



Agenda

Finance, Policy, Operations and Legislation Committee

Wednesday, 10 March 2021, 6.00pm

CITY OF FREMANTLE
NOTICE OF A FINANCE, POLICY, OPERATIONS AND LEGISLATION
COMMITTEE MEETING

Elected Members

A Finance, Policy, Operations and Legislation Committee meeting of the City of Fremantle will be held on **Wednesday, 10 March 2021** in the North Fremantle Community Hall, located at 2 Thompson Road, North Fremantle commencing at 6.00 pm.

A handwritten signature in dark ink, appearing to read 'Glen Dougall', with a large, stylized flourish at the end.

Glen Dougall
Director City Business

5 March 2021

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CITY OF FREMANTLE

Finance, Policy, Operations and Legislation Committee

Agenda

1. Official opening, welcome and acknowledgement

We acknowledge the Whadjuk people as the traditional owners of the greater Fremantle/Walyalup area and we recognise that their cultural and heritage beliefs are still important today.

2. Attendance, apologies and leaves of absence

There are no previously received apologies or approved leave of absence.

3. Disclosures of interests by members

Elected members must disclose any interests that may affect their decision-making. They may do this in a written notice given to the CEO; or at the meeting.

4. Responses to previous questions taken on notice

There are no responses to public questions taken on notice at a previous meeting.

5. Public question time

Members of the public have the opportunity to ask a question or make a statement at council and committee meetings during public question time.

Further guidance on public question time can be viewed [here](#), or upon entering the meeting.

6. Petitions

Petitions to be presented to the committee.

Petitions may be tabled at the meeting with the agreement of the presiding member.

7. Deputations

7.1 Special deputations

A special deputation may be made to the meeting in accordance with the City of Fremantle Meeting Procedures Policy 2018.

There are no special deputation requests.

7.2 Presentations

Elected members and members of the public may make presentations to the meeting in accordance with the City of Fremantle Meeting Procedures Policy 2018.

8. Confirmation of minutes

OFFICER'S RECOMMENDATION

The Finance, Policy, Operations and Legislation Committee confirm the minutes of the Finance, Policy, Operations and Legislation Committee meeting dated 10 February 2021.

9. Elected member communication

Elected members may ask questions or make personal explanations on matters not included on the agenda.

10. Reports and recommendations

10.1 Committee delegation

FPOL2103-1 CORPORATE BUSINESS PLAN - QUARTERLY REPORT – OCTOBER TO DECEMBER 2020

Meeting date:	10 March 2021
Responsible officer:	Manager Economic Development and Marketing
Decision making authority:	Committee
Agenda attachments:	Corporate Business Plan – Quarterly Report October to December 2020
Additional information:	Nil

SUMMARY

The Corporate Business Plan (CBP) Report for 2020/21 was provided to Committee on 9 September 2020 providing detail on the services, deliverables and projects that are programmed for the 2020/21 financial year.

This quarterly update report documents the progress made on those services and projects listed in the CBP Report 2020/21 for the second quarter of the financial year. It is intended to present this report to Council on a quarterly basis, in October, January, April and August.

This report recommends that Council receive the CBP Quarterly Report for October to December 2020 as provided in Attachment 1.

BACKGROUND

This report includes services, deliverables and projects programmed for the 2020/21 financial year and reported to Committee in the Corporate Business Plan Report in September 2020. The projects and services are delivered across a number of business units throughout the organisation.

FINANCIAL IMPLICATIONS

Please note, the budget summary will continue to be reported through the Monthly Financial Report.

LEGAL IMPLICATIONS

Nil

CONSULTATION

Nil

OFFICER COMMENT

This Corporate Business Plan Quarterly Report continues to support an integrated planning framework and allows us to be more transparent in monitoring performance.

This report provides a summary of the deliverables and project progress for the programmed activities for 2020/21 as at 31 December 2020.

Covid-19 has had a significant impact on both Council operations and community services. The pandemic has required a review and in some circumstances a shift in priorities and approach. The City's adopted Covid-19 Recovery Plan provides a short-term response to these changes and identifies key approaches and priorities to support our community in recovering from the negative impacts of the pandemic both socially and economically and building on positive aspects.

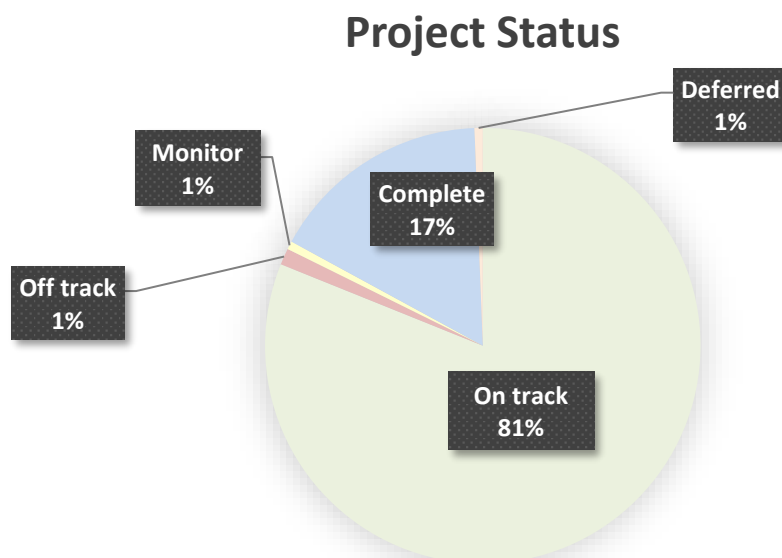
The initiatives identified in the recovery plan seek to achieve 3 core outcomes: -

- Maintain health, wellbeing and resilience in our community;
- Create, sustain or reinstate jobs within the Fremantle economy;
- Attract people throughout Perth and Western Australia to increase visitation and spend within the Fremantle economy and increase participation by both visitors and locals in the many activities and events it offers.

