 4:

Moved Cr Maier, Seconded Cr Topelberg

*That a subclause (iii)(a) be amended to read as follows:*

*“(iii)(a) negotiate finalisation of the Terms and Conditions of The Offer and Draft Lease (in liaison with the Mayor), subject to final approval by the Council,”*

Debate ensued.

**AMENDMENT NO 4 PUT AND CARRIED (8-0)**

(Cr Harvey was an apology for the meeting.)

AMENDMENT NO 5:

Moved Cr Maier, Seconded Cr Topelberg

*That a new subclause (ii)(3)(f) be inserted as follows:*

*“(ii)(3)(f) the provision of a replacement temporary dual use path and associated path lighting around the builder's complex for the duration of the construction period.”*

Debate ensued.

**AMENDMENT NO 5 PUT AND CARRIED (8-0)**

(Cr Harvey was an apology for the meeting.)

The Presiding Member, Mayor Nick Catania ruled that he would not accept the following amendment as it is against the “Commercial-in-confidence” requirement, requested by the Premier:

PROPOSED AMENDMENT NO .....

*That a subclause (v)(b) be amended to read as follows:*

*“(v)(b) the report remain Confidential until ~~it has been made public by the Chief Executive Officer~~ such time as the Lease has been executed, at which time it will be made public.”*

Debate ensued.

**PROCEDURAL MOTION:**

**Moved Cr Maier, Seconded Cr Lake**

*That the ruling of the Presiding Member be disagreed with.*

**PROCEDURAL MOTION PUT AND LOST (3-5)**

**For:** Cr Lake, Cr McGrath, Cr Maier

**Against:** Mayor Catania, Cr Buckels, Cr Burns, Cr Farrell, Cr Topelberg

(Cr Harvey was an apology for the meeting.)

Debate ensued.

**AMENDMENT NO 6:**

**Moved Cr Lake, Seconded Cr Buckels**

*That subclause (ii)(2)(a) be amended to read as follows:*

*“(ii)(2) ALLOCATES the:*

- (a) upfront Offer Payment to the Beatty Park Leisure Centre Reserve Fund temporarily in the Town’s Capital Reserve Fund, pending a further decision by the Council; and”*

Debate ensued.

**AMENDMENT NO 6 PUT AND CARRIED (8-0)**

(Cr Harvey was an apology for the meeting.)

**AMENDMENT NO 7:**

**Moved Cr Topelberg, Seconded Cr Farrell**

*That a new clause (vi) be inserted as follows:*

- “(vi) REQUESTS the Chief Executive Officer to provide a report to the Council on the options for the allocation of the upfront Offer payment and Annual fee funds, including a summary of the infrastructure requirements for the area surrounding the stadium by November 2010.”*

Debate ensued.

The Mover, Cr Topelberg advised that he wished to change his amendment to read as follows:

- “(vi) REQUESTS the Chief Executive Officer to provide a report to the Council on the options for the allocation of the upfront Offer payment and Annual fee funds, including a summary of the infrastructure requirements for the area surrounding the stadium by November 2010.”*

The Seconder, Cr Farrell agreed.

**AMENDMENT (AS REWORDED) NO 7 PUT AND CARRIED (8-0)**

(Cr Harvey was an apology for the meeting.)

**AMENDMENT NO 8:**

**Moved Cr McGrath, Seconded Cr Lake**

*That a new subclause (ii)(1)(d)(A) be inserted as follows:*

*“(ii)(1)(d) the State preparing and implementing a Stadium Access Management Plan that includes:*

- A. a post-upgrade Traffic Impact Analysis and provision for implementation of traffic management measures to minimise impacts to safety and amenity of surrounding residents;”*

Debate ensued.

**AMENDMENT NO 8 PUT AND CARRIED (8-0)**

(Cr Harvey was an apology for the meeting.)

**AMENDMENT NO 9:**

**Moved Cr McGrath, Seconded Cr Topelberg**

*That a new subclause (ii)(1)(d)(B) be inserted as follows:*

*“(ii)(1)(d) the State preparing and implementing a Stadium Access Management Plan that includes:*

- B. a Stadium Parking Plan consistent with the Town's parking strategy for the areas surrounding the stadium and requiring cooperation between the Stadium management and Town in addressing parking issues;”*

Debate ensued.

**AMENDMENT NO 9 PUT AND CARRIED (8-0)**

(Cr Harvey was an apology for the meeting.)

**AMENDMENT NO 10:**

**Moved Cr McGrath, Seconded Cr Lake**

*That a new subclause (ii)(1)(d)(C) be inserted as follows:*

*“(ii)(1)(d) the State preparing and implementing a Stadium Access Management Plan that includes:*

- C. a general Public Transport Plan for events including examination of the need for new train/bus routes and infrastructure;”*

Debate ensued.

**AMENDMENT NO 10 PUT AND CARRIED (8-0)**

(Cr Harvey was an apology for the meeting.)

**AMENDMENT NO 11:**

**Moved Cr McGrath, Seconded Cr Lake**

*That a new subclause (ii)(1)(d)(D) be inserted as follows:*

*“(ii)(1)(d) the State preparing and implementing a Stadium Access Management Plan that includes:*

- D. provision for improved pedestrian links from the East Perth and Claisebrook train stations to the stadium to be developed in consultation with the Town and funded by the State Government within the timeline of the stadium upgrade project. Such improvements include, but are not limited to:*

**High Priority**

- i. East Perth Train Station – to be modified to make it compliant for disabled access;*
- ii. Summer Street access to the station to be modified so that pedestrian access through the car park is made safer.*

*Other items to be addressed as part of the Improvements to include, but not limited to;*

- (a) the Claisebrook Station – the ramp to and from the overpass to be modified so that walking in the opposite direction is minimised; and*
- (b) the Claisebrook Station – Edward Street crossing to be made safer; and”*

**Debate ensued.**

**AMENDMENT NO 11 PUT AND CARRIED (8-0)**

**(Cr Harvey was an apology for the meeting.**

**AMENDMENT NO 12:**

**Moved Cr McGrath, Seconded Cr Lake**

*That a new subclause (ii)(1)(d)(E) be inserted as follows:*

*“(ii)(1)(d) the State preparing and implementing a Stadium Access Management Plan that includes:*

