



# **TOWN OF VICTORIA PARK: ORGANISATION ACCOMMODATION LOCATION STRATEGIC BUSINESS CASE**

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March 2023

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# EXECUTIVE SUMMARY

The Town of Victoria Park's administration, civic and customer service functions currently operate from 99 Shepperton Road and 8-10 Kent Street. In April 2019, the Town of Victoria Park commissioned a detailed Building Condition Assessment and Strategic Asset Review which identified that the building at 99 Shepperton Road does not fully meet the needs of the Town, with many existing shortfalls (meeting spaces, council chambers, parking) and – over the long term (10-15 years from 2019) – the building is likely to be functionally obsolete for Town use.

In response to these challenges, Urbis undertook an initial high level review of administration facility needs which – in combination with the Workforce Plan (2020-35) – reinforced the need to explore a range of site and facility options.

Subsequently, a multi-criteria options assessment explored the merits of co-located and separate Town functions and a range of site options. This analysis identified four priority options. These included:

- A new integrated Administrative, Civic and Customer Service Centre in the MacMillan site;
- A new integrated Administrative, Civic and Customer Service Centre adjacent to the Aqualife Facility;
- Redevelop 99 Shepperton Road into mixed-use / office which meets Town's accommodation needs; and
- A new Civic and Customer Service Centre and separate Administration facility across both MacMillan and Aqualife sites.

Whilst the options identified are intended to create long term benefits, a significant investment will be required and this requires a thorough justification that can give confidence to the Town. As such, a business case was commissioned to determine a preferred option. The business case undertook a detailed comparison of each option and closely engage with Town staff to understand the current and future functional needs that should be prioritised in new facilities.

A number of challenges were identified for the existing facility at 99 Shepperton Road, such as:

- **Poor functionality** – the building discourages community engagement / interaction, disability access is constrained, limited meeting / collaboration space, end of trip facilities need modernising and there is inefficient use of floorplate;
- **Ad hoc maintenance** – there have been numerous “band-aid” fixes over the building's lifetime which influence building functionality and maintenance burden; and
- **Limited growth opportunities / flexibility** – workstations are at capacity and there is an under-provision of meeting and collaboration space for current staffing levels.

Building on above, Plus Architecture developed a functional brief to help to understand the merits and cons of alternative location options – taking into account an understanding of the Town's organisational strategies and policies, current and future trends, functional needs and potential for growth across the organisation.

Area allocations looked at both integrated and split options and resulted in a footprint which was assessed within this business case. An integrated option of approximately 3,423 sq.m (gross floor area) across 2-3 levels was considered to be appropriate to support existing and future functional requirements. An alternative split option would require a degree of duplication of amenities and require approximately 3,821 sq.m (gross floor area) across two buildings of 1-2 levels. Given the benefit of collaboration, floorplates below 1,500 sq.m were considered sub-optimal. (It is important to note that this scope did not include concept planning for each site. Rather, this assessment was taken at a high level to consider the merit of the locations and potential cost implications.)

The four options and the status quo were assessed against assessment criteria to determine which option best achieves the objectives of this project. The key considerations included:

- **Operational alignment**, extent to which the option meets future operational needs;
- **Strategic alignment**, extent to which the option contributes to the Town's strategic objectives / policies;
- **Asset optimisation**, extent to which the option maximises site opportunities; and
- **Building costs and site alignment**, comparative capital cost requirements and site constraints and opportunities.

# EXECUTIVE SUMMARY (CONT.)

**Whilst each site option could accommodate the future administration, civic and customer service functions, the MacMillan Precinct is considered to have the fewest site constraints and most significant benefits / positives.**

Located in the heart of East Vic Park, the Macmillan Precinct is home to many community facilities surrounding John Macmillan Park, including the Library, Community Centre, Leisurelife, Vic Park/Carlisle Bowls Club and Vic Park Centre for the Arts. This site location is currently progressing through a master planning process that looks at how the precinct's public spaces and community facilities can be designed to best accommodate all users. As part of this work, consideration has been given to the council administration facility for each of the four options presented in the master plan.

Comparatively, the Macmillian Precinct offers a relative lack of impediments to developing the site in terms of building location and site capacity. Conversely, at Aqualife, there is limited location options, with the carparking adjacent to the clubrooms considered the most viable option. This would lead to a small footprint and higher parking costs. There are additionally constraints on the ability to accommodate other uses within the building given the deed on the title which currently restricts land uses to recreation.

There is the ability to develop the new facility adjacent to the current site (on the northern side) or alternatively demolish and build on the current footprint (staff would need to re-locate during demolition and construction period at a significant cost). Both options would however significantly under-develop the site unless a mixed use development outcome is pursued.

Furthermore, the MacMillan Precinct option delivers:

- Relatively lower capital costs compared to Shepperton Road and split options;
- Relatively low ongoing life cycle cost requirements compared to other options;
- Strong economic and social outcomes due to co-locating these Town functions in a precinct revitalisation project with existing Town assets (e.g. recreation and library functions);
- The ability of this site to support other commercial uses which could support upfront / ongoing funding requirements and future proof the building to accommodate any long term space needs; and
- The ability to unlock value in the 99 Shepperton Road asset.

The delivery of the purpose built administration, civic and customer service functions at the MacMillan Precinct could be delivered under a range of commercial arrangements. Whilst this business case is primarily concerned with the preferred location option and subsequent tasks will consider development designs and implementation requirements in more detail, a review of the potential funding implications of alternative approaches was undertaken. Key consideration was given to:

- A traditional approach whereby the Town fund the capital and ongoing maintenance costs;
- The potential sale of 99 Shepperton Road; and
- The construction of additional commercial space at market lease rates.

Consideration was not given to an outright sale of the MacMillan Precinct lot with long-term leaseback to

the Town given master planning for this lot suggests a mixture of community / council services in addition to administration, civic and customer functions.

The design and construction funding could be sourced from a variety of funding sources (wholly or in-part). The key sources of funding include: the Town's reserves, loan / debt funding, external grants and land sale income. This business case identifies alternative approaches for further consideration.

Key milestones and anticipated timeframes were identified to support the delivery of the project and operation of the new accommodation by early 2028. Key future tasks include:

- Endorsement of this business case;
- Commitment of funding (or co-funding) to the new property;
- Ongoing engagement with stakeholders, potential funding partners and community;
- Technical investigations and detailed design;
- Building and site works approvals;
- Contract procurement and award; and
- Construction of preferred option.

**In summary, the co-location of the administration, civic and customer functions at the MacMillan Precinct should be supported. The lack of a decision to re-locate or a delay in decision making will result in significant and increasing ongoing cost liabilities and sub-optimal operational outcomes for the Town and its ratepayers.**

# EXECUTIVE SUMMARY (CONT.)

## Summary of Option Assessment

ATTRIBUTE	STATUS QUO	OPTION A (SHEPPERTON ROAD)	OPTION B (MACMILLAN PRECINCT)	OPTION C (AQUALIFE SITE)	OPTION D (MACMILLAN PRECINCT AND AQUALIFE SITE)
<b>Description</b>	Remain within existing building at 99 Shepperton Road, Victoria Park	Redevelop 99 Shepperton Road, involving comprehensive redevelopment of the existing site to create a contemporary office / mixed use building to respond to the Town's requirements while optimising redevelopment potential of the site.	A new integrated Administrative, Civic and Customer Service Centre in the MacMillan Precinct to create a landmark building in the heart of the major retail and commercial centre of the Town.	A new integrated Administrative, Civic and Customer Service Centre adjacent to the Aqualife Facility on underutilised land on the Aqualife site.	A new Civic and Customer Service Centre and a separate Administration facility distributed across both MacMillan precinct and adjacent to the Aqualife Facility, with distributed services across both reserve sites and Shepperton Road available for disposal or other uses.
<b>Building Cost*</b>	-	\$36,135,515	\$32,859,555	\$32,757,560	\$36,049,350
<b>Net Life Cycle Costs**</b>	-	-\$4,545,163	-\$5,527,951	-\$5,558,549	-\$4,571,012
<b>Risks / Negatives</b>	<ul style="list-style-type: none"> <li>Current building does not meet operational requirements</li> <li>Staff attraction / retention challenges</li> <li>Increasing maintenance cost liabilities</li> <li>Underutilisation of high value site</li> </ul>	<ul style="list-style-type: none"> <li>Significant 5 meters level change impacts construction cost and build area</li> <li>Potential for underbuilding of the site</li> <li>Construction on current building footprint would require temporary re-location</li> <li>Underutilisation of high value site</li> </ul>	<ul style="list-style-type: none"> <li>Distance from Victoria Park station</li> <li>Need to manage impact on other uses existing / proposed in precinct</li> </ul>	<ul style="list-style-type: none"> <li>Potential impact on existing vegetation</li> <li>Single storey residential context and potential visual impact</li> <li>Legal / land impediments to be resolved (e.g. restricted uses)</li> <li>Limited site footprint options</li> </ul>	<ul style="list-style-type: none"> <li>Higher cost due to a moderate duplication of floorspace and site works</li> <li>Legal / land impediments to be resolved (e.g. restricted uses) and limited site footprint options at Aqualife</li> <li>Need to manage impact on other uses existing / proposed in precinct</li> </ul>
<b>Ranking</b>	<b>5<sup>th</sup></b>	<b>3<sup>rd</sup></b>	<b>1<sup>st</sup></b>	<b>2<sup>nd</sup></b>	<b>4<sup>th</sup></b>

Source: Urbis, SAGE, RLB

\* 2022 construction cost estimate, including fit-out.

\*\* Net life cycle costs for years 6-25 (i.e. once new building completed) versus status quo.

# INTRODUCTION

## PURPOSE

Urbis and Plus Architecture were engaged to deliver a business case to determine the preferred location for the Town's future administration, civic and customer service functions that currently operate from 99 Shepperton Road and 8-10 Kent Street.

This business case sought to:

- Identify, test and refine agreed functional requirements for the Town's civic, customer and administration functions;
- Identify opportunities to co-locate community and commercial services and mixed-use development;
- Determine site influences and test these with the four options identified;
- Understand the capital, life cycle and re-current cost implications of each option;
- Define a preferred option based on an agreed and holistic assessment framework; and
- Develop a robust business case and implementation plans to support decision making.

## DOCUMENT STRUCTURE

This business case includes the following sections.