A number of initiatives have been developed as part of the City of Fremantle Covid-19 Recovery Plan and further information on these initiatives can be found in the City's Recovery Plan document.

Progress Status

A summary of the status of the budgeted projects is displayed below.



VOTING AND OTHER SPECIAL REQUIREMENTS

Simple Majority Required

OFFICER'S RECOMMENDATION

Council receive the City of Fremantle Corporate Business Plan – Quarterly Report for October to December 2020, as provided in Attachment 1.

FPOL2103-2 FPOL COMMITTEE INFORMATION REPORT - MARCH 2021

1. IMPLEMENTATION OF CHILD SAFETY OFFICERS IN LOCAL GOVERNMENT – CONSULTATION SUBMISSION

Responsible officer:	Manager Community Development
Agenda attachments:	1. Nil
Additional information:	1. Discussion paper on the implementation of child safety officers in local government (December 2020)

The Royal Commission into Institutional Responses to Child Sexual Abuse (the Royal Commission) was established to investigate failures of public and private institutions in protecting children from sexual abuse.

The Royal Commission made 409 recommendations, with 310 applicable to the Western Australian State Government and the broader WA community. The implications of the Royal Commission's recommendation are twofold:

1. Accountability for historical breaches in the duty of care that occurred before 1 July 2018 within any institution (National Redress Scheme, endorsed OCM 13 May 2020);
2. Future-facing, ensuring better child safe approaches are implemented holistically moving forward. This includes the implementation of the National Principles for Child Safe organisations (recommendation 6.5 Royal Commission) and the implementation of child safety officers in local government (recommendation 6.12 Royal Commission).

Recommendation 6.12 of the Royal Commission recommended that, with the support from governments at the national, state and territory levels, local governments should designate child safety officer positions from existing staff profiles to carry out the following functions:

- a) Developing child safe messages in local government venues, grounds and facilities
- b) Assisting local institutions to access online child safe resources
- c) Providing child safety information and support local institutions on a need's basis
- d) Support local institutions to work collaboratively with key services to ensure child safe approaches are culturally safe, disability aware and appropriate for children from diverse backgrounds

The Department of Communities in conjunction with the Department of Local Government, Sport and Cultural Industries, have developed a consultation process for the local government sector, with the intent to seek feedback on the implementation of child safe officers in local governments. Local governments have been asked to provide a response to the consultation questions in the *Discussion Paper on the Implementation of Child Safety Officers in Local Government* (Additional Information 1), by 2 April 2021.

The City is working proactively to implement the *National Principles for Child Safe Organisations* (outlined in Appendix 1 of the Discussion Paper) across the organisation, noting responsibilities across Community Development, Community Safety and Arts and

Culture teams. The City will also consider a whole of community approach, to help create further child safe environments throughout the Fremantle community.

Findings from the consultation process (as mentioned above) will be used to inform the draft report by State Government. This draft report will outline the State Government's proposed implementation of recommendation 6.12 and provide guidance on the implementation process and what support will be needed by local governments. This report is expected to be released by Friday, 4 June 2021. Therefore, a report will be brought back to Council for further consideration, following the release of the draft report by State Government.

OFFICER'S RECOMMENDATION

Council receive the following Finance, Policy, Operations and Legislation Committee information report for March 2021:

- 1. Implementation of Child Safety Officers in Local Government – Consultation Submission.**

**FPOL2103-3 ACCEPTANCE OF TENDER – FCC565/20 ARTHUR HEAD
REHABILITATION WORKS**

Meeting date: 10 March 2021
Responsible officer: Manager Asset Management
Decision making authority: Committee
Attachments: 1. Nil
Additional information: 1. Pricing matrix (Confidential)

SUMMARY

The purpose of this report is to consider tender number FCC565/20 for Arthur Head Rehabilitation Works.

This report recommends that Council accepts the tender submitted by Colgan Industries Pty Ltd, in accordance with the tender evaluation undertaken as per the selection criteria included in the tender document.

BACKGROUND

Arthur Head Reserve, located on the most western portion of the Fremantle townsite, is a limestone outcrop being a prominent feature elevated above the surrounding landscape. Areas of the cliff face have deteriorated significantly over the years because of a combination of weathering, invasive vegetation growth and poor-quality repairs previously undertaken.

In the 2020/21 budget, the City of Fremantle and the Department of Planning, Lands and Heritage committed \$500,000 each to remediate areas of high risk which require works to be undertaken as a priority. This tender covers the majority of the current funded scope of works. The City officers will work with the Contractor to ensure (as far as practicable) works are delivered on time and within the allocated budget. The table below details the milestones with regard to the procurement of this tender.

Milestones	Indicative Dates
Tender documentation issued to market	9 December 2020
Non-Mandatory Meeting	15 December 2020
Tender responses due	21 January 2021
Evaluation Period and Council Approval	January - March 2021
Contract Negotiation / Award	March 2021
Site Handover by City	March 2021
Practical Completion	September 2021

FINANCIAL IMPLICATIONS

The table below summarises the available budget, current expenditures, recommended tender price by Colgan Industries Pty Ltd for the Arthur Head Rehabilitation Works, and other associated expenses:

Description	Expenditure	Budget
Budget		
Budget for Arthur Head Rehabilitation Works (FYR 20/21)		\$1,000,000
Expenditure		
Expenditure incurred to date:	\$150,395	
Activities		
• Tender number FCC565/20 Arthur Head Rehabilitation Works	\$799,911.75	
• Contingency @5%	\$40,000	
Project management costs (Managed Internally)	Nil	
Total expenditure (estimated)	\$990,306.75	
Balance	\$9,693.25	

LEGAL IMPLICATIONS

Tenders were invited in accordance with section 3.57 of the *Local Government Act 1995* and the tendering procedures and evaluation complied with part 4 of the Local Government (Functions and General) Regulations 1996.