- E. a commitment to assist with and support the Town's planning for the areas surrounding the Precinct, in particular facilitating the redevelopment of the 'Claisebrook North' area into a mixed residential/commercial urban area that which will act as a south-eastern gateway to the stadium precinct and the Town of Vincent (on the assumption that Council proceed with this intent following community consultation).”*

**Debate ensued.**

The Mover, Cr McGrath advised that he wished to change his amendment to read as follows:

“(ii)(1)(d) *the State preparing and implementing a Stadium Access Management Plan that includes:*

- E. the State recognising the potential future changes in land use in areas surrounding the Stadium.~~a commitment to assist with and support the Town's planning for the areas surrounding the Precinct, in particular facilitating the redevelopment of the 'Claisebrook North' area into a mixed residential/commercial urban area that which will act as a south-eastern gateway to the stadium precinct and the Town of Vincent (on the assumption that Council proceed with this intent following community consultation).~~”*

The Seconder, Cr Lake agreed.

**AMENDMENT NO 12 PUT AND CARRIED (8-0)**

(Cr Harvey was an apology for the meeting.)

**AMENDMENT NO 13:**

**Moved Cr Topelberg, Seconded Cr Lake**

*That a new subclause (ii)(1)(c)(c) be inserted as follows:*

“(ii)(1)(c)C. *the Stadium Advisory Committee functions to include, (in addition to the existing specified functions) the following:*

- *Traffic and Access Management, including Traffic Impact Analysis, Stadium Parking Plan and Public Transport Plan.”*

Debate ensued.

**AMENDMENT NO 13 PUT AND CARRIED (8-0)**

(Cr Harvey was an apology for the meeting.)

The Presiding Member, Mayor Nick Catania asked for any further amendments or questions. There were none. He thanked Mr Del Dosso for his attendance and advice.

He thanked the Council for its consideration and approval of the matter.

**MOTION AS AMENDED PUT AND CARRIED  
BY AN ABSOLUTE MAJORITY (8-0)**

(Cr Harvey was an apology for the meeting.)

**COUNCIL DECISION ITEM 7.2**

*That the Council;*

- (i) **RECEIVES** *the Progress Report of the Stadium Redevelopment, together with;*
- (a) **THE OFFER** *of the State Government of Western Australia dated 30 August 2010, as shown in Appendix 7.2A; and*

- (b) *the Independent Advice from Colliers International, the Town's Valuer/Property Consultants, dated 1 September 2010, as detailed in this report and shown in Appendix 7.2B;*
- (ii) **APPROVES BY AN ABSOLUTE MAJORITY to;**
1. **ACCEPT "THE OFFER" of the State Government of Western Australia dated 30 August 2010, as shown in Appendix 7.2A, to lease the premises known as "nib Stadium, 310 Pier Street, Perth", as detailed in the Confidential Report, subject to;**
- (a) *the Council approving of a Major Land Transaction Business Plan in accordance with Section 3.59 of the Local Government Act; and*
- (b) *approval of the Lease Term by the Minister for Lands; and*
- (c) *the Lease between the Town and the State Government to include the following clauses:*
- A. *a "make good" Clause which, at the discretion of the Town, upon cessation of the Lease, requires the State to remove all Capital Improvements made to the Premises, at the State's cost and "make good" the land, to the satisfaction of the Town;*
- B. *the basis for setting parking fees for Loton Park may be adjusted by way of a Market Review every five years to reflect any general change of parking costs in the Perth CBD and to reflect the prevailing market rates or any extraordinary or special circumstances which may exist at the time; and*
- C. *the Stadium Advisory Committee functions to include, (in addition to the existing specified functions), the following:*
- *Traffic and Access Management, including Traffic Impact Analysis, Stadium Parking Plan and Public Transport Plan; and*
- (d) *the State preparing and implementing a Stadium Access Management Plan that includes:*
- A. *a post-upgrade Traffic Impact Analysis and provision for implementation of traffic management measures to minimise impacts to safety and amenity of surrounding residents;*
- B. *a Stadium Parking Plan consistent with the Town's parking strategy for the areas surrounding the stadium and requiring cooperation between the Stadium management and Town in addressing parking issues;*
- C. *a general Public Transport Plan for events including examination of the need for new train/bus routes and infrastructure;*

- D. provision for improved pedestrian links from the East Perth and Claisebrook train stations to the stadium to be developed in consultation with the Town and funded by the State Government within the timeline of the stadium upgrade project. Such improvements include, but are not limited to:*

**High Priority**

- i. East Perth Train Station – to be modified to make it compliant for disabled access;*
- ii. Summer Street access to the station to be modified so that pedestrian access through the car park is made safer.*

*Other items to be addressed as part of the Improvements to include, but not limited to;*

- (a) the Claisebrook Station – the ramp to and from the overpass to be modified so that walking in the opposite direction is minimised; and*
- (b) the Claisebrook Station – Edward Street crossing to be made safer; and*

- E. the State recognising the potential future changes in land use in areas surrounding the Stadium;*

**2. ALLOCATE the;**

- (a) upfront Offer Payment temporarily in the Town's Capital Reserve Fund, pending a further decision by the Council; and*
- (b) Annual Fee to the Town's Capital Reserve Fund; and*

**3. APPROVES of a portion of Loton Park to be used as a temporary Builder's Construction Compound for the duration of the redevelopment of the eastern stand, as shown in Appendix 7.2D (Plan No. 2737-CP-01), subject to;**

- (a) submission of a Construction Management Plan to the Town, prior to the issue of a Building Licence;*
- (b) the area being kept to an absolute minimum and the majority of Loton Park being kept available for public use at all times, during the construction period and the Chief Executive Officer being authorised to determine the actual area to be used;*
- (c) sufficient access being kept available so that the public can move unimpeded at all times in Loton Park from Bulwer Street through to Lord and Brewer Streets;*
- (d) all costs associated with the setting up of the Builder's Compound being paid by the State, and/or Builder;*