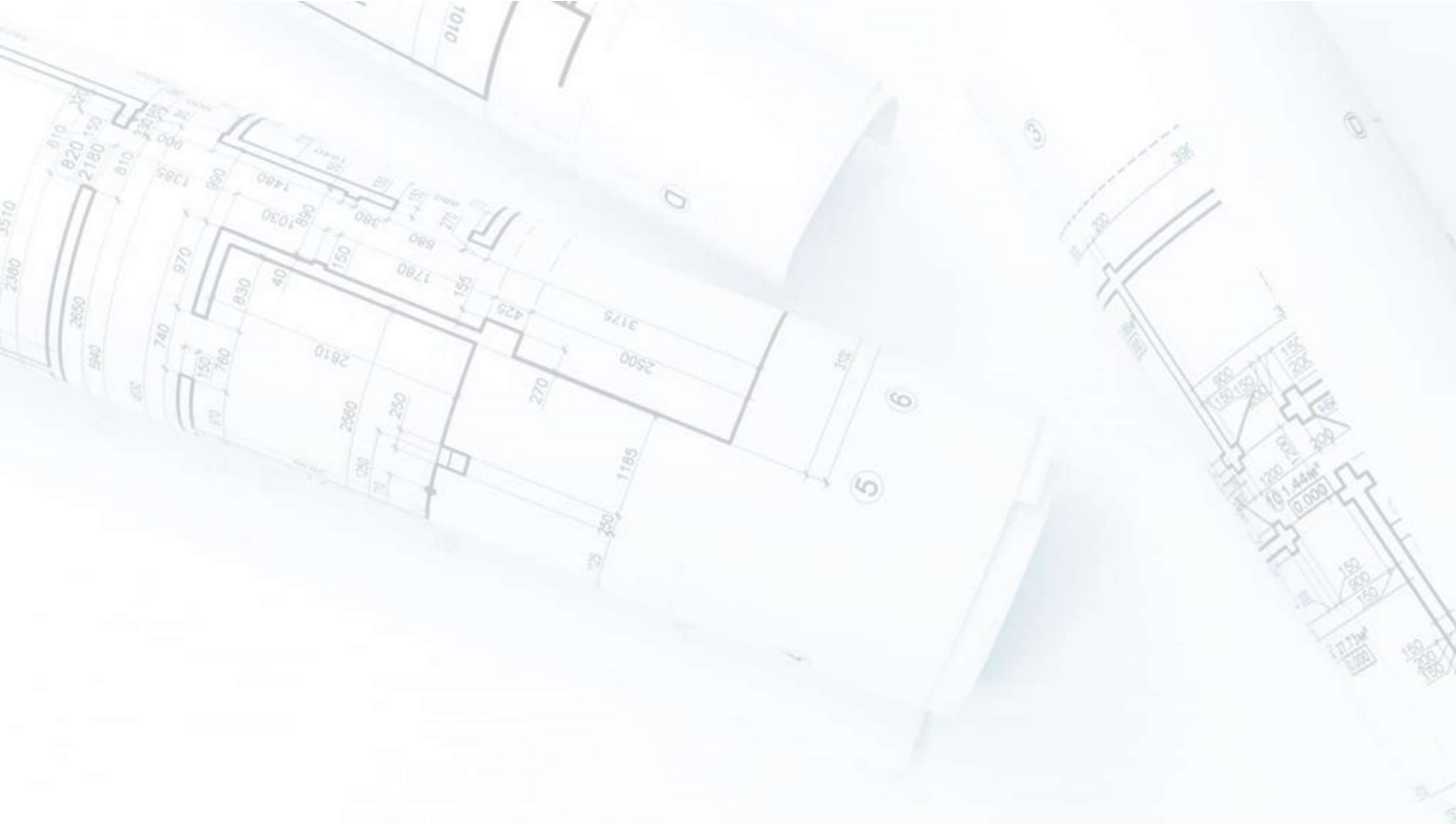
- **Project Background and Purpose:** Description of the project's history and its objectives.
- **Functional Brief:** Description of the spatial and functionality requirements of the Town's administrative, civic and customer service functions.
- **Site Options:** Overview of the site options and key considerations.
- **Options Analysis:** Analysis of the location options through an agreed decision-making framework.
- **Budget and Funding Strategy:** Description of funding options to support the delivery of the project.
- **Implementation Plans:** Description of implementation strategies and actions to deliver the project.

Additional analysis which informed this business case is appended to this document.

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## PROJECT BACKGROUND & PURPOSE



# PROJECT BACKGROUND & PURPOSE | EXISTING ADMINISTRATION BUILDING

## Overview

The Town of Victoria Park (the Town) has delivered its administrative, civic and customer service functions from premises at 99 Shepperton Road since its formation in 1994.

The administration building was constructed circa 1985. The rear (northern side) of the building was extended circa 2006 to accommodate additional office and the main floorspace. This also allowed for additional storage and parking at lower ground level.

In April 2019, the Town of Victoria Park commissioned a detailed Building Condition Assessment and Strategic Asset Review which identified that the building at 99 Shepperton Road does not fully meet the needs of the Town, with many existing shortfalls (meeting spaces, council chambers, parking) and – over the long term (10-15 years from 2019) – the building is likely to be functionally obsolete for Town use.

This assessment identified numerous short and long term maintenance requirements and ongoing building challenges such as leaking during periods of heavy rain.

This assessment recommended that: *the Town should further consider alternative sites, either currently held or freehold purchase, to base their administration function. Alternatively, the Town could redevelop the existing site with a more appropriately designed building for their ongoing use.*

Existing Building at 99 Shepperton Road, Victoria Park





# PROJECT BACKGROUND & PURPOSE | LONG LIST OPTIONS ASSESSMENT

## Overview

In response to these challenges, Urbis undertook an initial high level review of administration facility needs (October 2019) which – in combination with the Workforce Plan (2020-35) – reinforced the need to explore a range of site and facility options.

A subsequent detailed study of accommodation options – *Town of Victoria Park Future Accommodation Multicriteria Analysis Report* (prepared by Align Strategy + Projects and Elysian Consulting) – was endorsed in early 2021.

This multi-criteria options assessment explored the merits of co-located and separate Town functions and a range of site options. This analysis identified four priority options. These included:

- A new integrated Administrative, Civic and Customer Service Centre in the MacMillan site;
- A new integrated Administrative, Civic and Customer Service Centre adjacent to the Aqualife Facility;
- Redevelop 99 Shepperton Road into mixed-use / office which meets Town’s accommodation needs; and
- A new Civic and Customer Service Centre and separate Administration facility across both MacMillan and Aqualife sites.

## Assessment Findings

OPTION	SITE	DESCRIPTION	WEIGHTED MCA SCORE
Option 1A	99 Shepperton Road	Do minimal / nothing.	16.5
Option 1C	99 Shepperton Road	Redevelop 99 Shepperton Road, involving comprehensive redevelopment of the existing site to create a contemporary office / mixed use building to respond to the Town’s requirements while optimising redevelopment potential of the site.	32
Option 2A	MacMillan Precinct	A new integrated Administrative, Civic and Customer Service Centre in the MacMillan Precinct, to create a landmark building in the heart of the major retail and commercial centre of the Town.	37.5
Option 3A	Aqualife Site	A new integrated Administrative, Civic and Customer Service Centre adjacent to the Aqualife Facility, on underutilised land on the Aqualife site.	32
Option 4C	MacMillan Precinct and Aqualife Site	A new Civic and Customer Service Centre; and a separate Administration facility distributed across both MacMillan precinct and adjacent to the Aqualife Facility, with distributed services across both reserve sites, and Shepperton Road available for disposal, or other uses.	35

Source: *Town of Victoria Park Future Accommodation Multicriteria Analysis Report*

# PROJECT BACKGROUND & PURPOSE | PROJECT PURPOSE

## Overview

This business case seeks to determine the preferred location for the Town's future administration, civic and customer service functions that currently operate from 99 Shepperton Road and 8-10 Kent Street.

The overall scope requirements of this business case are to achieve a comprehensive analysis and assessment of the 'shortlisted' options from the long list analysis to arrive at a preferred location option for the Town's administration, civic and customer service.

The outcomes of this business case will inform several redevelopment projects which are currently in various stages of the project lifecycle (i.e. Macmillan Precinct Redevelopment and Oats Street Precinct Structure Plan / Aqualife Redevelopment).

Of particular relevance, the project aims to achieve the following key outcomes:

- **Support operational needs** to improve staff engagement and the Town's service delivery;
- **Contribute to strategic objectives** – both directly and indirectly;
- **Optimise property asset opportunities** to support a range of financial, economic, social and environmental benefits; and
- **Minimise building costs** – both upfront and ongoing whole of life costs.

These objectives guided the identification of a preferred location option.

## Project Objectives

### OBJECTIVE

### DESCRIPTION



#### Operational Needs

Align with the existing and future workforce needs outlined in the Workforce Development Plan to support staff engagement and satisfaction and improved service delivery.



#### Strategic Objectives

Contribute to strategy and policy outcomes that reflects community long-term vision, values, aspirations and priorities.



#### Property Asset Optimisation

Support land and property asset opportunities that support financial sustainability and deliver social, environmental and economic outcomes.



#### Building Costs

Ensure that property service quality is provided at the level required by our community and at a cost that is financially sustainable.

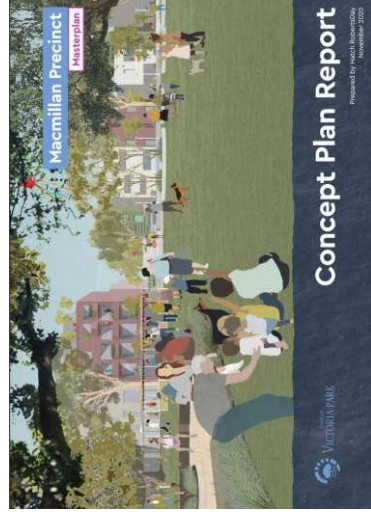
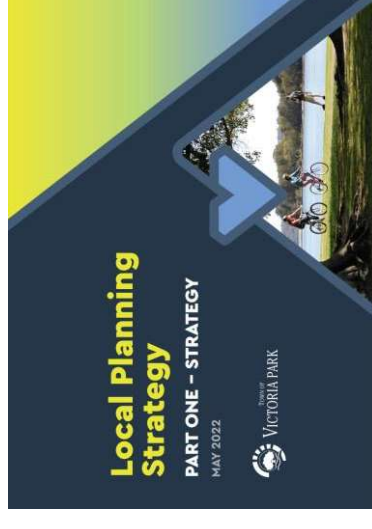
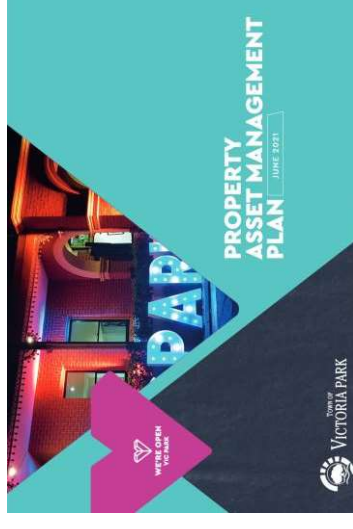
# PROJECT BACKGROUND & PURPOSE | POLICY AND STRATEGIC CONSIDERATIONS

## Overview of Relevant Policy and Strategy Considerations

Representing a major long term strategic investment, the decision on the location and accommodation option will shape the Town's identity and interactions with its community and place. It will also have long term social, community and economic impacts, benefits and opportunity costs.

Informing the preferred accommodation option are the aims of the following key policies.

- Strategic Community Plan (2022 – 2032)
- Workforce Plan (2020 – 2035)
- Local Planning Strategy (2022)
- MacMillan Precinct Masterplan (2022)
- Property Asset Management Plan (2021)



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**FUNCTIONAL BRIEF**



# FUNCTIONAL BRIEF | APPROACH & PURPOSE

## Overview

In order to understand the merits and cons of alternative location options, a functional brief was developed. This functional brief helped to understand the current and future operational and functionality requirements of the administrative, civic and customer service functions currently provided at 99 Shepperton Road, Victoria Park. An initial upfront task was staff engagement to assist in identifying the aspirations of the Town, the overall functionality required from a new premises and what the opportunities a new premises affords. This was considered alongside research of relevant trends within workplace and local government sectors in order to ensure the assessment considers innovative design elements that could be implemented in the future design – and therefore aspects that may affect the overall floorplate and thus the ability for the site options to accommodate such elements.

Once investigation and research was undertaken in order to establish what should be included in the future building, Plus Architecture produced area allocations for all spaces – taking into account their understanding of the Town's organisational vision, current and future trends, functional needs and potential for growth across the organisation. These area allocations looked at both an integrated and split model and resulted in a footprint which was assessed within this business case.

## Approach Summary

### 2.1 Document Review

Review relevant Town of Victoria Park documents and strategic planning to inform research, staff engagement initiatives, area allocations and overall functional brief.

### 2.2 Staff Engagement

Gain an understanding on what issues the current working cohort are facing and what their visions and aspirations are for the Town of Victoria Park.

### 2.3 Key Organisational Functions

Identify key areas of the organisation that must be accommodated within the Town of Victoria Park facilities including Administration, Customer Service and Civic & Community.

### 2.4 Current Workplace

Visit site & conduct spatial investigation. Explore current constraints and opportunities of the current site. Identify current and aspirational working typologies.