CONSULTATION

Nil

OFFICER COMMENT

Detail

Tender FCC565/20 for Arthur Head Rehabilitation Works was advertised on 9 December 2021 and closed on 21 January 2021.

Essential details of the contract are outlined below:

Contract type	Lump Sum
Contract duration	6 months construction; 12 months Defects Liability Period
Commencement date	March 2021
Completion date	September 2022

Tender evaluation

Tender submissions were received from the following contractors and evaluated by the tender evaluation panel:

- Budo Group Pty Ltd
- Byte Construct Pty Ltd
- Colgan Industries Pty Ltd
- Duratec Ltd
- McCorkell Construction Pty Ltd

The tender evaluation panel establishes whether the tender submissions conform to the conditions for tendering and selects a suitably qualified and experienced contractor.

The tender evaluation panel comprised of:

- Manager Asset Management
- Heritage Coordinator
- Project Manager Buildings
- Project Officer Buildings
- Team Leader Procurement

Tenderers were required to disclose information that might be relevant to an actual or potential conflict of interest and disclose if they had any relationship with City of Fremantle employees involved in the tender process. Members of the tender evaluation panel are required to disclose any actual or perceived interest with any of the tenderers.

No disclosures were made.

To obtain the broadest possible comparison base, each of the tenders was evaluated against the following tender selection criteria and was in turn graded in the tender evaluation matrix.

Item No	Description	Weighting
1	Tendered Price	30%
2	Relevant Experience	25%
3	Key Personnel Skills and Resources	20%
4	Demonstrated Understanding of the Project	25%

Five (5) tender submissions, all conforming, were received. The tender submitted by Colgan Industries Pty Ltd scored the highest rating with 70 points, followed by Duratec Ltd with 69 points. The remaining tender submissions received lower scores, as shown below.

Consensus Score	Relevant Experience	Key Personnel Skills & Resources	Demonstrated Understanding of the Project	Price	Total Score
Tenderer	25	20	25	30	100
Budo Group Pty Ltd	12	11	12	30	65
Byte Construct Pty Ltd	12	10	14	28	64
Colgan Industries Pty Ltd	16	12	14	28	70
Duratec Ltd	14	14	17	24	69
McCorkell Constructions (WA) Pty Ltd	14	11	15	24	64

Price

To ensure the City attains best value, officers have compared the price submitted by Colgan Industries against the pretender estimate and the independent cost report completed as part of the design package. Officers are satisfied that this sits within an acceptable tolerance.

Capability

Colgan Industries Pty Ltd response showed comprehensive evidence of previous experience in heritage building and outdoor heritage restoration projects. Capability on all aspects of this complex project were demonstrated in their submission.

Colgan Industries Pty Ltd, the recommended tenderer, was assessed as having the capacity, resources, experience and management systems to safely undertake the works and deliver the level of quality described and required in the specification, in accordance with the terms of the tender document.

The evaluation process determined that the tender from Colgan Industries Pty Ltd is a conforming tender. They have worked for the City on previous projects and have consistently provided quality outcomes that meet the City's needs. Reference checks indicate that Colgan Industries Pty Ltd have provided satisfactory service delivery to their customers on similar projects and will be a suitable supplier to the City of Fremantle.

Comment

Subject to acceptance of the tender, the proposed implementation program is scheduled below:

Award contract:	March 2021
Commence construction:	April 2021
Complete Construction:	September 2021
Completion of Services:	September 2022

VOTING AND OTHER SPECIAL REQUIREMENTS

Absolute Majority Required

OFFICER'S RECOMMENDATION

Council accept the tender for Arthur Head Rehabilitation Works (FCC565/20) at the rates tendered (\$799,911.75 ex GST), to Colgan Industries Pty Ltd for a period of eighteen months, commencing in March 2021.

FPOL2103-4 PROPOSED LEASE FOR WALYALUP CIVIC CENTRE – RETAIL SPACE

Meeting date: 10 March 2021
Responsible officer: Manager Economic Development and Marketing
Decision making authority: Committee
Attachments: Nil
Additional information: 1. Selection Criteria Matrix (Confidential Attachment)

SUMMARY

The purpose of this report is to seek Council approval for the proposed lease terms that have been negotiated with an applicant for the retail space within the Walyalup Civic Centre.

The applicant proposes a retail clothing store in a 168m² portion of the new civic building. The space would be located on Newman Court adjacent to the tenancy on the corner of William Street and Newman Court.

BACKGROUND

In accordance with Council's Leasing of City Property in a competitive manner policy the City is obligated to advertise commercial properties in an open and competitive manner when they become available for lease.

The following is the approved weighted selection criteria used to assess expressions of interest for the retail premises.

Financials (Weighting 30%)

- a. Pay market rent.
- b. Proposed incentives requests if applicable.
- c. Requested lease term.
- d. Size of preferred retail space to max of 405m².
- e. Financial investment of tenant fit out.
- f. Demonstration of financial sustainability.
- g. Completion of the Financial Assessment in the EOI Form.

Suitability of Business (Weighting 30%)

- a. Operating days and hours per day.
- b. Proposed look and feel of the concept including brand values and visuals.
- c. Customer demographics and demographics.
- d. Any initiatives or intentions to align and/or add value to the existing business mix.
- e. Design and fit out of the space.

Experience & Personnel (Weighting 30%)

- a. Information on retail locations which you have been and/or currently involved.
- b. Provide information on your role and length of time at each location.
- c. Provide an overview on how you intend to staff the offering.
- d. Are you an investor, independent operator or franchisee?

Environmental Considerations (Weighting 10%)

- a. Waste management
- b. Water consumption
- c. Energy consumption
- d. Materials used in plant operation, cleaning and general operations.
- e. Management, assessment and implementation of environmental initiatives.