- (e) *the area being re-instated (at the State's and/or Builder's cost) at the conclusion of the construction period to the satisfaction of the Town; and*
    - (f) *the provision of a replacement temporary dual use path and associated path lighting around the builder's complex for the duration of the construction period;*
  - (iii) **AUTHORISES** *the Chief Executive Officer to;*
    - (a) *negotiate finalisation of the Terms and Conditions of The Offer and Draft Lease (in liaison with the Mayor), subject to final approval by the Council;*
    - (b) *invoke the Heads of Agreement "Redevelopment of the Stadium" Clause 11.1 and serve written notice on Allia Venue Management Pty Ltd (Allia);*
    - (c) *assist the State Government, if required, to confer and renegotiate the provisions of the Heads of Agreement and Deeds of Licence with Allia and the Licensees and provide a further report to the Council for approval; and*
    - (d) *sign the Lease (when agreement has been reached), together with the Mayor, and affix the Council's Common Seal;*
  - (iv) **NOTES** *that the State Government has requested that, subject to The Offer being accepted by the Council, a Public Announcement is to be jointly made by the State Government and the Town as soon as practicable thereafter;*
  - (v) **DIRECTS** *that;*
    - (a) *the matter be treated as Strictly Confidential until agreement has been reached between the Town and State Government; and*
    - (b) *the report remain Confidential until it has been made public by the Chief Executive Officer; and*
  - (vi) **REQUESTS** *the Chief Executive Officer to provide a report to the Council on the options for the allocation of the upfront Offer payment and Annual fee funds, by November 2010.*

**Note: The Chief Executive Officer advised that this report is now released to the public as the Council has determined the matter (except Appendix 7.2B).**

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#### **PURPOSE OF REPORT:**

The purpose of the report is for the Council to consider and determine an offer from the State Government of Western Australia for a long term lease of the Town's Rectangular Stadium at 310 Pier Street, Perth.

#### **BACKGROUND:**

##### **Previous Reports**

Progress reports have been submitted to the Ordinary Meeting of Council held on 27 July 2010, 28 July 2009, 24 March 2009, 24 February 2009, 8 April 2008, 4 December 2007, Special Meeting of Council held on 29 May 2007 and Ordinary Meetings of Council held on 13 June 2006, 11 April 2006, 14 February 2006, 22 November 2005, 12 July 2005, 26 April 2005, 22 March 2005, 21 December 2004 and 26 October 2004.

At the Special Meeting of Council held on 12 May 2010, the Council considered the matter of a possible Lease of the Rectangular Stadium to the State Government and resolved in part as follows;

*"That the Council...*

- (iv) *AUTHORISES the Mayor and Chief Executive Officer to negotiate the possible long term lease of ME Bank Stadium to the State Government of Western Australia (the State) and ADOPTS Option 2\*\* (as shown in the Confidential Attachment 7.1), as its preferred Option; and*
- (v) *REQUESTS that any report to the Council for ratification of the Lease, Terms and Conditions, be accompanied with Independent advice from the Town's Valuer and/or Property Consultant."*

### **Options\*\***

ITEM	OPTION 1	OPTION 2	OPTION 3	OPTION 4
Lease Term - Years	25	25	25	25
Lease Option - Years	25	25	25	25
Stadium Control	Government	Government	Government	Government
Stadium Committee	Yes	Yes	Yes	Yes
Base Rent per Annum - <i>indexed to CPI</i>	\$224,000*	\$52,000	\$224,000*	\$52,000
Infrastructure Fee \$1/patron	No	Yes	No	Yes
Redevelopment of Premises	Government	Government	Town - FAA#	Town - FAA#

\* *Base Rent - \$290,000 less \$66,000 (Town contribution to Stadium Reserve Fund).*

# *Financial Assistance Agreement.*

### **State Government's Offer**

On 26 August 2010, the Mayor and Chief Executive Officer met with the Premier, the Hon Colin Barnett, Minister for Sport and Recreation, the Hon Terry Waldron and a senior official from the Office of Premier and Cabinet. The Premier discussed a proposed State Government offer. Discussions were subsequently held with the Premier's representative to refine the Terms and Conditions.

On Monday 30 August 2010, the Premier wrote to the Town, as shown in Appendix 7.2A.

### **THE OFFER**

The Offer is as follows;

1. *A State investment of \$82.5 million towards the redevelopment of Perth Oval (approximately 43,445m<sup>2</sup>), with all responsibility for the development being with the State;*

#### Comment:

In May 2010, the Premier announced that the State Government have allocated \$82.5 million of funds for the redevelopment of the Stadium. Discussions to date indicate that the State will construct a staged redevelopment, for a Stadium capacity of up to 25,000 persons. This is consistent with what the State has always proposed.

At the time of writing this report, the Town is aware that the State has engaged Architects - Populos (formerly HOK), Urban Designers - Jones Coulter Young and Business Analysts - KPMG, to prepare a Masterplan and Business Model for the proposed Stadium.

The State Government's decision is in accordance with the Recommendations of the Major Stadia Taskforce, as reported to the Council Meetings held on 27 May 2007 (Item 7.1) and 28 July 2009 (Item 9.4.7).

2. *50 year Lease (to be finalised and agreed between the parties);*

Comment:

The Draft Lease (*summarised as shown in Appendix 7.2E*) proposed an initial term of twenty-five (25) years, with an Option Lease period of twenty-five (25) years, at the discretion of the State Government. The Premier has requested a 50 year Term, as it is highly unlikely that twenty-five (25) years is sufficient. The request for a fifty (50) year lease term should therefore be agreed, as it does not affect the overall period sought.

3. *\$5 million upfront payment to the Town of Vincent, paid within fourteen (14) days of the signing of the Lease (with a preference that these monies be used for the proposed redevelopment of Beatty Park Leisure Centre);*

Comment:

This is a new Clause, which was offered by the Premier.

It should be noted that the Council can use the payment of \$5 million at its discretion. The preference for use for the proposed redevelopment of Beatty Park Leisure Centre is logical, but is not binding on the Council, as it uses funds derived from a sporting facility to fund another significant sporting and recreational facility.