### 2.5 Workplace Futures

Identify future trends and benchmarks and tailor these to the future aspirations of Town of Victoria Park. Account for current working style, staff feedback and future considerations informed by changes in technology, workplace culture, social change and the affects of COVID19.

### 2.6 Functional Relationships

Identify key adjacencies and shared departmental requirements to inform spatial outcomes.

### 2.7 Spatial Outcomes & Reasoning

Calculating a General Floor Area for the new site based on staff interviews, organisational understanding and our knowledge of workplace and community space design best practice.

# FUNCTIONAL BRIEF | STAFF ENGAGEMENT OUTCOMES





## Overview

A number of meetings and interviews were undertaken, based on a range of discussion topics, to gain a broad understanding of the following:

- The vision for their department and how that correlates with the overall organisational vision;
- The current operational needs for their department and how they interact internally and with other areas on a daily basis;
- Aspects of the current workplace that are inhibiting their ability to progress towards their vision; and
- Which location was considered to be the most appropriate in their opinion and how would a change of location affect their team.

Several key themes were drawn from these discussions.

## Staff Engagement Outcomes

THEME	DESCRIPTION
 <p><b>Collaborative Internal Working Environment</b></p>	<p>The engagement sessions highlighted that the various departments and functional areas work in different ways to one another.</p>
 <p><b>Intuitive and Streamlined Customer Experience</b></p>	<p>There is a need for the customer experience to be improved and move from a transactional experience to a more holistic and “care-focused” one for customers. The broad range of customer needs and demographics adds complexity to the streamlining of services, however it is an important area for engaging with the community and one that can be facilitated by a change to the built environment.</p>
 <p><b>Improved Accessibility</b></p>	<p>The existing building does not meet Australian Standards in regards to accessibility for both visitors and staff. It was agreed that this is a priority in order to meet the diverse range of needs of all customers and staff members.</p>
 <p><b>Increased Community Connectivity</b></p>	<p>A major driver for the organisation as a whole is to increase community connectivity. This increased connection assists in addressing community needs more accurately and forms a sense of trust for the local government within its constituents.</p>
 <p><b>Agility and Innovation</b></p>	<p>There was limited appetite for a full Agile Based Working approach to a new workspace, however there is certainly a general eagerness amongst leadership to shift towards a more open, collaborative way of working, whilst retaining a sense of ownership over their workspace.</p>

# FUNCTIONAL BRIEF | CURRENT WORKPLACE CHALLENGES

## Overview

Site visits of the existing site were undertaken in order to further understand how the current workplace operates and where the physical space is lacking or underutilised.

By touring the current facilities and interacting with staff in their working environment, Plus Architecture were able to identify key issues and concerns that are had towards the built environment they operate from and its effects on the productivity and engagement of staff.

In addition to visiting the administrative workplace, inspections of the current civic and customer service facilities were undertaken to understand the limitations of the physical space and high-level functional issues.

A number of challenges were identified with the existing workplace. These broadly fit under two categories.

### No Longer Fit For Purpose

- Incremental changes/ band aid solutions
- Inefficient use of floorplate
- Disability access constrained
- End of Trip facilities need modernising
- Discourages community engagement / interaction
- Limit of on site/ off site interface

### Capacity / Limited Growth Opportunity

- Workstations at capacity
- Limited meeting space
- Limited collaboration space
- Limited parking availability

Existing Building at 99 Shepperton Road, Victoria Park



# FUNCTIONAL BRIEF | SPATIAL NEEDS

## Overview

After identifying the various functions that are required in the future design through document review, precedent research and staff engagement, Plus Architecture was able to ascertain the necessary adjacencies of the differing functions expected at the facility.

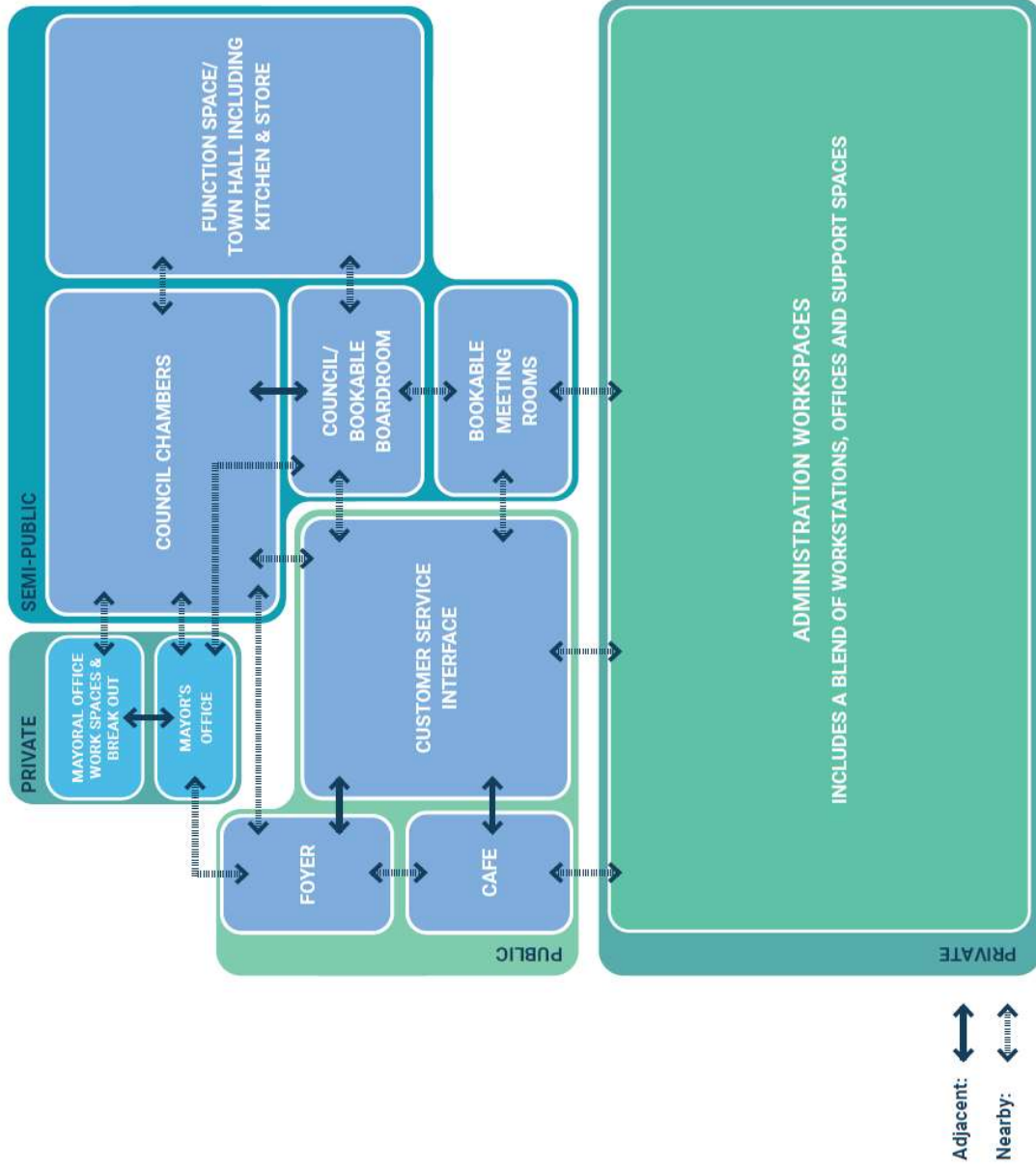
These adjacencies assisted with defining overall building arrangement considerations and identification of integrated and split facility floorspace, configuration and parking requirements.

Overall, an integrated option of approximately 3,423 sq.m (gross floor area) across 2-3 levels was considered to be appropriate to support existing and future functional requirements.

An alternative split option would require a degree of duplication of amenities and require approximately 3,821 sq.m (gross floor area) across two buildings of 1-2 levels.

Given the benefit of collaboration, floorplates below 1,500 sq.m were considered sub-optimal.

## Functional Relationships Overview





# FUNCTIONAL BRIEF | SPATIAL NEEDS (CONT.)

## Summary of Integrated Option Spatial Needs

The following describes our approach to calculating a General Floor Area for a building with integrated functionality based on staff interviews, organisational understanding and our knowledge of workplace and community space design best practice.

### Workplace

- + We have approached the workspaces with a hybrid model to accommodate the vision for a more collaborative environment, with the expectation that some traditional workplace elements still have validity within an organisation such as this one.

### Customer Service

- + We have approached the customer service area as more of an open, concierge style offering that can be utilised as a "reception" for visitors of the administration workspace.

### Civic

- + Traditional/ceremonial elements have been retained with higher flexibility and capacity for meeting council needs and increasing community involvement.

### Parking

- + Parking for the integrated facility is based on the existing number of carparks - with comparisons of the impact of increasing or decreasing that number in m<sup>2</sup>.

NOTE: 15% building envelope and core allowance includes essential spaces such as fire stairs, lifts, bathrooms and cleaner's stores.

Area Allocation Table

	QTY	SQM
<b>CIVIC/CUSTOMER SERVICE</b>		
Foyer/Entry Space	1	30
Customer Service and Visitor Interface	1	150
Café	1	50
Bookable Meeting Rooms (6pax)	4	60
Council and Bookable Meeting Room (20pax)	1	60
Council Chambers	1	150
Function Space/Town Hall	1	220
Function Room/Store	1	35
Commercial Kitchen/Store	1	40
Lift Lobby	1	12
<b>SUBTOTAL</b>		<b>807</b>
<b>COMMUNITY SPACE</b>		
Mayor's Office	1	18
Workstations	1	5
Elected Member Hot Desks	9	27
Workstation Circulation & Fit Factor	25%	12.5
Elected Members Break-out (4pax)	1	6
<b>SUBTOTAL</b>		<b>68.5</b>

Square Metres Per Staff Member

ADMINISTRATION WORKSPACE - m <sup>2</sup> PER PERSON	
ToVP Workspaces	1089 m <sup>2</sup>
Support Spaces	928 m <sup>2</sup>
<b>WORKPLACE m<sup>2</sup></b>	<b>2017 m<sup>2</sup></b>
ToVP Workpoints	159 No. of
<b>m<sup>2</sup> per Staff Member</b>	<b>12.7 m<sup>2</sup></b>

Parking Area Table

	QTY	SQM
<b>PARKING</b>		
Carparking - 20% Less than Current Number	65	1625
Carparking - Current Number of Spaces	77	1925
Carparking - 20% More than Current Number	93	2325
Bike Racks for Visitors	15	13.5
<b>CURRENT NUMBER SUBTOTAL</b>		<b>1938.5</b>

**GFA + Parking 5381.5**

	QTY	SQM
<b>ADMINISTRATION</b>		
Workstations	155	775
Executive Offices	4	48
Hot Desks	16	48
Workstation Circulation & Fit Factor	25%	217.8
<b>SUBTOTAL</b>		<b>1089</b>
<b>TOVP WORKSPACE</b>		
Lift Lobby/Waiting/Intertenancy Stair	72	72
Meeting Rooms	254	254
Collab Spaces	142	142
Social Spaces	280	280
Utility Spaces	123	123
Storage Spaces	57	57
<b>SUBTOTAL</b>		<b>928</b>

**TOTAL NLA 2892 m<sup>2</sup>**

	QTY	SQM
<b>NON-NLA SPACES</b>		
End of Trip Facilities incl. Secure Bike Store	1	95
Building Envelope & Core Allowance (15% of GFA)		530.7
<b>SUBTOTAL</b>		<b>625.7</b>

**TOTAL GFA 3423 m<sup>2</sup>**

# FUNCTIONAL BRIEF | SPATIAL NEEDS (CONT.)

## Summary of Split Option Spatial Needs

The following describes our approach to calculating a General Floor Area for a design as split functionality based on staff interviews, organisational understanding and our knowledge of workplace and community space design best practice.