Officers released a Tender for the leasing of the retail spaces in Walyalup Civic centre in late August 2020. The Tender closed 7 October 2020 with the City receiving no Tender submissions.

With the closing of the Tender, the City then advertised the property by Expression of Interest (EOI). The City has received a submission from Mr Sam Harkin, owner operator of Adelphi Partners WA Pty Ltd T/A MiLife which meets the selection criteria of the EOI.

The process was carried out in accordance with section 3.58 of the Local Government Act.

FINANCIAL IMPLICATIONS

The proposed rent for the premises is \$30,240 per annum + GST. This is calculated at a rate of \$180m2 per annum +GST.

Outgoings for the property have been estimated at \$24,528 for the first year. This equates to approx. \$146m2.

The fit-out contribution from the City requested by the prospective tenant for the lease includes:

- Lessor contribution of up to \$90,000 towards lessee fit out.

There is no rent-free period so rent will be payable from the commencement of the lease.

The requested lease term is three (3) years, with two further terms of three (3) years each. The lease will also include a bank guarantee of \$12,000.

Rent reviews would occur annually based on Consumer Price Index (CPI) with market rent reviews to occur every three years.

The fit-out contribution payment of up to \$90,000 towards lessee fit out has been requested as a contribution from the City. This includes basic fit out to floors, ceiling and walls, electrical and plumbing installation. The City will be required to install air-conditioning.

Payment of the fit-out contribution will be paid upon completion of the works subject to the lessee providing paid invoices for reimbursement or alternatively directly to the contractor who is completing the works. Milestone payment amounts are still subject to the lessee finalising a detailed design.

Ownership of any works delivered via the \$90,000 fit-out contribution will be retained by

the City at the conclusion of the lease. The applicant will undertake fit out within 60 days from commencement of the lease.

The fit-out contribution is currently budgeted for in the approved FY2020/21 budget.

Officers forecast that the net income for the terms of the lease, including council rates and factoring in the fit-out contribution, will be in the vicinity of \$610,000.

LEGAL IMPLICATIONS

Two documents are required to be finalised as part of the proposed lease.

1. Lease: The lease must comply with the requirements of Section 3.58 of the Local Government Act 1995. Officers will ensure that this occurs.
2. Fit-out Contribution Agreement: The negotiated terms of this lease include a payment made by the City towards the lessee's fit out. The Fit-out Contribution Agreement will outline the agreed terms of how and when payments are made to the lessee for the fit-out contribution amount.

CONSULTATION

The property was marketed via the following methods;

- Advertising on realcommerical.com
- City's website and various media channels
- Google Adwords
- Advertisement in the West Australian and Business News
- Direct approach to potential candidates and use of Economic Development database.

OFFICER COMMENT

The Walyalup Civic Centre offers a substantial opportunity for retail operators to consider establishing a presence within new A-grade commercial space located adjacent to significant numbers of government workers.

Despite this significant opportunity, lettable commercial space offered as part of the Walyalup Civic Centre has come on to the market at a challenging time for the retail sector. Feedback collected directly from prospective tenants has suggested that operators who currently maintain a retail business have put a hold on considering any new premises or relocations. This is based on many operators deciding to consolidate operations within existing locations to mitigate current risks associated with the recent impact of COVID, as opposed to making any moves to expand.

Further anecdotal market feedback from prospective tenants has also suggested that there is currently a prevalence of 'turnkey' opportunities in the market which often include all fit out and equipment or financial contribution to match. To remain competitive in the market, the City has considered terms with this prospective tenant for the financial contribution towards the fit out of the retail space.

The presented proposal is for 168m² of the 405m² retail space located on Newman

Court. The site will be located on Newman Court adjacent to the existing corner tenancy providing optimal frontage for an apparel store.

Adelphi Partners WA Pty Ltd owned by Mr. Samuel J Harkin and trading as MiLife, has operated in Fremantle since 2008 and is currently located on Cantonment Street. Their current lease has reached expiry and they wish to seek a more central location with a slightly refreshed model. MiLife offers retail apparel including clothes, shoes, street wear and other accessories.

The table attached to this item captures the applicants weighting against the Council approved selection criteria.

Mr Harkin's proposal is to deliver an experiential outcome with MiLife's current range being the core offering and the potential addition of smaller coffee and personal care-based sub offerings. Mr. Harkin has requested the option to sub lease up to 40 sqm of the space to these smaller offerings subject to approval by the City.

The following tables outline the proposed terms for the three documents required to finalise an agreement between the City and Mr Harkin. Mr Harkin has accepted these terms and conditions.

Key Lease Terms

Land Description	
Premises	Retail Portion – 8 William Street (Newman Court frontage), Fremantle – address to be confirmed.
Lessor	City of Fremantle
Lessee	Adelphi Partners WA Pty Ltd T/A MiLife
Guarantor	Samuel J Harkin
Bank Guarantee	\$12,000 This will be provided by bank guarantee or bond.
Site Area	168m ²
Lease Commencement Date	TBA
First Term	Three (3) years
Second Term	Three (3) years
Third Term	Three (3) years
Annual Rent	\$30,240 per annum + GST
Rent Review	Rent will be determined by Consumer Price Index annually on the Lease Commencement Date. A market rent review will occur every third year of the lease terms (including options).
Variable Outgoings/Outgoings	Outgoings on demand will include but not be limited to; • Council Rates • Emergency Service Levy • Land Tax • Statutory fees and charges • Building Services, repairs and maintenance.

