



TOWN OF  
VICTORIA PARK



## Special Council Meeting Agenda – 29 August 2023

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**WE'RE OPEN**  
**VIC PARK**

Please be advised that an **Special Council Meeting** will be held at **6:30 PM** on **Tuesday 29 August 2023** in the **Council Chambers**, Administration Centre at 99 Shepperton Road, Victoria Park.

**Ms Natalie Adams – A/Chief Executive Officer**

11 August 2023

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# **1 Declaration of opening**

## **Acknowledgement of the traditional owners**

*Ngany djerapiny Wadjak – Noongar boodja-k yaakiny, nidja bilya bardook.*

I am honoured to be standing on Whadjuk - Nyungar country on the banks of the Swan River.

*Ngany kaaditj Noongar moort kenya kaadak nidja Wadjak Noongar boodja. Ngany kaaditj nidja Noongar birdiya – koora, ye-ye, boorda, baalapiny moorditj Noongar kaaditjin, moort, wer boodja ye-ye.*

I acknowledge the traditional custodians of this land and respect past, present and emerging leaders, their continuing cultural heritage, beliefs and relationship with the land, which continues to be important today.

*Ngany youngka baalapiny Noongar birdiya wer moort nidja boodja.*

I thank them for the contribution made to life in the Town of Victoria Park and to this region.

# **2 Announcements from the Presiding Member**

## **2.1 Recording and live streaming of proceedings**

In accordance with clause 39 of the *Town of Victoria Park Meeting Procedures Local Law 2019*, as the Presiding Member, I hereby give my permission for the administration to record proceedings of this meeting.

This meeting is also being live streamed on the Town's website. By being present at this meeting, members of the public consent to the possibility that their image and voice may be live streamed to public. Recordings are also made available on the Town's website following the meeting.

## **2.2 Public question time and public statement time**

As this is a Special Council Meeting, any public questions or statements must relate to the business of the agenda.

There are guidelines that need to be adhered to in our Council meetings and during question and statement time people speaking are not to personalise any questions, or statements about Elected Members, or staff or use any possible defamatory remarks.

In accordance with clause 40 of the *Town of Victoria Park Meeting Procedures Local Law 2019*, a person addressing the Council shall extend due courtesy and respect to the Council and the processes under which it operates and shall comply with any direction by the presiding member.

A person present at or observing a meeting shall not create a disturbance at a meeting, by interrupting or interfering with the proceedings, whether by expressing approval or dissent, by conversing or by any other means.

When the presiding member speaks during public question time or public statement time any person then speaking, is to immediately stop and every person present is to preserve strict silence so that the presiding member may be heard without interruption.

### **2.3 No adverse reflection**

In accordance with clause 56 of the *Town of Victoria Park Meeting Procedures Local Law 2019*, both Elected Members and the public when speaking are not to reflect adversely on the character or actions of Elected Members or employees.

### **2.4 Town of Victoria Park Meeting Procedures Local Law 2019**

All meetings of the Council, committees and the electors are to be conducted in accordance with the Act, the Regulations and the *Town of Victoria Park Meeting Procedures Local Law 2019*.

### **3 Attendance**

**Mayor**

Ms Karen Vernon

**Banksia Ward**

Deputy Mayor Claire Anderson

Cr Peter Devereux

Cr Wilfred Hendriks

Cr Luana Lisandro

**Jarraah Ward**

Cr Jesse Hamer

Cr Bronwyn Ife

Cr Jesvin Karimi

Cr Vicki Potter

**Chief Executive Officer**

Mr Anthony Vuleta

**Chief Operations Officer**

Ms Natalie Adams

**Chief Financial Officer**

Mr Duncan Olde

**Chief Community Planner**

Ms Natalie Martin Goode

**Manager Governance and Strategy**

Ms Bernadine Tucker

**Manager Strategic Projects**

Mr Pierre Quesnel

**Manager Property Development and Leasing**

Mr Paul Denholm

**Secretary**

Ms Felicity Higham

**Public liaison**

Ms Alison Podmore

#### **3.1 Apologies**

#### **3.2 Approved leave of absence**

Nil.

