

SHOALHAVEN CITY COUNCIL

EXTRA – ORDINARY MEETING

To be held on Tuesday, 20 August, 2013
Commencing at 3.30pm.

City Administrative Centre
Bridge Road
NOWRA NSW 2541

14 August, 2013

Councillors,

NOTICE OF MEETING

You are hereby requested to attend the Extra-Ordinary Meeting of the Council of the City of Shoalhaven, **to be held in the Council Chambers at the City Administrative Centre, Bridge Road, Nowra on Tuesday, 20 August, 2013 commencing at 3.30pm** for consideration of the following business.

R D Pigg
General Manager

Membership
All Councillors

BUSINESS OF MEETING

1. **Apologies / Leave of Absence**
2. **Declarations of Interest**
3. **Deputations**
4. **Report of the General Manager**
Assets and Works - Restart NSW Illawarra Infrastructure Fund - Projects and Costs

Note:- This meeting has been called in accordance with section 366 of the Local Government Act.

Cell Phones:

Council's Code of Meeting Practice states that "All cell phones are to be turned off for the duration of the meeting".

LOCAL GOVERNMENT ACT 1993

Chapter 3

Section 8(1) - The Council's Charter

(1) The council has the following charter:

- to provide directly or on behalf of other levels of government, after due consultation, adequate, equitable and appropriate services and facilities for the community and to ensure that those services and facilities are managed efficiently and effectively
- to exercise community leadership
- to exercise its functions in a manner that is consistent with and actively promotes the principles of multiculturalism
- to promote and to provide and plan for the needs of children
- to properly manage, develop, protect, restore, enhance and conserve the environment of the area for which it is responsible, in a manner that is consistent with and promotes the principles of ecologically sustainable development
- to have regard to the long term and cumulative effects of its decisions
- to bear in mind that it is the custodian and trustee of public assets and to effectively account for and manage the assets for which it is responsible
- to facilitate the involvement of councillors, members of the public, users of facilities and services and council staff in the development, improvement and co-ordination of local government
- to raise funds for local purposes by the fair imposition of rates, charges and fees, by income earned from investments and, when appropriate, by borrowings and grants
- to keep the local community and the State government (and through it, the wider community) informed about its activities
- to ensure that, in the exercise of its regulatory functions, it acts consistently and without bias, particularly where an activity of the council is affected
- to be a responsible employer.

REPORT OF GENERAL MANAGER

EXTRA ORDINARY MEETING

TUESDAY 20 AUGUST 2013

ASSETS AND WORKS

1. **Restart NSW Illawarra Infrastructure Fund - Projects and Costs** **File 47463E**
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SECTION MANAGER: Martin Upitis.

PURPOSE: Delivery Program Activity: 4.4.7.1

To consider project details, CBD car park location and contributions associated with Council's Restart Illawarra submissions.

RECOMMENDED that:

- a) Council determine the location for a multistorey car park with a commercial component to be either at Stewart Place or at the Berry/Worrigee site;
- b) Council determine the scope of the project i.e. car park only or car park plus commercial component;
- c) Council contributes \$5,000,000 of loan funds to be drawn in the 2015/2016 financial year, if the car park submission is successful; and
- d) Council contributes \$400,000 from the 2014/2015 Roads to Recovery Program, if the Flinders Road submission is successful.

OPTIONS

1. **(Recommended).** Consider a car park location and make a significant contribution to its construction. Confirm a contribution for the Flinders Road project.
2. **(Not Recommended).** Choose the alternate car park location and make some other contribution to its construction.
3. **(Not Recommended).** Withdraw the car park project Expression of Interest application.

DETAILS

Introduction

Advice was received from Infrastructure NSW (Attachment A) that two of Council's Expressions of Interest submissions under the Restart NSW Illawarra Infrastructure Fund have been accepted for the next phase of assessment. These were South Nowra Employment Precinct – Entrance Upgrade (Attachment F) and Nowra CBD Multi Deck Carpark.

For the Detailed Applications, the primary supporting documentation for each project will be their respective business cases and economic appraisals. This is relatively straightforward for the Flinders Road project as the scope of works is sufficiently detailed to develop accurate cost estimates on which to base a business case. However, the scope for the multi-deck car park project is broad as the Expression of Interest states the location as *"in the area bounded by Junction Street, Kinghorne Street, Plunkett Street and Berry Street"*.

To prepare a solid business case and economic appraisal, the actual location of the proposed car park needs to be determined, for Restart Illawarra funding.

Stewart Place or the Berry/Worrigeer Site?

Council resolved (MIN12.741) at its meeting on 26 June 2012 that:

"the Nowra CBD Car Parking Committee continue with the stated position of Council that the preferred location for a multi storey car park in Nowra be Berry/Worrigeer Streets."