	Current rate of budget is estimated at \$146m2. The determination of actual Council Rates and Land Tax may vary this figure.
Legal Fees	Each party will be responsible for their own costs.
Public Liability	Minimum of \$20 million
Permitted Use	Retail
Special Conditions	1. Lessee's Fit Out Fit out to Ground floor and First floor must occur within 60 days of the commencement of the Lease. 2. Lessee's Works Lessee's works definition; (a) Any alternation, improvement or development of the Premises including but not limited to the erection of any building, structure or fixture on the Premises (including tenancy fit out). (b) The excavation or demolition of any part of the Premises; (c) The removal, sale or disposal of any materials from the Premises. (1) The Lessee must not undertake works unless; (a) Prior written consent is obtained from the Lessor which will include the submission of a design of the proposed works and certified quantity surveyor (QS) estimate. Consent may be withheld at absolute discretion or granted subject to conditions as the Lessor sees fit including but limited to any condition requiring amendment of the plan for the proposed Lessee's Works in a manner deemed appropriate by the Lessor. (b) Planning approval under the local planning scheme (if applicable) and; (c) A building permit under the <i>Building Act 2011</i>(if applicable). (2) With the exception of the Lessors fit-out contribution, the Lessee shall be responsible for all costs of, or associated with, the Lessee's Works including but not limited to costs of or associated with: (a) an application for planning consent; (b) an application for a building permit; (c) obtaining any other statutory approval required, including Water Corporation approval where necessary; (d) construction or installation of the Lessee's Works; and (e) Installation or upgrade of any services. (3) The Lessor reserves the right to appoint a Lessor representative to oversee all Lessee Works at the Premises and sign off on the completion of key items within the Lessee proposed design.

	(4) The Lessee will provide certification and public liability for all the Lessee contractors undertaking the Lessee Works at the Premises. (5) The parties acknowledge and agree that any Lessee's Works comprising structural improvements, or are financially funded by the Lessor's fit-out contribution payment, shall vest to the Lessor upon Termination of the Lease without cost. (6) Should the Lessee and Lessor not agree to the QS estimate provided by the Lessee then this will be mediated by an independent QS being agreed to by both parties whose determination will be accepted by both parties. 3. Assignment or Sub Letting (1) The Lessee must not assign or sublet any part of the Premises without prior Lessor approval. The Lessee will not unreasonably withhold consent to an assignment or sublease if: (a) The proposed assignee or sub-lessee has been demonstrated by the Lessee, to the satisfaction of the Lessor, has the ability to meet the financial and premises operations obligations under the Lease. (b) All accounts are paid in full up until the date of the assignment or sub lease. (c) The Lessee pays all costs associated with an assignment or sublease. (d) The assignee or sublessee (if required) has provided the Lessor with a bank guarantee in an amount equivalent to equivalent to six months gross rental including GST. 4. State of Emergency Clause The Lessor and Lessee will act in good faith to follow all actions determined by State or Federal Government in relation to a State of Emergency situation. 5. Use of Confidential Information "Confidential Information" means any information relating to the Lease, including but not limited to the provisions of the Lease. (a) To the extent permitted by law, both parties agree to keep the Confidential Information confidential and to use such information only for the purposes of performance of their respective obligations under the Lease. (b) The obligations of confidentiality in paragraph (a) will not apply to information which: (i) is generally available in the public domain except where such
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	availability is as a result of a breach of this agreement; or (ii) is required to be disclosed by an applicable law, including but not limited to the <i>Local Government Act 1995</i> or <i>Freedom of Information Act 1992</i>, or by court order. (c) The obligations imposed will survive the termination of the Lease. 6. Parties to act in good faith Each party agrees to act in good faith throughout the term of the Lease and to not publicly disparage, denigrate or criticize the other party. 7. End of Lease At the end of the lease the Lessor reserves the right to advertise the premises available to Lease. The Lessee will be advised of this process not more than 12 months, no less than 6 months prior to the expiry of the last lease term. The Lessee, subject to no default against the lease, will be entitled to reapply to lease the premises through the public process.
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Fit-Out Contribution Agreement

Parties	Adelphi Partners WA Pty Ltd T/A MiLife (the Lessee) and the City of Fremantle (the City)
Fit-Out Contribution Amount	\$90,000
Agreed terms	- The Fit-Out Contribution Agreement will be in conjunction with the terms and conditions of a Lease between the City and Lessee in particular "the Lessee's Works". - Milestone payments of the contribution will be; - Subject to evidence proving contractor payment for the milestone works or; - Paid directly to the Lessee's contractor who completed the milestone works. If the latter, an invoice in the City's name will be provided by the Lessee's contractor for payment.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

OFFICER'S RECOMMENDATION

Council:

- 1. Approve a Lease between the City of Fremantle and Adelphi Partners WA Pty Ltd T/A MiLife for a portion of the retail space within the new Walyalup Civic Centre; and authorise the Chief Executive Officer to negotiate the terms and conditions of the lease based on the following:**
 - a. Lease area: 168m²**
 - b. Lease commencement date: TBA**
 - c. First term: three years**
 - d. Second term: three years**
 - e. Third term: three years**
 - f. Rent: \$30,240 per annum + GST**
 - g. Rent Review: Consumer Price Index annually on the Lease Commencement date. Market rent review every third year.**
 - h. Permitted use: Retail**
 - i. Bank Guarantee: \$12,000**

- 2. Approve a Fit-out Contribution Agreement between the City of Fremantle and Adelphi Partners WA Pty Ltd T/A MiLife for a portion of the retail space within the new Walyalup Civic Centre based on the following:**
 - a. Fit-out Contribution Amount: \$90,000**
 - b. Agreement Commencement Date: Commencement of the Lease**
 - c. Agreed Terms:**
 - i. The Fit-out Contribution Agreement will be in conjunction with the terms and conditions of the Lease, in particular the "Lessee's Works".**
 - ii. Milestone payments of the fit-out contribution will be;**
 - 1. Subject to evidence proving contractor payment for the milestone works or;**
 - 2. Paid directly to the Lessee's contractor who completed the milestone works. If the later, an invoice in the City's name will be provided by the Lessee's contractor for payment.**
 - iii. If the later, an invoice in the City's name will be provided by the Lessee's contractor for payment.**

10.2 Council decision

FPOL2103-5 KINGS SQUARE PLACE DEVELOPMENT WORKING GROUP

Meeting date: 10 March 2021
Responsible officer: Manager Economic Development and Marketing
Decision making authority: Council
Attachments: NA
Additional information: NA

SUMMARY

The purpose of this report is to seek council approval for the establishment of a City of Fremantle Working Group that facilitates external engagement and collaboration with key stakeholders in order to develop effective ongoing management and activation of the revitalised Kings Square precinct.