## **4 Declarations of interest**

### **4.1 Declarations of financial interest**

A declaration under this section requires that the nature of the interest must be disclosed. Consequently, a member who has made a declaration must not preside, participate in, or be present during any discussion or decision-making procedure relating to the matter the subject of the declaration. An employee is required to disclose their financial interest and if required to do so by the Council must disclose the extent of the interest. Employees are required to disclose their financial interests where they are required to present verbal or written reports to the Council. Employees can continue to provide advice to the Council in the decision-making process if they have disclosed their interest.

### **4.2 Declarations of proximity interest**

Elected members (in accordance with Regulation 11 of the Local Government [Rules of Conduct] Regulations 2007) and employees (in accordance with the Code of Conduct) are to declare an interest in a matter if the matter concerns: a) a proposed change to a planning scheme affecting land that adjoins the person's land; b) a proposed change to the zoning or use of land that adjoins the person's land; or c) a proposed development (as defined in section 5.63(5)) of land that adjoins the persons' land.

Land, the proposed land adjoins a person's land if: a) the proposal land, not being a thoroughfare, has a common boundary with the person's land; b) the proposal land, or any part of it, is directly across a thoroughfare from, the person's land; or c) the proposal land is that part of a thoroughfare that has a common boundary with the person's land. A person's land is a reference to any land owned by the person or in which the person has any estate or interest.

### **4.3 Declarations of interest affecting impartiality**

Elected members (in accordance with Regulation 11 of the Local Government [Rules of Conduct] Regulations 2007) and employees (in accordance with the Code of Conduct) are required to declare any interest that may affect their impartiality in considering a matter. This declaration does not restrict any right to participate in or be present during the decision-making process. The Elected Member/employee is also encouraged to disclose the nature of the interest.

**5 Public question time**

**6 Public statement time**

**7 Presentations**

**7.1 Petitions**

**7.2 Presentations**

**7.3 Deputations**

**8 Method of dealing with agenda business**

## 9 Chief Operations Officer reports

### 9.1 Edward Millen House - Business Plan - Consideration of Submissions and Approval of Agreement for Lease and Lease

<b>Location</b>	East Victoria Park
<b>Reporting officer</b>	Manager Property Development and Leasing
<b>Responsible officer</b>	Chief Operations Officer
<b>Voting requirement</b>	Absolute majority
<b>Attachments</b>	<ol style="list-style-type: none"><li>Attachment 1 - Submissions and responses for Council consideration [11.1.1 - 13 pages]</li><li>Attachment 2 - 2023-05-15 DRAFT Agreement for Lease with Annexures - Edward Millen Precinct [11.1.2 - 140 pages]</li><li>Attachment 3 - 2023-05-15 DRAFT Lease - Edward Millen Precinct [11.1.3 - 50 pages]</li></ol>

#### Recommendation

That Council:-

- Having received and considered the submissions in Attachment 11.1 further to the publication of a business plan in line with Section 3.59 of the Local Government Act 1995, approves the Agreement for Lease and Lease with Blackoak Capital – Elizabeth Baillie Pty Ltd in Attachments 11.2 and 11.3 for the ‘Edward Millen Heritage Redevelopment’.
- Authorises the Chief Executive Officer to execute the Agreement for Lease and Lease in Attachments 1 and 2, including authority to negotiate any reasonable and necessary amendment(s) or variation(s) in order to implement the proposed transaction;
- Authorises the Chief Executive Officer to administer the Agreement for Lease and Lease with Blackoak Capital – Elizabeth Baillie Pty Ltd on behalf of the Town as Landlord in relation to the Property.

#### Purpose

To consider submissions received to the advertising of a Business Plan for the proposed agreement for lease and lease to Blackoak Capital and seek Council approval to enter into transaction documentation.

#### In brief

- Further to a competitive tender under TVP/20/13 ‘Edward Millen Adaptive Heritage Redevelopment’ and detailed transaction negotiations, the Town has advertised a Business Plan describing the Agreement for Lease (AFL) and ground lease (Lease) it proposes entering into with Blackoak Capital (the selected preferred tender submission).
- The Business Plan invited further public comment on the proposed transaction over a six week advertising period, in line with Section 3.59 of the Local Government Act 1995.
- A range of public comments have been received and are reported to Council for consideration and to request approval to execute and implement the AFL and Lease, which in due course will grant Blackoak access for restoration and redevelopment works.