4. *\$25,000 annual fee, indexed to the annual CPI (Perth), paid **annually** in advance upon the signing of the Lease;*

Comment:

This Annual Fee has always been the State Government's offer. To be paid annually in advance has been negotiated by the Town. This is financially more favourable to the Town.

The \$25,000/year (indexed to CPI) has been calculated to provide \$2,819,922 to the Town over the 50 year term of the Lease.

5. *Construction access to Perth Oval is via Loton Park the access road off Bulwer Street and through Gate No. 5;*

Comment:

**Builder's Access to the Stadium:**

This new Clause arose during negotiations, once the State decided to be responsible for the redevelopment. Access via Bulwer Street is recommended, as this is a busy road which is used by all large vehicles. It will also be the route which causes the least inconvenience to the residents. Once a Development Application is submitted, a Construction Management Plan will be required to be submitted and approved by the Town, prior to the issue of a Building Licence. This will cover the usual construction issues which may arise during the development.

**Builder's Construction Compound:**

During discussions, the Premier advised that it is essential that the Stadium continue to be used during the construction phase so as to minimise disruption to the Sporting Codes. He requested that the Town give approval for a Builder's Construction Compound, which would encroach onto a portion of Loton Park. An area between Gates 4 and 5 has been identified as being required (shown by "hatching"). He stated that this area was inclusive within his offer (i.e. Item No. 9) and no extra cost should be charged. (*Refer to Appendix 7.2D, Plan No. 2737-CP-01.*)

At the meeting, he was advised that, in principle, this area could be used, subject to the following;

- (i) Council approval;
- (ii) the Builder's Construction Compound being kept to an absolute minimum and the majority of Loton Park being kept available for public use, during the construction period;
- (iii) access to be kept available so that the public can move from Bulwer Street, through to Loton Park;
- (iv) all costs associated in setting up the Builder's Compound being paid by the State, e.g. removal of existing fencing, new fencing, power and lighting, temporary connection to sewer and signage;
- (v) submission of a Construction Management Plan which addresses the following matters:
  1. Public safety, amenity and site security;
  2. Contact details of essential site personnel;
  3. Construction operating hours;
  4. Noise control and vibration management;
  5. Dilapidation reports of nearby properties;
  6. Air and dust management;
  7. Stormwater and sediment control;
  8. Soil excavation method (if applicable);
  9. Waste management and materials re-use;
  10. Traffic and access management;
  11. Parking arrangements for contractors and sub-contractors;
  12. Consultation Plan with nearby properties; and
  13. Any other matters deemed appropriate by the Town; and
- (vi) the area being re-instated (at the State's cost) at the conclusion of the construction period, to the satisfaction of the Town.

6. *As is the current practice, the Stadium Car Park (71 car bays) in Pier Street will be available free of charge on Event Days (when it is estimated that the crowds will exceed 10,000 patrons);*

Comment:

This condition is already contained in the Deeds of Licence for the users. Therefore, there is no change to the current arrangement, except that the Town has negotiated that this apply only when it is estimated that Event Day crowds will exceed 10,000 persons. On the current use, this will equate to approximately 40 events per annum.

This condition will now be included in the Draft Lease (as well as being included in the Deeds of Licence).

7. *As is the current practice, a part of Loton Park will be made available for up to 250 vehicles for patron parking on Event Days (when it is estimated that the crowds will exceed 10,000 patrons), subject to the User making prior payment of the Prescribed Fees, as determined by the Council on an annual basis, with all maintenance and upkeep by the Town;*

Comment:

This is the current agreement prescribed in the Heads of Agreement and Deeds of Licence. Therefore, there will be no change to the current arrangement. (Refer to the area shown by "Red Dots" - "Area B" on the Plan shown at Appendix 7.2D).

The current fees are:

<b>Item</b>	<b>Fee</b>
Vehicle with one person	\$21.00
Vehicle with two persons	\$20.00
Vehicle with three persons	\$18.00
Vehicle with four persons	\$17.00
Vehicle with more than four persons	\$16.00

This condition will now be included in the Draft Lease (as well as being included in the Deeds of Licence).

8. *Lease over the **Forecourt** of Heritage Gates (1,400m<sup>2</sup>), subject to all maintenance and upkeep by the State - (refer to Area "C" on the Plan shown at Appendix 7.2C);*

Comment:

This Clause arose out of the recent negotiations. The leased area currently costs the Town \$14,500 per annum to maintain. If agreed, this will be borne by the State, who have indicated they will probably ask the Town to contract this maintenance service. The leased area will also give the State control of the main access into the Stadium and it will simplify the current permit system required when a display is to be set up outside the main gates.

This will save the Town at least \$725,000 over the fifty (50) year period.

9. *It is agreed that the above payments at Items 3 and 4 will cover all charges with regard to the Stadium;*

Comment:

This Clause is to ensure that the Town will not seek any other payments, other than what is negotiated and what is contained in the Draft Lease. The Draft Lease prescribes that once it has been signed, the State government will assume responsibility for all costs associated with the Stadium.

10. *No legal relationship will exist between the State and the Town of Vincent with respect to this offer until such time as negotiations are satisfactorily completed with Allia Holdings Pty Ltd; and*

Comment:

This Clause has been inserted to ensure that the State can reach agreement with the Town's Stadium Manager (Allia Venue Management) for the future governance of the Stadium. Whilst the State has not determined the future Management Model, the Heads of Agreement contain a Redevelopment Clause, which must be negotiated between the Town and Allia. Obviously, the State wants to be certain of its rights concerning this matter. It is envisaged that the Town will assist the State (or may be involved jointly) to negotiate with Allia.

The Premier was adamant that no legal offer will exist, unless agreement can be reached with all Parties (which would enable the redevelopment to proceed).

11. *Contingent on resolving heritage issues around the redevelopment of the Fred Book Stand.*

Comment:

The premises are listed on the State Register of Heritage Places. It is also listed on the Interim Register for Aboriginal Heritage sites. The State wants to be sure that it can carry out the redevelopment, once it resolves any heritage issues (e.g. alterations to the Grandstand). It wants the Town to co-operate with the State with the proposed redevelopment. Whilst it has not been stated, it is highly probable that a Masterplan for the Stadium will indicate the current Fred Book Stand will eventually be demolished at some time in the future to make way for a new western stand. However, this matter would be subject to government funding and approval by the Minister for Heritage and the Heritage Council of Western Australia and also the Department of Indigenous Affairs.