### Workplace

- + We have approached the workspaces with a hybrid model to accommodate the vision for a more collaborative environment, with the expectation that some traditional workplace elements still have validity within an organisation such as this one.

### Customer Service

- + We have approached the customer service area as more of an open, concierge style offering within the civic/customer service building.
- + The administration building has a more traditional reception style offering that is more suited to a workplace environment.

### Civic

- + Traditional/ceremonial elements have been retained with higher flexibility and capacity for meeting council needs and increasing community involvement.

### Parking

- + Parking for the Civic & Customer Service Building is considered as supplementary to parking that may already exist on the site.
- + Parking for the Administration building is based on the existing number of carparks - with comparisons of the impact of increasing or decreasing that number in m<sup>2</sup>.

NOTE: 15% Building envelope and core allowance includes essential spaces such as fire stairs, lifts, bathrooms and cleaner's stores.

Area Allocation Table

BUILDING 1	CIVIC/CUSTOMER SERVICE	QTY	SQM	
COMMUNITY SPACE	Foyer/Entry Space	1	30	
	Customer Service and Visitor Interface	1	150	
	Café	1	50	
	Bookable Meeting Rooms (6pax)	4	60	
	Council and Bookable Meeting Room (20pax)	1	60	
	Council Chambers	1	150	
	Function Space/Town Hall	1	220	
	Function Room Store	1	35	
	Commercial Kitchen/Store	1	40	
	Lift Lobby	1	12	
SUBTOTAL			807	
CIVIC & CUSTOMER SERVICE WORKSPACE	Mayor's Office	1	18	
	Workstations	1	5	
	Elected Member Hot Desks	9	27	
	Customer Service Workstations	5	25	
	Customer Service Hot Desks	4	12	
	Workstation Circulation & Fit Factor	25%	21.75	
SUBTOTAL			108.8	
SUPPORT SPACES	Elected Members Break-out (4pax)	1	6	
	Utility & Storage Space		71.5	
	Social Spaces		72	
SUBTOTAL			149.5	
TOTAL NLA			1065 m <sup>2</sup>	
NON-NLA SPACES	End of Trip Facilities incl. Secure Bike Store Building Envelope & Core Allowance (15% of GFA)	1	18	
			188	
			206	
SUBTOTAL			206	
TOTAL GFA			1271 m <sup>2</sup>	
BUILDING 2	ADMINISTRATION			
	Workstations	153	765	
	Executive Offices	4	48	
	Hot Desks	14	42	
	Workstation Circulation & Fit Factor	25%	213.8	
	SUBTOTAL			1069
	TOVP WORKSPACE			
	Foyer & Administrative Reception	100		
	Lift Lobby/Waiting/Interagency Stair	72		
	Meeting Rooms	254		
Collab Spaces	136			
Social Spaces	280			
Utility Spaces	123			
Storage Spaces	57			
SUBTOTAL			1022	
TOTAL NLA			2091 m <sup>2</sup>	
NON-NLA SPACES	End of Trip Facilities incl. Secure Bike Store Building Envelope & Core Allowance (15% of GFA)	1	90	
			369	
			459	
SUBTOTAL			459	
TOTAL GFA			2550 m <sup>2</sup>	

### Parking Area Table

BUILDING 1 PARKING	QTY	SQM
Carparking - Number of staff	7	175
Carparking - Number for visitors	10	250
Bike Racks for Visitors	5	4.5
CURRENT NUMBER SUBTOTAL		179.5 m <sup>2</sup>
TOTAL GFA		2550 m <sup>2</sup>
GFA + Parking		1450.5 m <sup>2</sup>
BUILDING 2 PARKING		
Carparking - 20% Less than Current Number	65	1625
Carparking - Current Number of Spaces	77	1925
Carparking - 20% More than Current Number	93	2325
Bike Racks for Visitors	15	13.5
CURRENT NUMBER SUBTOTAL		1938.5 m <sup>2</sup>
TOTAL GFA		4488.5 m <sup>2</sup>

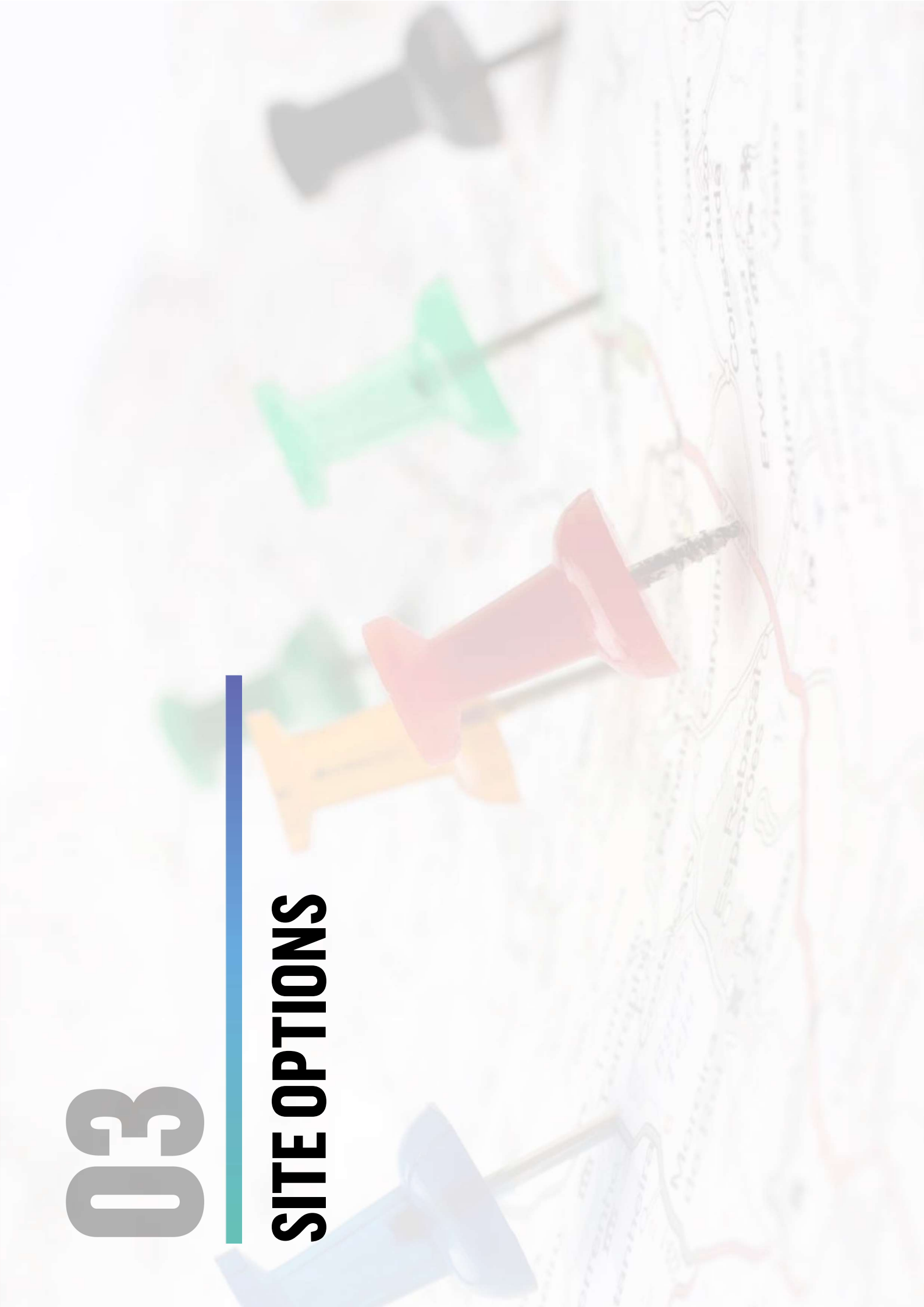
### Square Metres Per Staff Member

ADMINISTRATION WORKSPACE - m <sup>2</sup> PER PERSON	
ToVP Workspaces	1069 m <sup>2</sup>
Support Spaces	1022 m <sup>2</sup>
WORKPLACE m <sup>2</sup>	2091 m <sup>2</sup>
ToVP Workpoints	157 No. of
m <sup>2</sup> per Staff Member	13.3 m <sup>2</sup>

# 03

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## SITE OPTIONS



# SITE OPTIONS | SITE OPTIONS OVERVIEW

## Overview

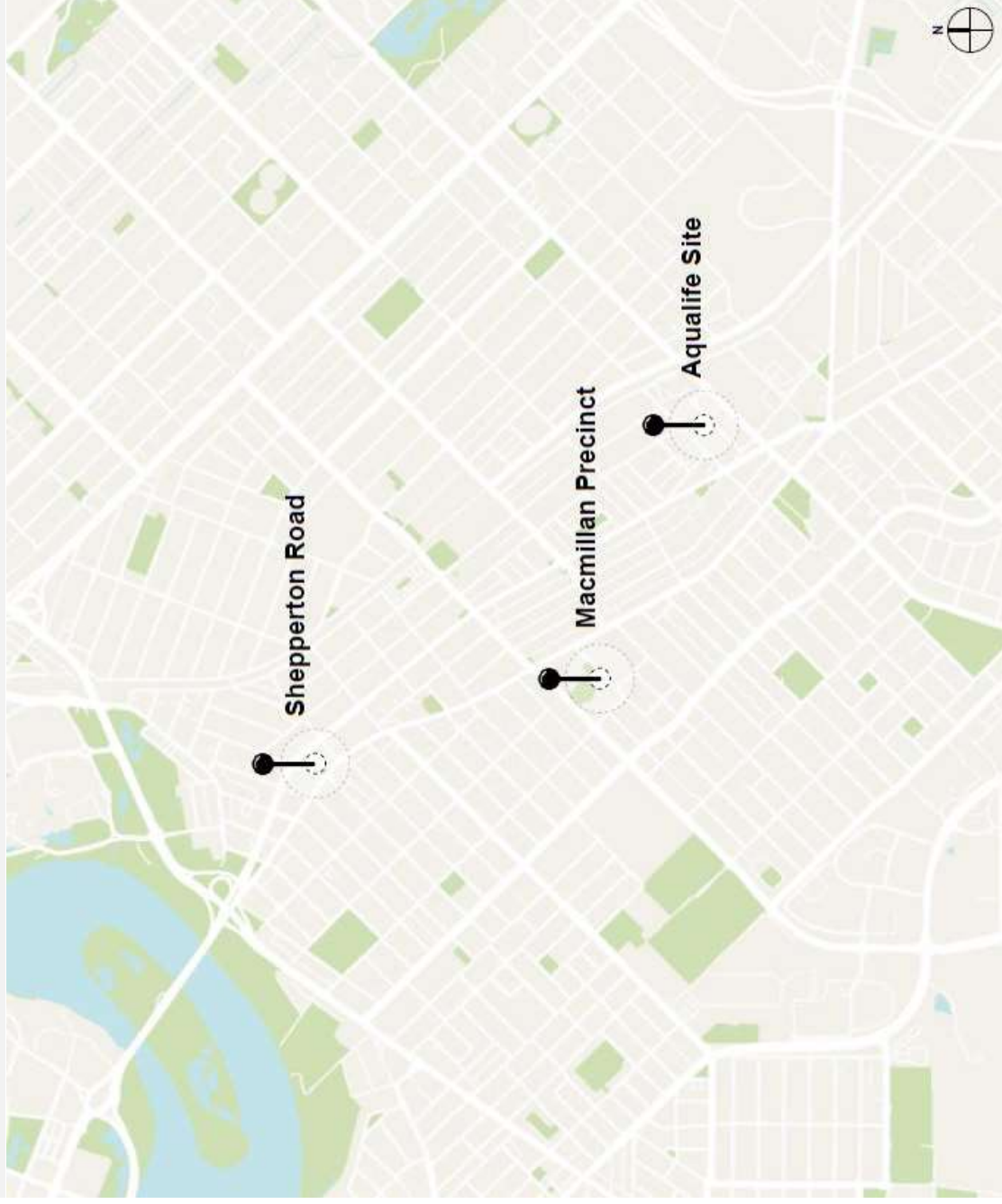
Three site options were considered for the Town's future administration, civic and customer service functions. These are:

- Existing Administration Building – 99 Shepperton Rd, Victoria Park;
- Macmillan Precinct (subject to master planning process underway) – 248 Gloucester St, East Victoria Park; and
- Aqualife – 42 Somerset St, East Victoria Park.