Council subsequently resolved (MIN13.669) at its meeting on 21 June 2013 that:

- "a) A report on options for the location and design of a multi storey car park in Nowra CBD be submitted to Councillors for consideration; and*
- b) When a briefing is called on this issue, members of the former Nowra CBD Car Parking Committee be invited."*

Councillor briefings on this matter were held on 26 July 2013 and on 2 August 2013. As there is now an imperative to decide on a location, this report will address the resolution (MIN13.669 part a) above.)

The following table compares the two locations and indicates by a tick which one better addresses the issues relevant for the provision of all-day car parking.

Issue	Stewart Place	Berry/ Worrige	Comments
Proximity to CBD	✓		Stewart Place is a closer walk to the retail hub than Berry/Worrige
Suitability for all-day parking		✓	All-day parking is better provided on the periphery of a CBD so that short-stay parking is provided as close as possible to the commercial hub.
Traffic flows and conflicts (less)		✓	There are fewer vehicle movements created by all-day parkers. The majority of a multistorey car park at Stewart Place would need to be used for short-stay parking so traffic movements would be greatly increased in adjacent access streets.
Future commercial potential		✓	Stewart Place is potentially a more valuable site for future commercial development so Berry/Worrige becomes the better location for all-day car parking.
Construction impacts and disruption to trade are less		✓	The relocation of short-stay parking from Stewart Place during construction would have an impact on financial viability of retailers than construction at Berry/Worrige
Cost of construction (unit rates less)		✓	The unit rates of construction would be marginally lower at Berry/Worrige owing to ease of access; possibly fewer utilities; and potentially less excavation than at Stewart Place. (Total costs cannot be considered until each project is fully scoped.)
Impacts on residents (less)	✓		Stewart Place is more remote from Berry Court than Berry/Worrige but some impacts can be mitigated by appropriate design.

Nowra CBD Action recommended at its meeting on 5 August 2013:

“that in reviewing the options for satisfying the shortfall in all day car parking within the CBD and in assessing the alternatives, in particular Stewart Place and Worrige/Berry St car parks, that Council sets a minimum requirement of providing an additional 400 all day car parking spaces over all existing spaces.”

If Council adopts this recommendation then a three level car park would be the minimum required at Stewart Place and four levels at Berry/Worrige to achieve this capacity. The current GHD four level concept design for Berry/Worrige produces 675 spaces. There are currently 205 spaces at Berry/Worrige so the net result would be 470 additional spaces if the design remained unchanged. However, to reduce overshadowing of Berry Court, the design could be amended to set back Level 4 by 7 metres on the south side of the proposed car park, adjacent to Berry Court, resulting in the loss of 18 spaces, resulting in 452 additional spaces overall.

To achieve an additional 400 spaces in Stewart Place, a three level car park would need to be constructed over approximately 75% of the existing site.

Cost Estimation

The estimates of cost for various Berry/Worrige concept designs were prepared by consultant Turner and Townsend (Canberra) in June 2012 on behalf of GHD Pty Ltd. These cost estimates were based on a detailed quantity survey of each major component of construction. For example, there were separate unit rates for concrete column construction; for concrete suspended slabs; and for architectural cladding. These rates were adjusted for local conditions and are assumed to have an accuracy of about plus or minus 15% of the eventual actual costs.

Turner and Townsend was recently contacted and confirmed that most unit rates for construction are transferable from Berry/Worrige to Stewart Place, with a few minor exceptions. Consequently, the estimates of cost for the Stewart Place options were based on these unit rates. After these rates are applied, the estimated total direct cost of construction is inflated by an allowance (5% of direct costs) for Preliminaries and for Contingencies (10% of direct costs). This combined total was further increased to allow for inflation of construction costs over the period since June last year. The estimated costs therefore include allowances for Preliminaries, Contingencies and inflation.

Due to time constraints, cost estimates for the commercial components were based on information contained in the Cordell Commercial and Industrial – Building Cost Guide, which is an authoritative reference source and is considered as an ‘industry standard’ for cost estimation.

From Cordell’s, the construction unit rates for two to three storey office blocks; street-front shops; and residential apartments varied from \$1900/m² to \$3300/m², depending on the quality of fit-out and construction materials. A rate of \$2300/m² was chosen for the two level commercial components for both sites.

Car Park Only Cost Estimates

Using the Turner and Townsend unit rates and adding the appropriate allowances, the estimated cost to construct the GHD (Berry/Worrigee) four level design for an additional 452 spaces, with an additional set back on Level 4, is \$11,800,000. Similarly, the estimated spaces cost of construction to produce an additional 348 spaces in Stewart Place is \$10,800,000 (see Table 1).