- The AFL and Lease will facilitate the heritage restoration and adaptive reuse of the Edward Millen Heritage Precinct, creating a hospitality precinct that will ensure the heritage buildings once again play a significant role in the community.

## Background

1. Since the transfer to the Town in 2006 of the Edward Millen property (the Property) on a conditional freehold basis, the Council has sought to realise the full potential of the heritage-listed buildings and expansive reserve to minimise the costs of maintaining the precinct and maximise the benefit to the community of the heritage assets.
2. The Edward Millen Adaptive Heritage Redevelopment has sought appropriate uses to facilitate greater use of the Property and balance the potential benefits of the redevelopment with the financial cost to Council.
3. To attract the significant investment and expertise required, a Tender and marketing package was created to entice the private sector, aimed at achieving the best possible outcome for the Town of Victoria Park community. A long term ground lease was envisaged, to provide sufficient security for private sector capital investment into preservation and adaption of the state heritage listed buildings, with a view to securing long term preservation, maintenance and active use.
4. The Town advertised Tender TVP/20/13 for the Edward Millen Adaptive Heritage Redevelopment, with tender submissions closing on 27 January 2021.
5. Tenderers were requested to provide a ground lease offer. Additionally, Tenderers were requested to consider the \$4 million Federal Government Community Development Grant within their submission. The Purpose for which the completed project is required to be used is to restore and repurpose the Edward Millen Hospital series of heritage buildings to both protect the heritage of the site and activate certain areas for new purposes, thereby stimulating local commerce and investment.
6. An evaluation of the tender submissions against the prescribed criteria was completed, and Blackoak Capital Ventures (Blackoak) were selected as the preferred submission. On 18 May 2021, Council resolved (93/2021) that the Town enter into negotiations with Blackoak as the preferred lessee.
7. The Town negotiated with Blackoak and reported back to Council on 2 August 2021 (173/2021).
8. From 24 August 2021 to 8 September 2021, the Town advertised the proposed Agreement for Lease and Ground Lease by public notice pursuant to section 3.58 of the *Local Government Act 1995*.
9. Council Resolution 11/2022 dated 15 February 2022 accepted the funding agreement from the Federal Government providing for up to \$4,000,000 (ex GST) funding to undertake heritage restoration to the buildings.
10. Following negotiations with Blackoak to settle the AFL and Lease, Council resolved by resolution 129/2023 dated 20 June 2023:-  
*That Council approves the publication of a business plan in line with Section 3.59 of the Local Government Act for a proposed lease to Blackoak Capital for the Edward Millen Heritage precinct.*
11. Further to Council resolution 129/2023 dated 20 June 2023, the business plan has been advertised by way of a fresh consultation to invite public comment over a six week advertising period, in line with Section 3.59 of the *Local Government Act 1995*.
12. Thirty eight (38) public submissions have been received and are reported to Council for consideration and to request approval to execute and implement the AFL and Lease, which in due course will grant Blackoak access to the site to begin restoration and redevelopment works.

## Strategic alignment

Civic Leadership	
Community priority	Intended public value outcome or impact
CL3 - Accountability and good governance.	The Town has sought and obtained consent from Blackoak to make certain public disclosures pertaining to the confidential Contract in the interests of accountability and promoting perceptions of good governance.

Economic	
Community priority	Intended public value outcome or impact
EC1 - Facilitating a strong local economy.	The overall vision and objective of the Edward Millen redevelopment will directly deliver a place for commerce, tourism, employment, and Entrepreneurship.
EC2 - Connecting businesses and people to our local activity centres through place planning and activation.	Redevelopment of the Town and adjoining land holdings will upgrade the existing streetscape and provide a cleaner place to visit. The additional increase in pedestrians and tenancies will potentially build out criminal occurrences with additional passive surveillance

Environment	
Community priority	Intended public value outcome or impact
EN1 - Protecting and enhancing the natural environment.	The transaction will achieve an overall design outcome that opens the area for a more considered pedestrian lead design opportunity, this will allow a design with greater focus on place planning and place activation.
EN5 - Providing facilities that are well-built and well-maintained.	The redevelopment of Edward Millen will aim to deliver a well-built, well maintained and well managed facility. It also aims to transform an unsafe and inaccessible asset to a safe and accessible destination place.