It should also be noted that the Western Australian Planning Commission is the approving Authority.

## VALUATION

As required by the Council decision made at the Special Meeting of Council held on 12 May 2010 to obtain Independent Advice from the Town's Valuer and/or Property Consultant, the Chief Executive Officer and Director Corporate Services met with Mr John Del Dosso of Colliers International on 31 August 2010.

The Independent Advice is shown at Appendix 7.2B and is summarised as follows;

### "2 BASIS OF ASSESSMENT

*The assessment approach applied is discounted cash flow analysis in accordance with Department of Treasury and Finance, 2005, Project Evaluation Guidelines and Lease Analysis Guidelines, Government of Western Australia. The modelling technique and the basis for assessment reflect present industry standards in respect to the analysis of mutually exclusive decisions.*

*The discounted cash flow methodology is one that recognises the time value of money, inflation, financial risk and opportunity. The discounting process requires the selection of a discount rate that is used to bring all future cash flows both positive and negative back to a present value for comparative purposes. It is accepted throughout the industry that the net present value rule for investment decision criteria is the most robust and technically correct.*

*For the purpose of this decision analysis, three mutually exclusive scenarios have been devised;*

1. *Do Nothing;*
2. *Town of Vincent's Lease Proposal;*
3. *State's Lease Proposal.*

## **2.1 General Inputs**

*The common inputs/assumptions applied to each scenario are listed as follows;*

- *Analysis Start Date - 1 January 2011*
- *Analysis Term - 50 years*
- *Initial Capital Value - \$Nil*
- *Terminal Value - \$Nil*
- *Long Term Change in Consumer Price Index (CPI) of 3.0% per annum*
- *Discount Rate adopted at the equivalent long term cost of capital at 9.0% per annum*
- *Cash flow structure based on annual (yearly) steps*
- *Timing of cash flows applied at mid year*

## **2.2 Do Nothing**

*The Do Nothing scenario is the hypothesis the Town of Vincent does not lease nib Stadium to the State.*

*It maintains the status quo and the Town of Vincent continues and extends the existing leasehold interest.*

*Principal inputs;*

- *Annual revenue to February 2024 - \$Nil*
- *Existing Lease renewed February 2014 for a "Pepper Corn" Rent*
- *Annual Expenses;*
  - *Capital Reserve Fund \$66,000 indexed annually by CPI to February 2014*
  - *Maintenance and Staff Costs \$30,000 indexed annually by CPI*

## **2.3 Town of Vincent Lease Proposal**

*The Town of Vincent proposal establishes a Triple Net Lease with the State for the Stadium Site and Main Entry Forecourt only (not balance of Loton Park).*

## **2.4 State Lease Proposal**

*The State Lease Proposal establishes a Triple Net Lease with the State for the Stadium Site and Main Entry Forecourt only (not balance of Loton Park).*

*Principal inputs;*

- *Upfront Capital Payment of \$5,000,000 paid day one of Lease;*
- *Annual revenue of \$25,000 for year 1 indexed by CPI change annually;*
- *Annual Expenses to Town of Vincent - \$Nil;*
- *Maintenance Saving to Town of Vincent - \$14,500 per annum indexed by CPI change annually.*

**3 ANALYSIS CONCLUSIONS**

**Table 1**

<i>Scenario</i>	<i>Net Revenue over Analysis Term</i>	<i>Present Value</i>
<b>1</b>	(\$4,425,000)	(\$1,090,000)
<b>2</b>	\$26,900,000	\$3,905,000
<b>3</b>	\$9,450,000	\$5,645,000

*The financial analysis confirms;*

1. *If the Town of Vincent holds the status quo for 50 years, it will result in a cash flow deficit of some \$4,425 million.*
2. *In present value (PV) terms, this equates to negative \$1.09 million.*
3. *The Town of Vincent Lease proposal enables a positive cash flow of \$26.9 million over the Lease term with equivalent PV of \$3.9 million.*
4. *The State's Lease Offer enables a positive cash flow of \$9.45 million over the Lease term with equivalent PV of \$5.65 million.*

*The PV results provide the best financial measure on which to compare mutually exclusive scenarios indicating the State's offer to be superior to the "Do Nothing" and "Town of Vincent Lease Proposal".*

*As a further check to reasonableness; we have considered Colliers' advice to the Town of Vincent dated 6 January 2010 in which a probable net rental range of \$190,000 to \$290,000 per annum was concluded. Adopting the upper limit of this range for a Term of 50 years results in a PV of \$4.75 million, which is close to the State's \$5 million upfront Offer. This indicates the State's Offer in PV terms exceeds the upper limit of our initial market rental assessment.*

**Table 2**

<i>Scenario</i>	<i>Net Revenue over Analysis Term</i>	<i>Present Value</i>
<b>Town of Vincent Upper Rental Value</b>	\$32,710,000	\$4,750,000

*An alternative view is the extrapolation of the existing Lease Terms.*

*The Town of Vincent leased the Stadium on 7 February 2004 for a Term of 20 years. [The Heads of Agreement terminate on 6 February 2024.] The Lease comprised an upfront payment of \$4.5 million and included naming, catering and management rights. There are no annual rental payments and the Town of Vincent had to commit to a sinking fund for the Term of the Lease. This presents a market based transaction for a similar set of rights but over a shorter term.*

*The extrapolation of these market derived inputs over 50 years results in;*

**Table 3**

<i>Scenario</i>	<i>Net Revenue over Analysis Term</i>	<i>Present Value</i>
<i>Extrapolation of Current Lease</i>	<i>(\$6,050,000)</i>	<i>\$5,370,000</i>

*The negative cash flow amount reflects the Town of Vincent commitment/liability to the sinking fund.*

*The PV calculated is \$5.37 million which is lower than the PV result of the current State Offer at \$5.645 million.*

***Therefore, it is our conclusion the State's present Lease Offer is financially reasonable.***

#### **4 CLOSING COMMENT**

***The analysis conclusion provides for an acceptance of the State's Lease proposal on financial terms."***

#### **SHOULD THE COUNCIL SUBMIT A COUNTER-OFFER?**

This matter has been given significant consideration by the Chief Executive Officer and Town Directors.