This report recommends that Council approve the immediate establishment of a Kings Square Place Development Working Group in accordance with the Terms of Reference outlined in the officer recommendation.

BACKGROUND

The construction of the Walyalup Civic Centre which forms part of the broader Kings Square redevelopment has been under construction since 2018. Construction is now nearing completion and the 2021 calendar year will see a large majority of the broader redevelopment completed and operational.

As the project moves from construction into its operational life, the ongoing place management and activation of the precinct and collaboration with surrounding stakeholders to achieve this will be critical in realising the benefits associated with the broader project.

The City has been progressing the development of approaches to the successful place management and activation of the precinct and how it can be leveraged to attract more visitors, foot traffic and investment into the broader CBD. Engagement and collaboration with key external stakeholders to further develop this approach will be critical to the success of the precinct.

It is proposed that a City of Fremantle working Group is established to facilitate this process.

FINANCIAL IMPLICATIONS

A key outcome of the working group will be contribution to the establishment of a Place Management Plan, which may recommend allocation of budget to certain initiatives in future budgets.

LEGAL IMPLICATIONS

The working group and associated terms of reference has been established in accordance with City of Fremantle guidelines.

CONSULTATION

A key purpose of the working group proposed will be to facilitate consultation with key stakeholders and the Fremantle business community relating to the place management, activation and ongoing development of the Kings Square precinct.

OFFICER COMMENT

The completion of the broader Kings Square development presents a significant opportunity to promote the current revitalisation of Fremantle's city centre and build positive perceptions among potential visitors, residents and investors.

The ongoing development and success of the Kings Square precinct will require strong consideration and planning around the following:

- Place management priorities and principles inclusive of design, activation, events and prioritisation of infrastructure for the urban realm.
- Development and delivery of brand, marketing and communications strategies including the establishment of a brand narrative for the precinct for both destination and investment marketing.
- Ongoing engagement and collaboration with adjacent and surrounding businesses.
- Enabling access to, engagement with and community ownership of the space for the broader community.
- Leveraging the significant investment made to date in order to attract further external investment into the City Centre and greater Fremantle.
- Enabling opportunities for the private sector, major existing stakeholders and other partners to contribute to and participate in the ongoing activation of the precinct.

The City's economic development team is in the process of developing a Place Management Plan for precinct which intends to identify and communicate strategies and initiatives that will assist in the achievement of the above-mentioned objectives.

In doing this, officers wish to engage key stakeholders from both the immediate precinct and the Fremantle business community to assist in the establishment of the plan.

Officers propose that the following stakeholders are included in the working group in order to ensure Fremantle's business community and relevant stakeholders are adequately represented in the development of the plan:

- One chairperson being an elected member of the City of Fremantle
- Representatives from the following key stakeholders:
 - One representative from the Fremantle Chamber of Commerce
 - One representative from Sirona Capital
 - One representative from St. Johns Anglican Church
 - One representative from the City's Destination Marketing Working Group
- Representatives from the following key business sectors:
 - One representative from Fremantle's hospitality business sector
 - One representative from the Indigenous business sector
 - One representative from Fremantle's retail business sector
 - One representative from Fremantle's professional service business sector (e.g. banking, dentists, accountants etc)

The overarching role of the group will be to provide ongoing advice and recommendations to council on matters related to the activation and promotion of the Kings Square precinct, participation in business and community engagement activities, and provision of ongoing advice and feedback in relation to the Place Management Plan that is to be developed by officers.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

OFFICER'S RECOMMENDATION

Council

1. **Approve the immediate establishment of a 'Kings Square Place Development Working Group' in accordance with the following Terms of Reference:**

A. Purpose

The purpose of the Kings Square Stakeholder Working Group is to provide a mechanism for the City to engage with and seek feedback from key stakeholders on the ongoing development of Kings Square as a key attractor and catalyst for the revitalisation of Fremantle's City Centre.

Based on the advice and feedback sought from the group Officers will develop, for council's consideration, a place management plan that outlines a coordinated approach to maximising the opportunity associated the investment that has been made into the precinct.

B. Outcomes

1. *The group will provide advice and/or recommendations to council on the following:*

- a. *Place management priorities and principles inclusive of design, activation, events and prioritisation of infrastructure for the urban realm.*
 - b. *Development and delivery of brand, marketing and communications strategies including the establishment of a brand narrative for the precinct for both destination and investment marketing.*
 - c. *Engagement and collaboration with adjacent and surrounding businesses.*
 - d. *Enabling access to, engagement with and community ownership of the space for the broader community.*
 - e. *Leveraging the significant investment made to date in order to attract further external investment into the City Centre and greater Fremantle.*
 - f. *Enabling the private sector, major existing stakeholders and other partners to contribute to and participate in the ongoing activation of the precinct.*
2. *Engagement with the local business community (e.g. via open forums held quarterly) on the advice provided by the Group and opportunities for business and community involvement in future activities.*
3. *Officers will develop for council's consideration, a place management plan that outlines an approach to the above-mentioned considerations.*

C. Formation of group

Members to be appointed by council:

1. *One chairperson being an elected member of the City of Fremantle*
2. *Representatives from the following key stakeholders, to be nominated by the organisation:*
 - a. *One representative from the Fremantle Chamber of Commerce, must be a current board member or the Chief Executive Officer.*
 - b. *One representative from Sirona Capital.*
 - c. *One representative from St. Johns Anglican Church.*
 - d. *One representative from the City of Fremantle Destination Marketing Working Group*
3. *Representatives from the following key business sectors to be determined through an open process and appointed by the Chief Executive Officer:*
 - a. *One representative from Fremantle's hospitality business sector with suitable qualifications and/or experience.*
 - b. *One representative from the Indigenous business sector with suitable qualifications and/or experience.*

- c. One representative from Fremantle's retail business sector with suitable qualifications and/or experience.*
- d. One representative from Fremantle's professional service business sector (e.g. beauticians, banking, dentists) with suitable qualifications and/or experience.*

D. Role of the group

- 1. Provide ongoing advice and recommendations to council on matters related to those outlined in section B (1).*
- 2. Participate in business and community engagement activities outlined in section B (2).*
- 3. Provide ongoing advice and feedback in relation to the Place Management Plan that is to be developed by officers as per section B (3).*

E. Chairperson

The Chairperson is to be the elected member representative of the City of Fremantle.

F. Administration

City officers are to:

- Prepare reports for council's consideration related to the group's advice or recommendations.*
- Take into account the Group's advice and recommendations to exercise delegated authority as per the City's delegated authority register.*
- Provide secretariat support to the group (e.g. prepare and distribute meeting agendas and maintain and distribute good records).*
- Appropriate delegates determined by the Chief Executive Officer to attend working group meetings and contribute as and when required.*

G. Decision making

- 1. The working group has no decision-making authority. The group provides advice and recommendations to council on matters related outlined in section B (1).*
- 2. A quorum of at least 50% of the group is required to submit recommendations to council.*
- 3. In the event of an equal number of votes from group members on a matter, the Chairperson holds the casting vote.*

H. Frequency of meetings

A minimum of four meetings a year must be held. It is expected that more frequent meetings will be required in the first six months of the group's operation.

I. Term of membership

Working Group members will hold a term until the next ordinary election of council in October 2021, as required by the Act.

J. Key performance indicators (KPIs)

Primary KPI:

Completion of a Place Management Plan for the precinct that has the support of working group members, reflects feedback from the community and is endorsed by Council prior to the end of the 2020 calendar year.

- 2. Appoint Cr. _____ as the elected member representative for the Kings Square Place Development Working Group, as per the terms of reference.**
- 3. Authorise the Chief Executive Officer to appoint appropriate representatives from the stakeholders identified in section C (2) of the Terms of Reference as members of the Kings Square Place Development Working Group.**
- 4. Authorise the Chief Executive Officer to carry out an Expression of Interest (EOI) Process and appoint the appropriate representative positions outlined in section C (3) of the terms of reference as members of the Kings Square Place Development Working Group.**

FPOL2103-6 ARTIST STUDIO PROGRAM POLICY

Meeting date: 10 March 2021
Responsible officer: Manager Arts and Culture
Decision making authority: Council
Attachments: 1. Artist Studio Program Policy
Additional information: Nil

SUMMARY

This report discusses the management and leasing of City spaces to artists and recommends the Artist Studio Program Policy, provided in Attachment 1, be adopted.

BACKGROUND

The Artist Studio Program (the Program) facilitates the short-term leasing of city owned spaces at low-cost to artists. The proposal, as per the Policy, is for the City to offer leases for a maximum of five years with no option to extend, thus enabling the opportunity to be accessed by as many artists as possible.

The Policy provides an overarching framework defining how the spaces incorporated within the Program are leased in an open and competitive manner to artists and the ongoing management of these spaces.

Since February 2017 a trial Studio Program has been implemented and currently includes the following locations:

- Moores Building of Contemporary Art Studios, Henry Street
- 10 Captains Lane, Arthur's Head
- 15 Mrs Trivett Place, Arthur's Head
- Unit 1 and 4 J Shed, Arthur's Head

The properties can change overtime to include or remove spaces from the program.

Expired tenancies in the trial have been placed in holding-over arrangements until formal endorsement of the Artist Studio Program Policy.

FINANCIAL IMPLICATIONS

Within the Artist Studio Program context, *market value* is described as relative to and competitive with similar offerings within the region. The fees are set based on several factors including floor area, availability of services and facilities, exclusive versus shared use, security and quality of light with annual adjustment in accordance with Consumer Price Index.

When the current lease agreements conclude, and should the Artist Studio Program be endorsed, the income derived will be reassessed in relation to *market value*.

LEGAL IMPLICATIONS

The City must dispose of property in accordance with the *Local Government Act 1995* and any other legislation or City policies.

CONSULTATION

No consultation was undertaken as a result of this report.

OFFICER COMMENT

The Program fulfils the City's obligations under the Strategic Community Plan 2015-25 by attracting and retaining diverse quality artists, incubating, supporting and developing a vibrant arts community, and supporting work options for artists.

The Artist Studio Program provides artists with affordable spaces to work and is one of the ways the City can support and grow the arts in Fremantle.

There is demand for low-cost working spaces for artists. Key studio providers in Fremantle experience high occupancy rates, most with waitlists. The City is regularly contacted by artists seeking low-cost studio space. 5-year leases for artist studios are industry standard. The 5-year term provides artists a stable duration in which to establish their practice.

If gentrification continues to increase the value of property in Fremantle, provision of City managed studio space ensures a supply of affordable artist workspaces and protects Fremantle's future as a creative city.