- # The images (Attachment B and C) show the 'footprints' of the car parks including the allowances for commercial development.

Commercial Components with Car Park

The Infrastructure NSW letter of advice stated that *"as a minimum a business case and economic appraisal (benefits and costs ratio calculation) and supporting details"* should be provided with the Detailed Application. From past experience with this type of funding application, it seems that the economic appraisal may be based on a project's ability to create employment and to demonstrably stimulate economic activity. In this case, a standalone car park project will have difficulty demonstrating economic viability. However, some recent research (Urbis 2012) suggests that each additional parking space provided, at a single DDS site, could generate \$123K of retail turnover per year. Although this appears to be a direct economic benefit of additional parking, its applicability to the Nowra context would need to be investigated and tested.

- # Council's Detailed Application therefore may be more likely to succeed if a commercial component is included. A 'mixed use' concept, with a Berry Street frontage, is included in the Attachment Folder (Attachment D). However, this would reduce the yield to 197 additional spaces at Berry/Worrigee. This 203 space shortfall could however be made up by constructing a fifth and sixth level of parking. The estimated cost of a commercial component and a six level car park at Berry/Worrigee is \$19,400,000. The construction cost of the commercial component is \$2300 per square metre, assuming two levels of 900 square metres each are provided on the Berry Street frontage.
- # A 'mixed use' concept for Stewart Place is also included in the Attachment Folder (Attachment E) which was produced by Arup Pty Ltd as part of the Nowra CBD Master Plan process. A five level car park would need to be constructed to achieve 400 additional spaces but only about half of these additional spaces should be made available for all-day parking by assigning the fourth and fifth levels for this purpose.

The estimated cost of a two level commercial component (with total floor area of 3600m²) and a five level car park, but excluding a bus interchange, at Stewart Place is \$23,500,000.

Council's Contribution to Car Park Project

Infrastructure NSW letter of advice for the multi-deck car park project included an additional paragraph which stated:

"Infrastructure NSW encourages the Council to consider the funding mix for the car park and whether the Council contribution may be higher in the Detailed Application than the Expression of Interest."

This suggests that Council's current non-cash contribution of the land value of \$2,500,000 should also be supplemented with a funding contribution to improve the chance of a successful application; this is discussed in the Financial Implications

FINANCIAL IMPLICATIONS:

CBD Multi-Storey Car Park

If Council decides to submit Berry/Worrigee, with a commercial component, at an estimated cost of \$14,700,000 as its Restart Illawarra project, then Council also needs to determine its additional funding contribution to improve chances of success.

Council's Long Term Financial Plan as part of the Resourcing Strategy provides for a \$5,000,000 loan for this project in 2022/23. Bringing forward the borrowings to 2014/15 would be possible without exceeding acceptable debt servicing limits over the life of the current Long Term Financial Plan. Debt Servicing Cost as a percentage of rate income would increase to a high of 19.69% in 2022/23. Should this amount be borrowed, Council's contribution would then increase to 44% of the total cost of the project (\$17,200,000), which should improve Council's chances under Infrastructure NSW assessment criteria.

A summary of the options is provided in the table below. Options for five/six level parking were included for comparison purposes to demonstrate affect on costs and parking yield.

Table 1: Estimated construction cost and total spaces

Location	Construction Cost – No commercial component	Total spaces	Additional Spaces	Construction Cost – with commercial component	Total spaces	Additional Spaces
Berry/Worrigee (4 levels)	\$11,800,000	675	452	\$14,700,000	402	197
Berry/Worrigee (6 levels)				\$19,400,000	622	417
Stewart Place (3 levels)	\$10,800,000	570	348	\$18,500,000	360	138
Stewart Place (5 levels)				\$23,500,000	600	378

If Stewart Place is determined as the preferred location, then additional design and estimation reports would be required before submission of the Detailed Application. This may also include design for a bus interchange and could be funded from Section 94 Contributions for Nowra CBD parking

Flinders Road Project

It is expected that the Roads to Recovery Program will continue for at least the next five years. To allow confirmation of Council's contribution to the Flinders Road project, an allocation of \$400,000 could be made from the 2014/15 Roads to Recovery Program.

COMMUNITY ENGAGEMENT:

The concept of a multi-storey car park within the Nowra CBD has been in the public arena for many years. The CBD Action group, a mix of commercial ratepayers, Business chamber & community members has given a clear indication they support the Berry/Worrigeer site as a preferred option for all day car parking. On the other hand residents of the adjoining residential block have raised concerns about over-shadowing and other matters.

Ben Stewart
DIRECTOR ASSETS & WORKS

R.D Pigg
GENERAL MANAGER