This section considers the merits of each site option and the capital and life cycle cost implications.

It is important to note that this scope did not include concept planning for each site. Rather, this assessment was taken at a high level to consider the merit of the locations and potential cost implications. Following the selection of a preferred location, further detailed planning will consider the appropriate building and site design.

## Site Option Locations



# SITE OPTIONS | SITE OPTIONS OVERVIEW (CONT.)

## Site Attributes Summary

99 SHEPPERTON ROAD	MACMILLAN PRECINCT	AQUALIFE
<p><b>Current Uses and Features:</b></p> <ul style="list-style-type: none"> <li>Town of Victoria Park Administration and Council Offices</li> <li>Elevated site with good exposure, and high existing amenity in the surrounding area, particularly large established trees and gardens, and food and beverage choices.</li> </ul> <p><b>Size</b> 4,300 sq.m (approx.)</p> <p><b>Land Use Considerations</b></p> <ul style="list-style-type: none"> <li>Zoned commercial</li> <li>Within Albany Highway Precinct</li> <li>Subject to Albany Highway Precinct Plan P11</li> </ul>	<p><b>Current Uses and Features:</b></p> <p>Substantial long term community facilities within precinct;</p> <ul style="list-style-type: none"> <li>Town library (only one)</li> <li>Recreation centre with dry courts, gym, group fitness spaces, community meeting and facility rooms</li> <li>Park with recent public realm improvements on eastern edge - playground, half-court basketball, public art.</li> <li>Community Arts Centre</li> <li>Bowls Club</li> <li>Not for-profit child-care centre</li> </ul> <p><b>Size</b> 66,600 sq.m (approx.)</p> <p><b>Land Use Considerations</b></p> <ul style="list-style-type: none"> <li>Zoned Commercial, Parks and Recreation, Public Purpose (Civic Use)</li> <li>Adjacent to District Commercial Centre.</li> <li>Within the Albany Hwy Precinct, subject to Albany Hwy Precinct Plan P11</li> </ul>	<p><b>Current Uses and Features:</b></p> <p>Aqualife recreation facility, including</p> <ul style="list-style-type: none"> <li>Public swimming pool, gym, group fitness spaces, creche, parking and associated facilities</li> <li>Substantial open space both within and surrounding the Aqualife complex.</li> </ul> <p><b>Size</b> 28,600 sq.m (approx.)</p> <p><b>Land Use Considerations</b></p> <ul style="list-style-type: none"> <li>Zoned as a Parks and Recreation Reserve</li> <li>Within the Shepperton Hwy Precinct</li> <li>Subject to Shepperton Precinct Plan P10</li> </ul> <p><i>n.b. this property is held in trust for the purposes of Recreation in perpetuity. If the land were to be developed to include alternative uses, the Town would need to establish whether, and if so, how this trust could be varied.</i></p>

# SITE OPTIONS | SITE ASSESSMENT

## Key Findings

Whilst each site option could accommodate the future administration, civic and customer service functions, the MacMillan Precinct is considered to have the fewest site constraints and most significant benefits / positives.

Located in the heart of East Vic Park, the Macmillan Precinct is home to many community facilities surrounding John Macmillan Park, including the Library, Community Centre, Leisurelife, Vic Park/Carlisle Bowls Club and Vic Park Centre for the Arts. This site location is currently progressing through a master planning process that looks at how the precinct's public spaces and community facilities can be designed to best accommodate all users. As part of this work, consideration has been given to the council administration facility for each of the four options.

Comparatively, the Macmillan Precinct offers a relative lack of impediments to developing the site in terms of building location and site capacity.

At Aqualife, there is limited location options, with the carparking adjacent to the clubrooms considered the most viable option. This would lead to a small footprint and higher parking costs. There are additionally constraints on the ability to accommodate other uses within the building given the deed on the title.

There is the ability to develop the new facility adjacent to the current site (on the northern side) or alternatively demolish and build on the current footprint. Both options would significantly under-develop the site unless a mixed use development outcome is pursued.

## Site Assessment Summary

	99 SHEPPERTON ROAD	MACMILLAN PRECINCT	AQUALIFE
<b>Risks and Negatives</b>	<ul style="list-style-type: none"> <li>Significant 5 meters level change impacts construction cost and build area</li> <li>Potential for underbuilding of the site</li> <li>Construction on current building footprint would require temporary re-location</li> <li>Basement of multistorey parking likely required.</li> </ul>	<ul style="list-style-type: none"> <li>Distance from Victoria Park station</li> <li>Possible impact on Bowls Club</li> </ul>	<ul style="list-style-type: none"> <li>Potential impact on existing vegetation</li> <li>Context of single storey residential use and potential visual impact.</li> <li>Legal / land impediments to be resolved (e.g. restricted uses)</li> <li>Limited walkability in urban context</li> <li>Limited site footprint options</li> </ul>
<b>Benefits and Positives</b>	<ul style="list-style-type: none"> <li>Adjacent to existing greenspace</li> <li>District Centre offers diverse context and compatible uses</li> <li>Zoning and planning accommodates this scale of structure.</li> <li>Well connected to bus routes</li> <li>Positive business impact</li> <li>Existing awareness of civic centre at this location</li> </ul>	<ul style="list-style-type: none"> <li>Co-location with council services</li> <li>Centrally located within Vic Park</li> <li>Flexibility in site placement (and thus cost)</li> <li>District Centre offers diverse context and compatible uses</li> <li>Site capacity for a large building footprint / fewer floors</li> <li>Limited impact on vegetation</li> <li>Good walkable context</li> <li>Positive business impact</li> </ul>	<ul style="list-style-type: none"> <li>Good proximity to Oats street and station upgrades.</li> <li>Co-location with Aqualife</li> </ul>

# SITE OPTIONS | CAPITAL COST ESTIMATES

## Budget Overview

Based on the site assessment and accommodation schedule tasks, RLB prepared high level costings.

The total budget estimated to construct a new facility at the northern undeveloped area of 99 Shepperton Road was estimated at \$36.1 million. Topography and building footprint constraints lead to higher costs for this option. Note, this costing does not include the demolition of the existing building.

The estimated cost of construction for both the MacMillan Precinct and Aqualife site is estimated at approximately \$33 million. There are however risks that the Aqualife option would require additional parking provision elsewhere on the site given the loss of parking due to this development. Furthermore, clubrooms would need to be integrated into the Aqualife option unless a smaller footprint development with higher costs was pursued.

Note that these cost estimates include fit-out and exclude price escalation and a number of other exclusions (see attached).

## Estimated Capital Costs, Individual Site Options

COSTS	99 SHEPPARTON ROAD	MCMILLAN PRECINCT	AQUALIFE SITE
<b>CONSTRUCTION COSTS</b>			
Civic / Customer	\$3,569,640	\$3,569,640	\$3,569,640
Administration	\$7,299,600	\$7,299,600	\$7,299,600
End of Trip	\$444,760	\$444,760	\$444,760
Plant	\$1,260,000	\$1,260,000	\$1,260,000
Parking	\$3,402,100	\$3,402,100	\$3,402,100
ESD and Sundry Considerations	\$2,117,250	\$0	\$0
Fitout	\$3,363,250	\$3,363,250	\$3,363,250
External Works and Services	\$3,343,575	\$3,212,500	\$3,142,500
<b>Construction Sub-Total</b>	<b>\$24,800,175</b>	<b>\$22,551,850</b>	<b>\$22,481,850</b>
<b>OTHER COSTS</b>			
Design Contingency	\$3,725,379	\$3,387,645	\$3,377,129
Construction Contingency	\$2,141,297	\$1,947,172	\$1,941,128
Statutory Fees and Charges	\$119,403	\$108,578	\$108,241
Professional Fees	\$3,391,050	\$3,083,625	\$3,074,054
Furniture, Fittings and Equipment Allowance	\$995,026	\$904,820	\$902,011
Audi Visual Allowance	\$398,011	\$361,928	\$360,804
Headworks Allowance	\$183,085	\$166,487	\$165,970
Artwork	\$254,727	\$231,634	\$230,915
Relocation Costs	\$127,363	\$115,817	\$115,457
<b>Other Sub-Total</b>	<b>\$11,335,340</b>	<b>\$10,307,705</b>	<b>\$10,275,710</b>
<b>Estimated Total Cost</b>	<b>\$36,135,515</b>	<b>\$32,859,555</b>	<b>\$32,757,560</b>

Source: Rider Levett Bucknell

# SITE OPTIONS | CAPITAL COST ESTIMATES (CONT.)

## Budget Overview

The total budget estimated for the split option across the MacMillan Precinct and Aqualife site is estimated at \$36 million. This higher cost is due to a moderate duplication of floorspace and site works.

Estimated Capital Costs, Split Option		
COSTS	MCMILLAN PRECINCT	AQUALIFE SITE
<b>CONSTRUCTION COSTS</b>		
Civic / Customer	\$4,266,840	\$7,604,000
End of Trip	\$84,560	\$421,200
Plant	\$560,000	\$980,000
ESD and Sundry Considerations	\$500,000	\$750,000
Fitout	\$1,112,000	\$2,613,750
External Works and Services	\$2,789,500	\$2,787,500
<b>Construction Sub-Total</b>	<b>\$24,469,350</b>	
<b>OTHER COSTS</b>		
Design Contingency	\$1,400,588	\$2,279,412
Construction Contingency	\$806,860	\$1,313,140
Statutory Fees and Charges	\$45,671	\$74,329
Professional Fees	\$1,274,992	\$2,075,008
Furniture, Fittings and Equipment Allowance	\$475,743	\$774,257
Audio Visual Allowance	\$190,297	\$309,703
Headworks Allowance	\$68,507	\$111,493
Artwork	\$95,149	\$154,851
Relocation Costs	\$49,477	\$80,523
<b>Other Sub-Total</b>	<b>\$11,580,000</b>	
<b>Estimated Total Cost</b>	<b>\$36,049,350</b>	

Source: Rider Levett Bucknell



# SITE OPTIONS | WHOLE OF LIFE COST CONSIDERATIONS

## Life Cycle Costs

Life cycle costings were developed to help understand the potential long-term maintenance and replacement cost implications versus the status quo (i.e. the existing building). The life cycle costs were developed with input from quantity surveyors SAGE and RLB.

All options showed clear financial benefits to replacing the existing administration building. Over a 20 year period, options B and C provide the most significant savings of around \$5.5 million, while options A and D provide substantial savings of around \$4.5 million.

It is important to additionally note that a decision to re-locate the administration, civic and customer service functions to a new site could reduce the need to undertake short term works estimated at approximately \$3.4m.