The Town's Property Consultant has advised that the State Government's Offer *"is financially reasonable"*. Mr Del Dosso further advises that *"the State's Offer in Present Value (PV) terms exceeds the upper limit of our initial market rental assessment"* (i.e. \$224,000 per annum).

Therefore, if the Council is of the view that it should submit a counter-offer, it will be difficult to justify on the basis of the Council's previous decision of 12 May 2010, whereby it requested a base rent of \$224,000 per annum (indexed to CPI).

If a counter offer is to be made, it should be on the basis of not exceeding \$6,000,000 (as recommended by the Town's Consultant Valuer) and in the event that it is rejected by the State Government, it is strongly recommended that the Council should accept The Offer submitted on 30 August 2010.

It should be noted that during negotiations the Premier indicated that;

1. He wanted a prompt resolution of The Offer from the Town (i.e. by 10 September 2010).
2. He did not want any objections from the Town and/or the Town's Manager (Allia Venue Management) in re-negotiating the Redevelopment Clause of the Heads of Agreement.
3. In the event that all the Parties (including the various sporting bodies) cannot reach agreement by mid-October, that he will recommend to the State Cabinet that the funds (\$82.5 million) allocated to the Stadium redevelopment be *"re-allocated to another worthy project"*.

Whilst it is accepted that the Premier's comments are part of the negotiation tactics, the Council should exercise a degree of caution if it proposes to submit a counter-offer. Notwithstanding the above, the decision as to whether a counter-offer should be made is a decision for the Council. It should also authorise the Mayor and Chief Executive Officer to finalise The Offer and Draft Lease Terms and Conditions, in accordance with the Council's decision.

## **DRAFT LEASE**

### **Lease Terms and Conditions**

On 27 July 2010, a report was provided to the Council which advised that the Draft Lease provided to the State Government (of which 17 drafts were considered during the discussions to date) is identical for all four Options, with the exception of the Rent (Reference Table No. 4) and Redevelopment of Premises (Clause 22). The Lease is to be finalised once agreement on the Terms and Conditions are agreed. Once agreed between the State and the Town, the Lease is to be finally vetted and finalised by the respective Solicitors.

The Draft Lease has been carefully drafted to cover important matters, to protect the interest of both Parties.

Important Clauses include;

- 1-4 Lessor, Lessee, Financial Details and Dates.
5. Self- Insurance - Public Liability of \$10 million for any one occurrence.
6. Annual Report - reports to be provided every six (6) months.
  - 6.3 Painting - to occur every ten (10) years.
  - 6.4 Use of Loton Park - fees must be paid. Up to 250 vehicles.
7. Outgoings and Payments - to be paid by the Lessee.
8. Sub-letting - Lessor's approval required, except for another government tenant.
9. Use of Premises and Abatement of Nuisances - strict conditions apply.
10. General Maintenance and Capital Improvements - to be by the Lessee.
11. Alterations - Lessor's consent is required.
13. Stadium Advisory Committee - will continue in an advisory capacity only.
14. Redevelopment of the Premises - Criteria, Project Control Group.
15. Reports to the Lessor - reports to be submitted in certain circumstances.
16. House Suite - to be provided for use by the Town.
17. Existing Agreements, Deeds and Contracts - these to be the responsibility of the Lessee.

The main clauses of the Draft Lease are shown in more detail in Appendix 7.2E. A copy of the Draft Lease (Version No. 18) is "Laid on the Table", as a "Commercial-in-Confidence" document.

### **Colliers' Advice - Use of the Premises Upon Expiry of the Lease**

During discussions with Colliers, the matter of the use of the premises upon expiry of the Lease in 50 years' time was raised. Colliers indicated that, whilst they acknowledge that a significant part of the land is covered by the Loton Trust (which requires the subject land to be used in perpetuity for recreational purposes), they nevertheless consider it important to specify the condition of the premises upon expiry of the Lease. They advise as follows;

*"On accepting the State's Offer, the reality is that the Town of Vincent will by default take control and management of the Stadium at the end of Year 50. The Stadium at this future point may be an asset with ongoing profitability or it may be a liability with ongoing operating losses and requirement for capital expenditure. A good example is Perry Lakes Athletic Stadium built in the 1950s and it became physically, functionally and economically obsolescent by the late 1990s. Now being redeveloped for medium density residential housing.*

*Therefore, to mitigate the risk of inheriting a "loss making enterprise" with potential high capital expenditure requirements, it is strongly recommended to insert a provision in the Lease that compels the State to remove the Stadium at their cost at the end of the Lease Term. This should be at the Lessor's discretion thus maximising flexibility to retain and operate the Stadium if it is deemed profitable; or compel demolition and make good by the State if not. The "make good" provision may revert the land to an alternate public recreational use, with costs of developing park land or similar borne by the State.*

*This factor is seen as the greatest risk to the Town under the current State proposal. On the basis it would cost \$4 million for demolition and "made good" in today's dollar value, this could convert to an \$18 million liability to the Town in Year 51, when indexed at long term CPI."*

Chief Executive Officer's Comments:

The Council has never indicated a desire to remove the Loton Trust (which covers most of the Stadium site and all of Loton Park and the Tennis Club) from the various Land Titles, nor has the State indicated anything similar. Based on today's circumstances, it is highly unlikely that the land use will ever change from recreation purposes. Notwithstanding, after 50- years, the circumstances may change and be vastly different from today. Therefore, the Chief Executive Officer concurs with Colliers advice and accordingly, has inserted an appropriate "make good" Clause in the Officer Recommendation to amend the Draft Lease, to provide a safeguard for the Council in the future.

**PROPOSED BEATTY PARK LEISURE CENTRE REDEVELOPMENT**

Previous reports were submitted to the Council on 9 March 2010, 6 October 2009, 14 April 2009, 16 December 2008, 8 April 2008 and 11 December 2006.