## Engagement

Internal engagement	
Stakeholder	Comments
Property Development and Leasing	The property development and leasing team have led the negotiations with Blackoak Capital that have resulted in the draft AFL and Lease.
Urban Planning	The Urban planning team has been engaged for advice and guidance on the formalisation of the draft proposal and its relationship to permitted uses for the site and heritage considerations.
Place Planning	The Manager Place Planning and Place Leader Urban Design (East Victoria Park) have been involved in review of legal and design documents and provided advice and guidance.

Manager Stakeholder Relations	The business plan was advertised extensively through a wide range of media to maximise reach to the local community. Details of advertising are provided in paragraph 13 of the report.
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External engagement	
Stakeholders	We have previously published a public advertisement for the proposed ground lease in line with the requirements of Section 3.58 of the Local Government Act 1995.
Period of engagement	From 23 June 2023 to 7 August 2023.
Level of engagement	2. Consult
Methods of engagement	Compliance with Local Government Act 1995 advertising requirements.
Advertising	<ul style="list-style-type: none"> <li>• The West Australian Newspaper;</li> <li>• Town's website and Your Thoughts site;</li> <li>• July and August e-vibe newsletters;</li> <li>• Direct email</li> <li>• Social media posts (Facebook, Instagram and LinkedIn);</li> <li>• Digital advertising (Facebook and Instagram)</li> <li>• Noticeboards – Admin and Library</li> </ul>
Submission summary	38 submissions received as at the close of the advertising period on 7 August 2023 of which 26 were in favour (18 in support, 8 in support with comment expressing concern(s)/queries/amendment or similar), 4 neutral and 6 objections.
Key findings	See attached table of submissions at Attachment 11.1.5.

Other engagement	
Stakeholder	Comments
Department of Heritage, Planning and Lands	The Department of Heritage and Lands has been involved in the lease negotiations process providing advice on aspects of land use, heritage, and conditional tenure arrangements.
Deloitte Australia	Deloitte Australia have been consulted regarding high level Tax regulations and principals.

## Legal compliance

[Section 3.58 of the Local Government Act 1995](#)

[Section 3.59 of the Local Government Act 1995](#)

## Risk management consideration

Risk impact category	Risk event description	Consequence rating	Likelihood rating	Overall risk level score	Council's risk appetite	Risk treatment option and rationale for actions
Financial	If the Town fails to reach an agreement with Blackoak, the lack of associated financial contributions and Ground Lease divestment will result in ongoing heritage maintenance obligations.	Moderate	Likely	High	Low	TREAT risk by proceeding with the transaction
Environmental	The existing contract document incorporates a higher standard of environmental development requirements than would otherwise apply to a development of the property under the planning system.	Moderate	Likely	High	Medium	TREAT risk by accepting the Tender allowing the redevelopment to occur which will de contaminate the structure of HAZMAT Materials.
Health and safety	Property remains undeveloped. Vacant land can reduce the quality of streetscapes and potentially become a dumping ground for waste or antisocial behaviour.	Moderate	Possible	Medium	Low	TREAT risk by proceeding with the agreement for lease to have the site developed.
Infrastructure/	Not applicable.					

ICT systems/ utilities						
Legislative compliance	Ensure compliance with Section 3.58 & 3.59 of the <i>Local Government Act 1995</i> .					TREAT risk by advertising the transactions as required within the Act.
Reputation	Not accepting the Tender, associated financial contributions and Ground Lease divestment may result in the continued reputational loss having not achieved activation and redevelopment of the Edward Millen State Heritage Listed Buildings.	Moderate	Possible	Medium	Low	TREAT risk by accepting the Tender and associated investment resulting in the redevelopment and revitalisation of the Edward Millen State Heritage Listed buildings.
Service delivery	Not applicable.					