## Life Cycle Cost Comparison

	STATUS QUO	OPTION A (SHEPPERTON ROAD)	OPTION B (MACMILLAN PRECINCT)	OPTION C (AQUALIFE SITE)	OPTION D (MACMILLAN PRECINCT AND AQUALIFE SITE)
Year 1-5	\$3,412,698	-	-	-	-
Year 6-10	\$2,822,792	\$722,710	\$657,191	\$655,151	\$720,987
Year 11-15	\$3,468,406	\$1,445,421	\$1,314,382	\$1,310,302	\$1,441,974
Year 16-20	\$2,020,314	\$1,987,453	\$1,807,276	\$1,801,666	\$1,982,714
Year 21-25	\$7,074,305	\$6,685,070	\$6,079,018	\$6,060,149	\$6,669,130
<b>Total (Year 6-25)</b>	<b>\$15,385,817</b>	<b>\$10,840,654</b>	<b>\$9,857,866</b>	<b>\$9,827,268</b>	<b>\$10,814,805</b>
<b>Net Difference (vs Status Quo)</b>	<b>-</b>	<b>-\$4,545,163</b>	<b>-\$5,527,951</b>	<b>-\$5,558,549</b>	<b>-\$4,571,012</b>

Sources: SAGE, RLB  
 \* Assuming building opens in 2027 (i.e. year 6)

# 04

## OPTIONS ANALYSIS



# OPTIONS ANALYSIS | OPTIONS OVERVIEW

## Overview

This business case considered the status quo versus four options prioritised within the multicriteria analysis carried out by Align Strategy and Projects and Elysian Consulting.

The subsequent assessment of each option was based on:

- Review of Town strategies and policies;
- Existing research of relevance such as functional brief and long list options assessment;
- Site assessment;
- Engagement with Town staff, executive and council;
- Capital and life cycle cost estimates; and
- Targeted research.

## Options Summary

OPTION	LOCATION	DESCRIPTION
<b>Status Quo</b>	99 Shepperton Road	Remain within existing building at 99 Shepperton Road, Victoria Park.
<b>Option A</b>	99 Shepperton Road	Redevelop 99 Shepperton Road, involving comprehensive redevelopment of the existing site to create a contemporary office / mixed use building to respond to the Town's requirements while optimising redevelopment potential of the site.
<b>Option B</b>	MacMillan Precinct	A new integrated Administrative, Civic and Customer Service Centre in the MacMillan Precinct to create a landmark building in the heart of the major retail and commercial centre of the Town.
<b>Option C</b>	Aqualife Site	A new integrated Administrative, Civic and Customer Service Centre adjacent to the Aqualife Facility on underutilised land on the Aqualife site.
<b>Option D</b>	MacMillan Precinct and Aqualife Site	A new Civic and Customer Service Centre and a separate Administration facility distributed across both MacMillan precinct and adjacent to the Aqualife Facility, with distributed services across both reserve sites and Shepperton Road available for disposal or other uses.

# OPTIONS ANALYSIS | ASSESSMENT APPROACH

## Approach Overview





The five options were assessed against assessment criteria to determine which option best achieves the objectives of this project.

The key considerations included:

- **Operational alignment**, extent to which the option meets future operational needs;
- **Strategic alignment**, extent to which the option contributes to the Town's strategic objectives / policies;
- **Asset optimisation**, extent to which the option maximises site opportunities; and
- **Building costs and site alignment**, comparative capital cost requirements and site constraints and opportunities.

Each option was assessed against the above criteria and a score of 1 (low) to 5 (high) was given against each criterion, with the higher the score the better the alignment of the option with the criterion. The total score was used to determine the preferred organisation accommodation option.

## Assessment Criteria

CRITERION	DESCRIPTION
 <p><b>Operational Needs</b></p>	<ul style="list-style-type: none"> <li>▪ The alignment of the option with existing and future workforce needs outlined in the Workforce Development Plan.</li> <li>▪ The ability of the option to support staff engagement and satisfaction and improved service delivery.</li> <li>▪ The ability of the option to meet existing and future needs.</li> </ul>
 <p><b>Stakeholder and Strategic Alignment</b></p>	<ul style="list-style-type: none"> <li>▪ The ability of the option to contribute to the achievement of the Town's policy and strategy aims.</li> <li>▪ Whether the option aligns with the needs and objectives of community and other key stakeholders.</li> </ul>
 <p><b>Property Asset Optimisation</b></p>	<ul style="list-style-type: none"> <li>▪ The implication of the option on property development and utilisation opportunities and associated financial, economic, social and environmental outcomes.</li> </ul>
 <p><b>Building Costs and Site Alignment</b></p>	<ul style="list-style-type: none"> <li>▪ The required cost for infrastructure and building construction works to develop the option.</li> <li>▪ The costs associated with the maintenance of the option.</li> <li>▪ The opportunities for the site to support additional uses that could reduce funding needs (upfront and / or ongoing).</li> <li>▪ The ability of the site to accommodate required building footprint and uses.</li> </ul>

Source: Urbis

# OPTIONS ANALYSIS | ASSESSMENT FINDINGS

## Key Findings

Option B is considered the most optimal outcome, with this option considered more suitable due to:

- The relatively lower capital costs associated with this new building compared to Shepperton Road and split options;
- The relatively low ongoing life cycle cost requirements compared to other options;
- The strong economic and social outcomes due to co-locating these Town functions in a precinct revitalisation project with existing Town assets (e.g. recreation and library functions);
- The most flexible built form options compared to more constrained sites of Aqualife and 99 Shepperton Road;
- The ability of this site to support other commercial uses which could support upfront / ongoing funding requirements; and
- The ability to unlock value in the 99 Shepperton Road asset.

Options B and C are highly comparable and both have strong merit. Option C however presents a number of risks and challenges such as trust deed restrictions, constrained building location options and low density context.

Option A is estimated to involve a relatively higher capital cost given this option assumes that development would occur on the northern undeveloped portion of 99 Shepperton Road (if developed on existing footprint, staff would need to re-location during demolition and construction period at a significant cost). This option additionally limits redevelopment opportunities on this valuable site.

Option D is considered to be less suitable due primarily to the increased capital and maintenance costs associated with developing two new buildings. This option additionally limits staff collaboration and customer engagement.

The status quo does not have upfront capital costs however it has significant ongoing cost implications and does not adequately meet the operational requirements of the Town. It additionally limits redevelopment opportunities for this valuable site.

## Assessment Summary

ASSESSMENT CRITERION	STATUS QUO	OPTION A (SHEPPERTON ROAD)	OPTION B (MACMILLAN PRECINCT)	OPTION C (AQUALIFE SITE)*	OPTION D (MACMILLAN PRECINCT AND AQUALIFE SITE)
Operational Needs	1	4	5	4	3
Stakeholder and Strategic Alignment	2	3	5	3	4
Property Asset Optimisation	1	2	4	5	2
Building Costs and Site Alignment	2	3	5	4	2
<b>Overall Score</b>	<b>6</b>	<b>12</b>	<b>19</b>	<b>16</b>	<b>11</b>

Source: Urbis

\* Assumes administration, civic and customer uses could be supported on the site through a variation / removal of the deed.

# OPTIONS ANALYSIS | ASSESSMENT CONSIDERATIONS

## Detailed Option Assessment Findings

OPERATIONAL NEEDS	STAKEHOLDER AND STRATEGIC ALIGNMENT	PROPERTY ASSET OPTIMISATION	BUILDING COSTS AND SITE ALIGNMENT
<ul style="list-style-type: none"> <li>The status quo is unlikely to continue to meet the Town's operational needs in the future without significant investment above maintenance requirements (improvements to enhance the functionality and amenity of the property). This may impede meeting the strategic objectives of attraction and commitment, work/life balance and safe working environment as outlined in the Workforce Plan.</li> <li>Options A, B and C include construction of new purpose-built facilities which will align with existing and future needs. Option B however provides greater alignment given co-location opportunities with other council services.</li> <li>Option D will separate different council functions and could present challenges to collaboration.</li> </ul>	<ul style="list-style-type: none"> <li>All options apart from the status quo support the revitalisation of an area due to significant investment in a high quality civic and administration building.</li> <li>Option B supports a new landmark building in the commercial heart of the Town which can form a catalyst redevelopment and provide better accessibility for employees and the community. This outcome has been envisaged within all four shortlisted options within the MacMillan Precinct Masterplan.</li> <li>Option A could enable the revitalisation of the Albany Highway Precinct however the re-location from this site could also deliver a similar outcome (dependent on future redevelopment).</li> <li>Whilst the draft Local Planning Strategy includes an action to investigate opportunities for higher density mixed use within the Oats Street Neighbourhood, there is limited strategic work guiding the intensification of Aqualife site.</li> </ul>	<ul style="list-style-type: none"> <li>Options B, C and D enable opportunities to unlock value at 99 Shepperton Road – the site is considered to have the highest financial value on a per square metre basis (est. \$1,500-\$2,500 sq.m). This site additionally has the most flexibility in terms of future uses.</li> <li>Option C would enable MacMillan and 99 Shepperton Road sites for other private / council uses. The Aqualife site has limited opportunities for redevelopment given existing facilities (note, there is a risk that this use could not be supported on this site).</li> <li>The status quo and Option A would enable MacMillan site for other private / council uses. Option A presents opportunities for redevelopment of existing building into high density development.</li> </ul>	<ul style="list-style-type: none"> <li>The status quo is expected to lead to high and increasing maintenance cost requirements above the new build options. Over a 20 year period, options B and C provide the most significant savings of around \$5.5 million, while options A and D provide substantial savings of around \$4.5 million.</li> <li>Options A and B (and to a less extent D) offer potential for additional space within new building. This could be for commercial uses to provide an ongoing income stream and / or to be used for future expansion of Town's workforce.</li> <li>Option A is estimated to have a relatively higher capital cost than Options B and C and equivalent to Option D.</li> <li>Option B provides the most flexible built form options compared to Options A and C.</li> </ul>

# 05

## BUDGET AND FUNDING STRATEGY



# BUDGET & FUNDING STRATEGY | CAPITAL COST OVERVIEW

## Overview

A review of current escalation forecasts was undertaken to understand the potential capital costs for delivering the preferred option – Option B – at the MacMillan Precinct.

This assessment illustrates that the estimated cost may increase from around \$33 million in 2022 to around \$39 million by 2026. This escalation rate reflects the current economic environment and increasing construction costs.

## Escalation of Capital Costs of Preferred Option (MacMillan Precinct)

FINANCIAL YEAR	ESCALATION RATE	ESCALATED COST
June 2022	-	\$32,859,555
June 2023	6.9%	\$35,126,864
June 2024	4.4%	\$36,672,446
June 2025	3.8%	\$38,065,999
June 2026	3.0%	\$39,207,979

Sources: Urbis, RLB, SAGE



# BUDGET & FUNDING STRATEGY | FUNDING SOURCES

## Overview

The budget and funding strategy for the Town's future administration, civic and customer service functions will depend on the development option chosen (see subsequent pages) and the funding source/s.

The design and construction funding could be sourced from a variety of funding sources (wholly or in-part). The key sources of funding include: the Town's reserves, loan / debt funding, external grants and land sale income.

## Funding Sources Overview

FUNDING OPTION	DESCRIPTION
<b>Town Reserves</b>	<ul style="list-style-type: none"> <li>Utilise funding available through the Town's reserve accounts.</li> <li>This option would be dependent on the capacity of the Town to fund the capital works (in full or part) from its financial assets and future revenue streams.</li> </ul>
<b>Western Australian Treasury Corporation Loan</b>	<ul style="list-style-type: none"> <li>The WATC provides relatively low-cost debt financing to local councils in Western Australia.</li> <li>There is a risk of being too highly geared, which would impact on further debt financing needs and future infrastructure investment.</li> <li>There is potential for higher long term interest rates and a delay in the project could lead to higher servicing costs than envisaged.</li> <li>The lack of a strong operating surplus from the project would require provision for servicing the loan funding. This could be partially addressed through commercial lease revenue if commercial space incorporated into building design.</li> </ul>
<b>External Grant Funding</b>	<ul style="list-style-type: none"> <li>The project could support a range of state and federal government policy and strategic priorities.</li> <li>Potential additional grant funding sources are:                             <ul style="list-style-type: none"> <li>State government grants (e.g. Lotterywest); and</li> <li>Federal government grants (e.g. WA Local Government Grants Commission).</li> </ul> </li> </ul>
<b>Land Sale Income</b>	<ul style="list-style-type: none"> <li>Sale of whole or part of 99 Shepperton Road site.</li> <li>Profits from the redevelopment of this site could also form part of the funding mix alongside short term debt financing / Town reserves.</li> </ul>

Source: Urbis

# SITE OPTIONS | DEVELOPMENT MODEL CONSIDERATIONS

## Key Findings

The delivery of the purpose built administration, civic and customer service functions at the MacMillan Precinct could be delivered under a range of commercial arrangements. Six key development model approaches are summarised however it is important to note that each are not distinct approaches (it is not one option or another) but there are permutations to these development model options,

Each option has advantages and disadvantages in terms of financial return, risk, control over project outcomes, funding obligations, market appetite and strategic alignment (see next page).