As advised at the Forum held on 17 August 2010, the Town's Administration have been progressing the Beatty Park Leisure Centre redevelopment. On 15 June 2010, the Town was advised that it was unsuccessful with its applications for Federal Government funding. In view of this, a revised project brief for a staged redevelopment has been prepared. This information will be provided to the Confidential Forum to be held on 6 September 2010. This information has been provided to assist Council Members to determine as to whether the upfront Offer Payment should be placed in the Reserve Fund.

It is summarised as follows:

**Proposed Project Funding – Stage 1**

<b>Funding Source</b>	<b>Amount</b>
Federal Government	\$0.00
CSRFF – State Government	\$2,500,000
Town of Vincent Reserve Funds	\$3,500,000
Town of Vincent Internal Funds and Borrowings	\$8,000,000
<b>Total:</b>	<b>\$14,000,000</b>

**Staged Redevelopment**

<b>STAGE 1A – Commencing May/June 2011</b>	
<i>Item</i>	<i>Indicative Costing</i>
New extension/refurbish Administration/Entrance	\$5,780,000
Refurbish change rooms and toilets; new crèche	\$700,000
New outdoor area for crèche	\$60,000
New fit out for swim school	\$60,000
Refurbish kitchen	\$150,000
External landscaping works, ramps, stairs	\$200,000
Rainwater tanks (for water re-use)	\$150,000
Demolition works	\$50,000
Geothermal installation including plant	\$1,580,000
<b>Sub-total:</b>	<b>\$8,730,000</b>

<b>STAGE 1B – Commencement to be advised</b>	
<i>Item</i>	<i>Indicative Costing</i>
Demolish existing 50m outdoor pool	\$100,000
Plant Room upgrade and refurbishment	\$450,000
New spa pool and plant	\$250,000
New outdoor 50m x 10 lane pool	\$3,000,000
<b>Sub-total:</b>	<b>\$3,800,000</b>
	<b>\$12,530,000</b>
Design & Construct Contingency	\$500,000
Professional Fees:	
Architect*	\$610,000
Other Consultants	\$360,000
<b>Stage 1 GRAND TOTAL:</b>	<b>\$14,000,000</b>

\* The Contract offers for a renegotiation of fees on finalisation of design.

<b>STAGE 2: 2012-2013 – Commencing mid 2012</b>	
<i>Item</i>	<i>Indicative Costing</i>
Car park upgrade and reconfiguration	\$500,000
Landscaping, including water sensitive urban design principles	TBA
Refurbishment to existing gym area's	\$100,000

<b>STAGE 3: 2013-2014</b>	
<i>Item</i>	<i>Indicative Costing</i>
New learner's pool	\$300,000
Replace indoor water slides	\$150,000

<b>STAGE 4: TBA</b>	
<i>Item</i>	<i>Indicative Costing</i>
Grandstand – heritage works	TBA

Note: Costings for Stages 2, 3 and 4 are indicative only and are required to be further investigated and refined.

**Possible Indicative Loan**

Loan Amount	Interest Rate	Period	Monthly Repayment	Annual Repayment	Interest Payable	Interest Plus Principle Payable
\$3,000,000	5.65%	20 years	\$21,040	\$252,481	\$2,013,985	\$5,013,985
\$8,000,000	5.65%	20 years	\$56,107	\$673,284	\$5,370,626	\$13,370,626

**Reserve Funds**

The allocation of the monies into specific Reserve Funds will ensure that the funds are used for Capital Works and not operating expenditure. Monies within a Reserve Fund can be used for other purposes, subject to giving one month's public notice and an Absolute Majority decision of the Council to approve of funds for other uses.

The Town has also established specific Reserves to provide for future capital works. The specific Reserves have been established for the following purposes;

(a) Beatty Park Leisure Centre Reserve

It is recommended that the upfront Offer Payment be placed into this Reserve Fund, as is the preference of the State Government.

This Reserve was established for the major upgrade and redevelopment of the Beatty Park Leisure Centre, including major plant and equipment purchases.

(b) Capital Reserve

It is recommended that the Annual Fee be placed into this Reserve Fund.

This was established in 1995/96 with the allocation of \$1,000,000 from the Infrastructure Account established under the City of Perth Restructuring Act. The Reserve exists for future major capital works.

**CONSULTATION/ADVERTISING:**

Not applicable at this stage. If the State's Offer is approved, a Business Plan under the Major Land Transaction requirements of the Local Government Act will have to be advertised for a minimum of six (6) weeks. This will most likely occur after the Heads of Agreement have been re-negotiated and agreed.

**LEGAL/POLICY:**

The Local Government Act 1995, Section 3.59 - "Major Land Transaction".

**Heads of Agreement**

Heads of Agreement Clause 11.1 - Redevelopment of the Stadium - specifies:

1. If the Town enters a Licensing Agreement to conduct a major national or international event at the Stadium, it can invoke the Redevelopment of the Stadium Clause.
2. The Town is required to give not less than six months' notice that it has entered into a Licensing Agreement and must specify details of that Agreement.

3. Allia and the Town must as soon as reasonably practicable, participate in good faith to confer and renegotiate the provisions of the Heads of Agreement.
4. Each party to pay their own costs.
5. If a new Agreement cannot be mutually agreed, a dispute resolution procedure involving a Senior Counsel can be invoked.

The Heads of Agreement terminate on 6 February 2024.

### **Deeds of Licence**

There are three Deeds of Licences current for the Stadium as follows;

<b>Licensee</b>	<b>Term</b>	<b>Option</b>
Western Australian Rugby Union	February 2010 - 31 December 2012	1 January 2013 - 31 December 2015
Western Australian Rugby League	1 July 2010 - 31 July 2013	Nil
Okewood Pty Ltd (Perth Glory Football Club)	1 July 2010 - 31 July 2013	Nil

The Deeds of Licence specify that:

1. the financial provisions and entitlements are based on the final redevelopment, providing that the Licensee will be no worse off financially or "amenity";
2. if the Town wishes to redevelop or alter the Stadium, then the Town, the Stadium Manager and the Licensees must, as soon as is practicable, confer and discuss the provisions of the Licence.