## Financial implications

<b>Current budget impact</b>	Sufficient funds exist within the annual budget to address this recommendation.
<b>Future budget impact</b>	<p>Future budget impact involves the following:</p> <ul style="list-style-type: none"> <li>• Edward Millen Heritage Buildings - Will be informed by an Asset Management Plan which will be attached to the ground lease – overall given the divestment as a ground lease the Edward Millen Heritage Buildings will require limited ongoing financial commitments by the Town.</li> <li>• Income – The annual rental has been negotiated at \$122,000 net per annum exclusive of GST and outgoings with CPI (Consumer Price Index) increase set at a maximum of 2.5% and a minimum of 1% from year 21.</li> <li>• Income – a \$2,000,000 upfront payment will be made by Blackoak to the Town and be used to fund the upgrade of Edward Millen Park.</li> <li>• Income – Future rates revenue will be generated from the future commercial operations of the precinct and will have a positive financial benefit to the Town.</li> </ul>

## Analysis

13. The business plan was advertised extensively to invite public submissions for a 6 week period from 23 June to 7 August with a closing date of 7 August 2023. The following means of publication were used:-
  - The West Australian Newspaper;
  - Town's website and Your Thoughts site;
  - July and August e-vibe newsletters;
  - Direct email to subscribers and previous Edward Millen project participants
  - Regular social media posts (Facebook, Instagram and LinkedIn);
  - Digital advertising (Facebook and Instagram)
  - Noticeboards – Admin and Library
14. To illustrate the extensive publicity that the Town sought to generate for these proposals, the Town's 'Your Thoughts' consultation tool alone attracted a total recorded number of 683 web page visits. Further, the direct emails received high open and click through rates, with an average open of 50.9% and click rate of 12.8% (industry average is 19.4%/2.8% respectively). Social media posts (across Facebook, Instagram and LinkedIn) received an average engagement rate of 1.2% (between 1-5% is considered good engagement). These stats depict the solid engagement generated by promotional efforts for the business plan, and further that our community had a keen interest.
15. 38 submissions were received as at the close of the advertising period on 7 August 2023 of which 26 submissions are in favour (18 submissions in support, a further 8 submissions in support with comment expressing concern(s)/queries/amendment or similar), 4 neutral submissions and 6 objection submissions. Attachment 11.1.1 provides a table of submissions received and comments for consideration by Council.
16. After the last day for submissions, the Council is required to consider submissions made and may decide to proceed with the undertaking and enter into the AFL and Lease for the Edward Millen Heritage Redevelopment.
17. The AFL and Lease define the parties' obligations for the duration of the redevelopment and its operation over the long term.
18. The AFL requires the Tenant to prepare a Development Application for approval in accordance with the Tenants' plans and any applications for Heritage approval. Additionally, it permits the Landlord to grant a licence of the Premises for the Tenant to undertake the Tenants Works to carry out the redevelopment and obligates the Tenant to obtain all the necessary consents and approvals required to undertake the Tenants Works.
19. Blackoak propose to deliver the following key outcomes with consideration to the permitted uses by complementing the parkland, providing services to the community and preserving the heritage fabric of the site. These community outcomes include:
  - (a) Deliver a world-class destination that attracts visitors from the greater community through an innovative and creative mix of uses operating in an environmentally sustainable way.
  - (b) Create a hub with real community purpose by providing both for-profit and not-for-profit services, delivering community access to arts, crafts, theatre, and music, and creating public green spaces accessible to all.
  - (c) Preserve the history of the Edward Millen buildings, by fully refurbishing the heritage buildings, sympathetic design, and incorporating a museum space into the project.

- (d) Contribute to realising the Edward Millen Park plan by making a \$2M upfront lease payment to assist with the upgrade.

These are significant revitalisation and community benefit outcomes.

20. The proposed redevelopment includes businesses and activities directly owned and operated by Blackoak Capital Ventures as well as external specialist operators. Directly operated businesses and activities include:

- (a) Mixed hospitality offerings, which include an artisan café, garden bistro dining and gastro pub;
- (b) Internal and external events and function spaces;
- (c) Childcare facility (possible); and
- (d) Vegetable and herb gardens, and local produce store.

21. External operators include:

- (a) Farmers market;
- (b) Artisan food and craft operators;
- (c) Woodfired bakery; and
- (d) Museum and other community use and services.

## **Relevant documents**

Not applicable.

**10 Public question time**

**11 Public statement time**

**12 Meeting closed to the public**

**13 Closure**