## Development Models Overview

OPTION	DESCRIPTION
<b>Joint Venture (SPV Structure)</b>	The Town and a developer establish a special purpose vehicle (SPV) which is responsible for delivering the project. The Town provides a capital contribution (such as the land and / or funds) and returns comprise of dividends paid out of SPV (based on capital contribution split). These returns could comprise of sale of property upon completion, fixed payments or lease revenue if the asset is not sold.
<b>Ground Lease</b>	A ground lease (or land lease) is an agreement whereby the head lessee is permitted to develop a property during the lease period and at the end of the lease period, the land and all improvements are turned over to the Town. The ground lease term would likely need to be approximately 49 years in order to provide confidence and sufficient returns on capital for the head lessee. This would require support from DPLH.
<b>Master Land Developer (MLD)</b>	The Town deliver site works to create lots that are sold to developers. A contractual arrangement between the Town and a developer is undertaken to deliver the new building for the Town.
<b>Development Management Agreement (DMA)</b>	A contractual arrangement between the Town and a developer to deliver the project. The Town could receive payments linked to the gross realisation from sale of built form upon completion, fixed payments or lease revenue if the asset is not sold.
<b>Outright Sale</b>	The sale of the site in one-line with leaseback clause would remove upfront funding requirement but result in ongoing financial obligations associated with leasehold commercial agreement.
<b>Town-Developed and Owned</b>	The Town would (with the assistance of external development / project management) develop the project. It would need to fund the construction through internal and / or external sources.

Source: Urbis

# SITE OPTIONS | DEVELOPMENT MODEL CONSIDERATIONS (CONT.)

## Development Model Option Considerations

ATTRIBUTE	DESCRIPTION
-----------	-------------

- |                |  |
|----------------|--|
| <b>Control</b> | <ul style="list-style-type: none"><li>▪ A Town-developed approach, followed closely by a joint venture, affords the Town the greatest control over the built form and land use mix.</li><li>▪ Ground lease has the ability to control built form and use through contract conditions.</li><li>▪ Under the MLD and DMA options, the Town has limited control. The aforementioned is under the control of the developer through a DMA however contractual conditions can be applied.</li><li>▪ Under the outright sale approach the Town cedes all control over project outcomes and timing except that available through the planning system and contractual obligations.</li></ul> |
|----------------|--|

- |             |   |
|-------------|---|
| <b>Risk</b> | <ul style="list-style-type: none"><li>▪ The DMA option exposes the Town to credit risk and developer default risk, thus has a moderately higher risk rating than the MLD model. Ground lease additionally carries lessee credit risk.</li><li>▪ The Town is exposed to cost and sales / leasing risk for the Town-developed and joint venture approach (if additional non-Council space incorporated into development). Whilst this risk is shared with the development partner for the joint venture, this option brings with it a high degree of developer default risk, a reduced degree of security over financial return, increased credit risk and potentially a higher degree of liability.</li><li>▪ Outright sale is the lowest development risk as all project risks are effectively passed onto the buyer of the site however there are key risks associated with delivery of the leasehold space (e.g. credit risk and developer default risk, floorplate appropriateness risk etc.).</li></ul> |
|-------------|---|

- |                         |   |
|-------------------------|---|
| <b>Financial Return</b> | <ul style="list-style-type: none"><li>▪ The Town-developed and joint venture options are expected to generate the highest level of financial return on capital as the Town is participating in built form development and will receive development profit in addition to land value (in a scenario with non-Council uses).</li><li>▪ Financial returns are expected to be lower under the DMA option than the MLD option as under a DMA approach, the developer is likely to factor in risk and development management costs relating to the delivery of infrastructure and public realm works and there will be limited scope for the Town to benefit from rising values across the development lifespan.</li><li>▪ Any land value received for outright sale will likely be discounted to reflect development risk and holding costs.</li></ul> |
|-------------------------|---|

- |                |  |
|----------------|--|
| <b>Funding</b> | <ul style="list-style-type: none"><li>▪ Outright sale places little or no upfront funding requirements on the Town.</li><li>▪ The DMA approach places limited responsibility for funding project costs for the Town as the developer is responsible for delivering and funding all infrastructure, public realm and built form works.</li><li>▪ Under the MLD option, the Town bears full responsibility for funding infrastructure and public realm works. Whilst under the joint venture option, these are shared with the development partner.</li><li>▪ The Town-developed approach requires the Town to acquire all funding for the construction.</li></ul> |
|----------------|--|

- |                        |  |
|------------------------|--|
| <b>Market Appetite</b> | <ul style="list-style-type: none"><li>▪ There is a small but strong pool of developers capable of delivering the project under the DMA, ground lease and joint venture models. This however is subject to market sounding to determine interest.</li><li>▪ The MLD approach with subsequent DMA, ground lease and joint venture models may expand the market but is subject to competitive risks regarding the timing and development outcomes of other users.</li></ul> |
|------------------------|--|

Source: Urbis

# BUDGET & FUNDING STRATEGY | FUNDING SCENARIOS

## Overview

Whilst this business case is primarily concerned with the preferred location option and subsequent tasks will consider development designs and implementation requirements in more detail, a review of the potential funding implications of alternative approaches was undertaken.

Consideration was given to:

- A traditional approach whereby the Town fund the capital and ongoing maintenance costs;
- The potential sale of 99 Shepperton Road; and
- The construction of additional commercial space at market lease rates.

Consideration was not given to an outright sale of the MacMillan Precinct lot with long-term leaseback to the Town given master planning for this lot suggests a mixture of community / council services in addition to administration, civic and customer functions.

## Funding Scenarios Overview (versus status quo)

FUNDING SCENARIO	DESCRIPTION	NET DEVELOPMENT COST (EST.)*	NET ONGOING COSTS (EST.)*
Town Developed and Owned	<ul style="list-style-type: none"> <li>▪ Town funds all capital works (including fit-out) and ongoing maintenance.</li> <li>▪ Cost assumptions as per RLB estimates and escalation rates to FY26.</li> <li>▪ Maintenance costs as per SAGE for 20-year period.</li> </ul>	+ \$39.2m	-\$5.5m
+ Sale of 99 Shepperton Road	<ul style="list-style-type: none"> <li>▪ Sale of 99 Shepperton Road as mixed-use development at \$2,500 / sq.m.</li> </ul>	+ \$28.5m	-\$5.5m
+ Additional Commercial Space <sup>^</sup>	<ul style="list-style-type: none"> <li>▪ Town funds additional commercial space (approx. 1,600 sq.m) for lease (at \$400 / sq.m)</li> </ul>	+ \$34.0m	+ \$6.0m

Source: Urbis

\* Costs are compared to status quo (i.e. stay in current building), with ongoing costs assessed over year 6-25 period as per life cycle analysis included in this business case.

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**IMPLEMENTATION  
PLANS**



# IMPLEMENTATION PLANS | PROJECT PLAN

## Overview

Key milestones and anticipated timeframes were identified to support the delivery of the project.

Key future tasks include:

- Endorsement of this business case;
- Commitment of funding (or co-funding) to the new property;
- Ongoing engagement with stakeholders, potential funding partners and community;
- Technical investigations and detailed design;
- Building and site works approvals;
- Contract procurement and award; and
- Construction of preferred option.

These milestones reflect likely funding advocacy targets and these could be accelerated subject to Council's funding approach.

A more detailed timeline should be developed following endorsement of the business case.

## Key Milestones - To Be Determined

MILESTONE	TIMING	STATUS
Endorsement of Multi-Criteria Options Assessment	April 2021	Completed
Endorsement of Accommodation Location Business Case	September 2022	-
Stakeholder engagement / Funding assessments	October 2022 to February 2023	-
Project Management Plan for New Organisational Accommodation	March 2023	-
Concept Development	April 2023 to December 2023	-
Stakeholder and Community Engagement	January 2024 to April 2024	-
Approvals (e.g. site works, building etc.)	May 2024 to August 2024	-
Tender Documentation	September 2024 to December 2024	-
Builder Procurement	January 2025 to June 2025	-
Construction Commences	Late 2025	-
New Organisational Accommodation Operational	Early 2028	-

# IMPLEMENTATION PLANS | COMMUNICATION PLAN

## Overview

The Town of Victoria seeks to encourage community participation in decision-making processes, communicate information to stakeholders and the community generally and to ensure decision-making transparency. It therefore utilises a range of mechanisms to target a broad cross-section of the community to both engage and then inform residents, incorporated associations, community groups and business and industry stakeholders.

This is outlined in the Town's Communications and Engagement Policy (Policy 103) which is guided by the International Association of Public Participation (IAP2) principles and core values. The policy outlines the key elements for communication and engagement with key focuses being on:

- The City's commitment to community engagement;
- Objectives in delivering communication and engagement opportunities to stakeholders;
- Keeping the public and other stakeholders informed;
- Delivering information on how the public and other stakeholders have contributed in decision making and their outcomes;
- The roles of the stakeholders, Council and the Chief Executive Officer in the advocacy and decision making process; and
- The Town's Communication Plan

Preliminary promotion and communication mechanisms are recommended to be implemented by the Town in relation to this project in line with the Town's plan to inform, consult, involve, collaborate and empower the public in decision making. These initiatives should be reviewed and amended as required during detailed planning for this project.

## Town of Victoria Park Communication and Engagement Plan

INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
To provide the public with balanced and objective information to assist them in understanding the problems, alternatives, opportunities and/or solution	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution	To place final decision making in the hands of the public

### Promise to the Public

The Town of Victoria Park will keep the public informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision. Public feedback to be sought on drafts and proposals.	The Town of Victoria Park will work with the public to ensure that public concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced decisions.	The Town of Victoria Park will work together with the public to formulate solutions and incorporate their advice and recommendations into the decisions to the maximum extent possible.	The Town of Victoria Park will implement what the public decide.
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### Example Methods

Fact sheets, Websites, Newsletters, Information Sessions and Social Media	Public Comment, Online Portal, Surveys, Interviews and Quick Polls	Workshops, Focus Groups and Community Reference Groups	Advisory Committees, Community Panel and Participatory Budgeting	Citizens' Jury Ballots and Delegation Decisions
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Source: Town of Victoria Park Policy 103 – Communication and Engagement Policy

# IMPLEMENTATION PLANS | PROJECT MANAGEMENT AND GOVERNANCE

## Overview

The Town will be the lead project manager as the continued owner of the property asset.