The Draft Lease with the State Government requires the State to assume total responsibility for the Heads of Agreement contracts and Licences. In essence, the Deeds of Licence will continue until they expire or are terminated.

Notwithstanding, the Town has advised the State that it will assist in these negotiations, if required, as it will be in the best interests of the Town and the State.

### **Land Titles**

Perth Oval and Loton Park comprise of a number of individual titles. The Town of Vincent owns the land freehold - however, a significant portion of the land is subject to the Loton Trust - which requires the land to be used in perpetuity for "Recreational Purposes".

### **Zoning**

Perth Oval and Loton Park are a Reserve under the Town of Vincent Town Planning Scheme No. 1 and are zoned "*Parks and Recreation*" in the Metropolitan Region Scheme. Any redevelopment will require approval of the Western Australian Planning Commission, who are the approving authority.

### **Heritage**

Perth Oval and Loton Park are listed on the State Register for Heritage Places - Western Australia and also on the Interim Register for Aboriginal Heritage sites. As such, approvals from the Heritage Council of Western Australia and Department of Indigenous Affairs will be required for any redevelopment.

### **Possibility of Compulsory Acquisition**

It should be noted that in the event that agreement cannot be reached between the Parties (for whatever reason), the State Government has several options:

- Option 1 - continue with the negotiations; or
- Option 2 - abandon the project; or
- Option 3 - compulsorily acquire the land under the Land Administration and/or Public Works Act.

The compulsory acquisition process could take approximately 12-18 months. It would also involve compensation to the Town, as landowner, and Allia, as Manager (for the loss of their rights under the Heads of Agreement for the remainder of the Term, which is 13 years). However, compulsory acquisition is also adversarial and involves considerable legal costs on both sides and the final compensation amounts are unpredictable.

The Chief Executive Officer considers that the Town should avoid any action involving compulsory acquisition, as it is detrimental to all Parties.

### **Ongoing Negotiations**

Whatever outcome is decided, it is evident that considerable ongoing negotiations will be required in the future until a satisfactory agreement has been reached with all Parties. The Chief Executive Officer (in liaison with the Mayor) will be extensively involved in the negotiations, due to his comprehensive background knowledge.

### **STRATEGIC IMPLICATIONS:**

This is in keeping with the following Objectives of the Town's Strategic Plan - Plan for the Future 2009-2014;

- "1.1.6(h) Carry out the redevelopment of Members Equity Stadium (Perth Oval) in partnership with the State Government and stakeholders.*
- 2.1.2(a) Establish public/private alliances and partnerships to attract external funding and investment to enhance the strategic direction of the Town; and*
- 2.1.2(b) Develop partnerships with government agencies.*
- 2.1.5(a) Identify and develop successful business opportunities, pursuing other income streams and cost management to reduce the Town's reliance on rates."*

### **SUSTAINABILITY IMPLICATIONS:**

The current Stadium is an aged facility with a significant component being of a temporary nature, e.g. scaffold stands, temporary toilets and food and liquor outlets.

The existing grandstand requires considerable annual maintenance and upkeep. This will only continue, as with all ageing infrastructure.

A new Stadium will incorporate many sustainability principles such as photoelectric panels, rainwater tanks for water reuse, modern fixtures and fittings which are water efficient, energy efficient fittings, etc.

### **FINANCIAL/BUDGET IMPLICATIONS:**

There are no specific funds provided for legal and other consultants' costs in the 2010/2011 Budget, however an amount of \$30,000 has been included for general legal advice.

In addition, to the cost benefits detailed in Colliers' Independent Advice dated 1 September 2010, the following benefits are also identified:

#### **Savings on Staff/Administration Costs**

1. Cost savings from no longer dealing with Stadium administrative matters (based on one hour - Chief Executive Officer, one hour for Chief Executive Officer's Personal Assistant, two hours for Property Maintenance Officer) -

Over the 50 years' Lease period, savings of \$1,519,148 (plus) will be achieved.

#### **Investment**

2. If the Council accepts the Offer and approves of placing the upfront payment into the Beatty Park Leisure Centre Reserve Fund and invested for a period of nine (9) months, approximately \$228,911 of interest will be achieved.

### **COMMENTS:**

The Offer provided by the Premier is the culmination of over twelve months' dialogue with the State Government of Western Australia. The Town's Property Consultant has advised that the State Government's Offer "*is financially reasonable*". He further advises that "*the State's Offer in Present Value (PV) terms exceeds the upper limit of our initial market rental assessment*".

*"The analysis conclusion provides for an acceptance of the State's Lease proposed on financial terms."*

The direction of the State Government is in accordance with the Recommendations of the Major Stadia Taskforce, which are supported by the Council.

The Offer provides a unique opportunity for the Town to remove itself from what is considered to be a State Government responsibility to provide state sporting facilities and major infrastructure, whilst at the same time securing a most reasonable financial deal, which will provide significant benefits to the Town of Vincent and its residents.

The Offer is considered a "win-win" for both the Town and the State Government and accordingly, it is strongly recommended that the Council accept The Offer and approve of the Officer Recommendation.

**8. CLOSURE**

**The Presiding Member, Mayor Nick Catania JP, declared the meeting closed at 7.40pm with the following persons present:**

Mayor Nick Catania, JP	Presiding Member
Cr Matt Buckels	North Ward
Cr Anka Burns	South Ward
Cr Steed Farrell	North Ward
Cr Sally Lake ( <i>Deputy Mayor</i> )	South Ward
Cr Warren McGrath	South Ward
Cr Dudley Maier	North Ward
Cr Joshua Topelberg	South Ward
John Giorgi, JP	Chief Executive Officer
Rob Boardman	Director Development Services
Rick Lotznicker	Director Technical Services
Mike Rootsey	Director Corporate Services
Mr John Del Dosso	Director Research, Consultancy and Valuation, Certified Practising Valuer – Colliers International

No members of the public were present.

These Minutes were confirmed by the Council as a true and accurate record of the Special Meeting of the Council held on 6 September 2010.

Signed: .....Presiding Member  
Mayor Nick Catania

Dated this ..... day of ..... 2010