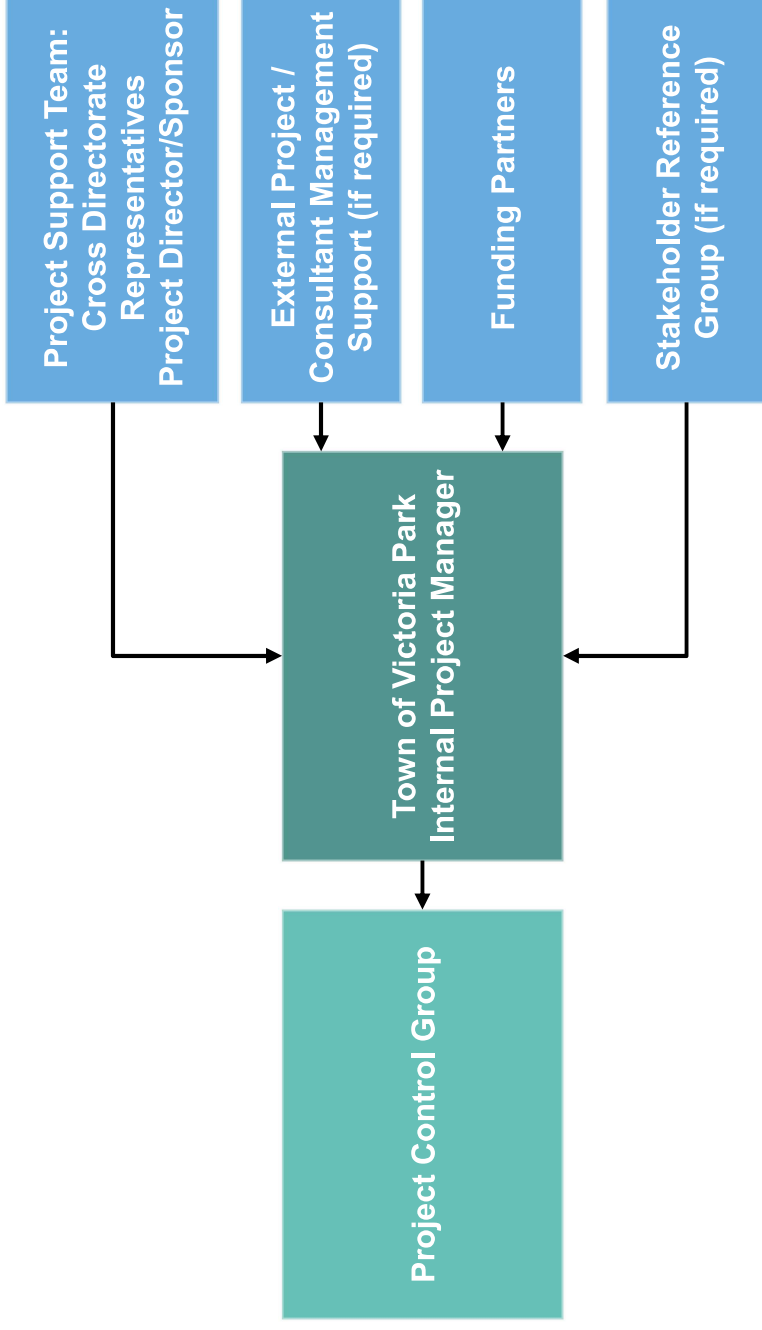
In the development of the project, the Town will appoint a suitably qualified project manager to oversee project delivery. The project manager will be responsible for contract administration, superintending, QA, project managing, and liaising with stakeholders. This is estimated at 2 FTEs (1 full time PM during construction, with support from a PE, and Town technical crew, and project director/sponsor time included as well).

Minimum reporting arrangements will exist whereby monthly progress reports, issues log and progress payment authorisation requests are provided to a project control group which would meet as required and quarterly as a minimum.

The project control group will be responsible for: monitoring the project deliverables and milestones, ensuring probity compliance, ensuring procurement and contract policies are consistent with the Town's policies (and that of any funding partners) and reviewing and recommending any contract variations.

A project management plan for the construction of the property will be developed to describe in detail the project management, governance, procurement, communication and risk procedures.

## Project Governance Model





# IMPLEMENTATION PLANS | PROCUREMENT PLAN

## Overview

The Town of Victoria Park is committed to ensuring the procurement of goods, services and works are managed appropriately, sustainably and transparently for the benefit of the community. The City has an established Purchasing Policy (Policy 301). The purpose of this policy is to ensure that all City employees observe the highest standard of ethics and integrity in all procurement activities, and that all goods and service are acquired using the most efficient, effective, economical and sustainable processes.

Key principles underpinning the procurement policy are:

- Ethics
  - Value for money;
  - Responsible financial management;
  - Engaging in practicable local business support
- A Procurement Plan is to be developed that will include:
- Delivery requirements;
  - Procurement schedule;
  - Proposed sources and any pre-qualification;
  - Selection and award criteria;
  - Identify any critical procurements;
  - Oversight and approval, evaluation processes; and
  - Identify cost, schedule and technical risks associated with procurement.

The policy sets out the appropriate processes for procuring goods and services below the \$250,000 threshold. For services and goods above \$250,000 in value, a public tender process is required where a purchasing requirement is not suitable to be met through a panel of pre-qualified suppliers or any other tender-exempt arrangement as prescribed. The procurement decision is to be based on pre-determined evaluation criteria that assess all value for money considerations as defined in the Purchasing policy and relevant management practices.

The Town has strategies in place to prevent the misappropriation of funds. In addition, risk management is considered an integral part of the annual business planning approach and risks are managed and monitored at all levels.

## Ethical Principles, Policy 301 – Purchasing Policy

### ETHICAL PRINCIPLES DESCRIPTION

Legislation  
All procurement activities must comply with legal obligations including the requirements of the Local Government Act 1995, Local Government (Functions and General) Regulations 1996, Local Government (Financial Management) Regulations 1996 as well as the Competition and Consumer Act 2010.

Honesty and fairness  
Town officials must conduct all procurement with honesty, fairness and probity and must not disclose any confidential information.

Accountability and transparency  
All procurement activities are undertaken through a process that is open, clear and documented.

Declaration of conflicts of interest  
Any conflicts of interest (actual or potential) during the procurement process must be declared and managed.

No anti-competitive practices  
Town officials must not engage in practices that are anti-competitive or engage in any form of collusive practice

No improper advantage  
Town officials must not engage in practices that aim to give any supplier an advantage over other suppliers

Intention to proceed  
The procurement process must be undertaken with an intention to proceed with the purchase including having funding available for the purchase.

Cooperation  
Town officials must encourage business relationships based on open and effective communication, respect and trust.

Gifts and Hospitality  
No Councilor or member of Town staff shall, either directly or indirectly solicit or accept gifts or presents from any member of the public involved with any matter that is connected with the duties of the officer, or in which the Council is interested.

Source: Town of Victoria Park Policy 301 – Purchasing Policy

# IMPLEMENTATION PLANS | ASSET MANAGEMENT PLAN

## Overview

The Town of Victoria Park will be responsible for the ongoing maintenance of its administration, civic and customer functions building. Its management of the building will be guided by the Town's Asset Management Policy (Policy 222). A key component of asset management is the asset life cycle approach that the Town will implement in the management of infrastructure assets.

This policy guides how the Town should ensure that the administration building will continue to function to the level of service required by Council in a whole-of-life and economically sustainable manner.

The policy defines an asset as:

*"A physical component which has a value, enables a service to be provided and has an economic life of greater than 12 months."*

The policy also details that Asset Management Plans will be implemented for different asset classes to make more informed decisions, inform the Town's long term financial plan and align with the Strategic Community Plan and Corporate Business Plan to meet the emerging needs of the community.

An Asset Management Plan will be required to be developed for the Administration building in accordance with the Asset Management Policy.

## Asset Management Policy Objectives



# IMPLEMENTATION PLANS | RISK MANAGEMENT PLAN

## Overview

The Town of Victoria Park manages and mitigates risks in accordance with its Risk Management Policy (Policy 004). The Town under this policy has committed to developing and implementing a Risk Management Framework in accordance with the risk management standard AS/NZS ISO 31000:2009, which will include systems to identify, treat, monitor, review and report risks across all of its operations. The purpose of this policy is to:

- Optimise the achievement of the Town's vision, mission, strategies, goals and objectives
- Provide transparent and formal oversight of the risk and control environment to enable effective decision making.
- Enhance risk versus return within the Town's risk appetite.
- Achieve effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations.
- Enhance organisational resilience and identify and provide for the continuity of critical operations.

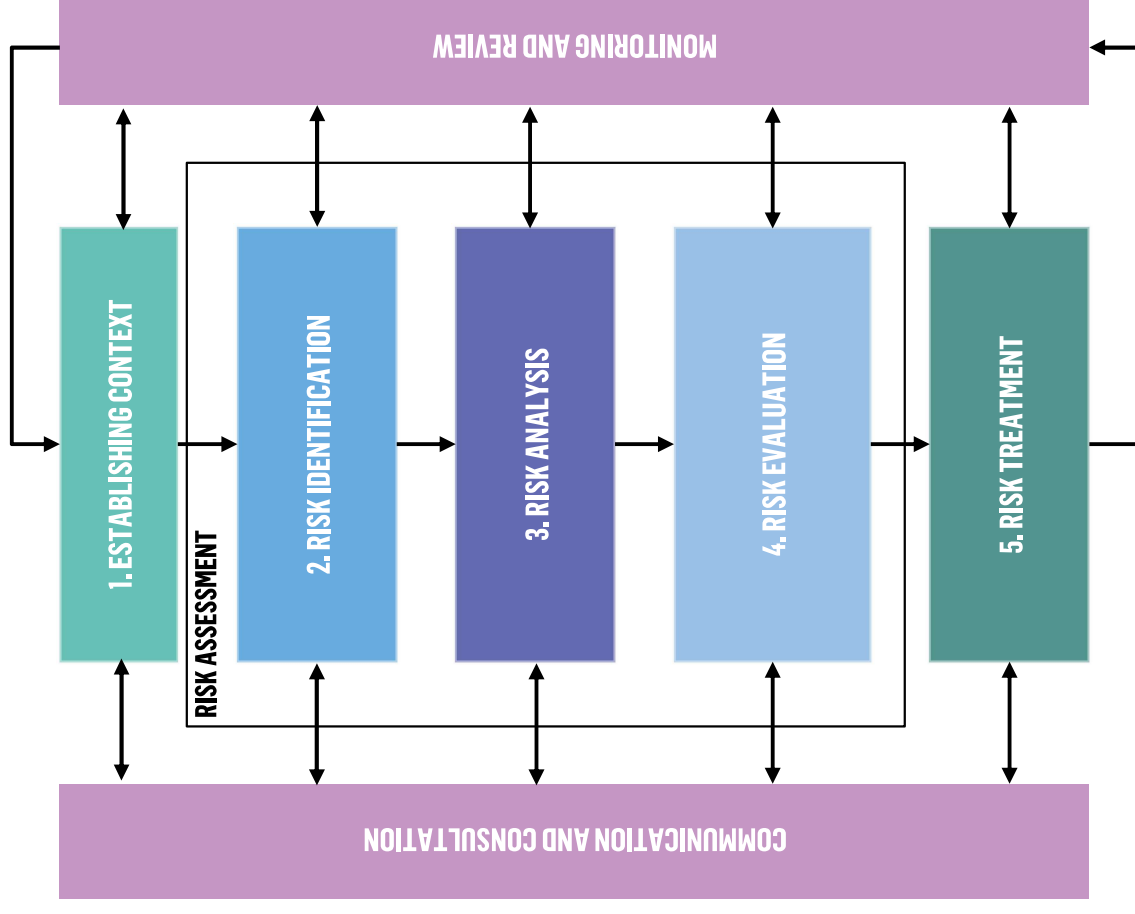
The Town quantifies its risk appetite through the development and endorsement of the Town's Risk Assessment and Acceptance Criteria which is subject to ongoing review in conjunction with this policy. All organisational risks at a corporate level are to be assessed according to the Town's Risk Assessment and Acceptance Criteria however operational requirements such as projects or to satisfy external stakeholder requirements can utilise an alternative risk assessment criteria. However these cannot exceed the organisations appetite and are to be noted within the individual risk assessment.

A detailed risk management plan will be developed as part of the project planning to identify risks to the successful delivery of the project and construction contract in respect to:

- Financial risks (including financial sustainability);
- Regulatory risks;
- Procurement risks;
- Site / construction risks;
- Public perception / stakeholder risks; and
- Governance and operational risks.

A preliminary risk management plan is appended to this business case.

## Risk Management Process



Source: Town of Victoria Park, AS / NZS 31000:2009