Endorsement of the policy would formalise the way studios are managed and leased. It outlines clear selection criteria to ensure equity and transparency.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

OFFICER'S RECOMMENDATION

Council adopt the Artist Studio Program Policy, as included at attachment 1

FPOL2103-7 BUDGET REVIEW 2020-2021

Meeting date:	10 March 2021
Responsible officer:	Manager Finance
Decision making authority:	Council
Attachments:	1. Rate Setting Statement – By Nature and Type 2. Net Current Assets Report 3. List of Budget Amendments for Budget Review 4. List of Budget Amendments with Nil Overall Impact for Budget Review
Additional information:	Nil

SUMMARY

In accordance with the *Local Government (Financial Management) Regulations 1996* a review of the 2020-2021 annual budget has been completed and the resulting budget review report is presented to Council for consideration and adoption.

A review has been undertaken for each Directorate by analysing the financial performance of all operating activities, operating projects and capital projects and the overall financial position as at 31 December 2020.

This report recommends that Council:

1. Adopt the budget review for the period ending 31 December 2020 and financial reports provided in Attachment 1 and 2.
2. Approve the required budget amendments to the adopted budget for 2020-2021 mid-year budget review as provided in Attachment 2 and 3.
3. Note that a copy of this report will be sent to the Department of Local Government, Sport and Cultural Industries in accordance with Regulation 33 of the *Local Government (Financial Management) Regulations 1996*.

BACKGROUND

The *Local Government (Financial Management) Regulations 1996*, regulation 33A requires that local governments conduct a budget review between 1 January and 31 March in each financial year. A copy of the review and the determination is to be provided to the Department of Local Government and Communities within 30 days of the adoption of the review.

The City has undertaken the review within this period based on the year to date revenue and expenditure position as at 31 December 2020. Finance Officers reviewed the budget performance for each service unit with the responsible Manager. The entire draft budget review was then considered by the Executive Team.

In addition to this annual budget review the City reviews it's actual versus budget position on an ongoing basis and proposed budget amendments to the adopted budget are

submitted to Council on a monthly basis in accordance with the Budget Management Policy.

FINANCIAL IMPLICATIONS

After taking into account variances and adjustments, the mid-year Budget Review has provided an overall nil net budget variance.

The following is the summary of the budget amendments by directorate:

Directorate	Description	Category	Budget Amendment	Manager Comments
	Opening Surplus	Opening Surplus	1,535,883	Balance of opening surplus from 2019-2020 financial year to be allocated
Office of the Chief Executive		Net Savings	\$57,300	Budget savings of \$57,300
City Business		Net Savings	\$520,840	Budget Savings of \$520,840
Community Development		Net Savings	\$206,350	Budget Savings of \$206,350
Strategic Planning and Projects		Net Deficit	(\$79,775)	Additional Budget Requested \$79,775
Infrastructure and Projects		Net Deficit	(\$1,242,159)	Additional Budget Requested \$1,242,159
People and Culture		Net Deficit	(35,000)	Additional Budget Requested \$35,000
100034.5960	COVID Provision	Operating Expenditure	(963,439)	Contingency for potential impact on revenue due to COVID
	Staff Establishment	Nil overall	-	
	Staff Establishment	Net Savings	905,000	Net staff establishment savings
	Agency Labour/Consultancy	Net Deficit	(400,000)	Additional budget of \$400,000 requested for agency labour/Consultancy, funded from salary savings.
	New Positions	Net Deficit	(285,000)	Additional budget of \$285,000 requested for new positions, funded from salary savings.
	Leave Provision & Long Service Leave Transfer Required	Net Deficit	(220,000)	Additional budget of \$170,000 requested for leave accruals and additional budget of \$50,000 required for long service leave transfer to other councils, funded from salary savings.
	Grand Total		-	

The amendments to budget account numbers to the adopted budget for 2020-2021 are submitted to Council for approval as outlined at *Attachment 3 List of Budget Amendments for Budget Review*.

Budget Amendments – Nil Overall Impact

The amendments to budget account numbers to the adopted budget for 2020-2021 are a reallocation of budget from one account to another with a nil budget impact are submitted to Council for approval as outlined at *Attachment 4 List of Budget Amendments with Nil Overall Impact for Budget Review*.

LEGAL IMPLICATIONS

Regulation 33A of the Local Government (Financial Management) Regulations 1996 requires a review of the annual budget to be carried out between 1 January and 31 March in each financial year.

The review is to be submitted to Council within 30 days and must:

- (a) *consider the local government's financial performance in the period beginning on 1 July and ending no earlier than 31 December in that financial year; and*
- (b) *consider the local government's financial position as at the date of the review; and*
- (c) *review the outcomes for the end of that financial year that are forecast in the budget.*

Council is to consider the review and determine whether or not to adopt the review, any parts of the review or any recommendations made in the review.

Within 30 days after Council has made a determination a copy of the review and determination is to be provided to the Department.

CONSULTATION

Nil

OFFICER COMMENT

The budget review results in a nil overall effect and the forecasted financial position for the City at the end of financial year will remain unchanged at end of financial year.

A detailed rate setting statement for the period ending 31 December 2020, incorporating adopted budget amendments to date for this financial year is presented for council to consider in the attached.

The report recommends amendment to budget line items where a material variance between the current budget and the expected outcome at end of financial year is anticipated as these variances will have an impact upon the expected end of year surplus or deficit. A detail of individual account changes is provided in the table above.

The following table provides a summary of the budget review results by Nature and Type. Positive variances shown as \$xxx and negative variances are shown as (\$xxx) in red parentheses. The full Rate Setting Statement which provides a summary of proposed budget amendments with current budget and year to date actual is attached.

Description	Budget Amendment
	\$
Net current assets at start of financial year - surplus/(deficit)	1,535,883
Revenue from operating activities (excluding rates)	
Operating Grants, Subsidies and Contributions	93,380
Fees and Charges	389,845
Interest Earnings	(55,000)
Reimbursement Income	(174,334)
Other Revenue	127,000
	380,891
Expenditure from operating activities	
Employee Costs	374,620
Employee costs - Agency Labour	(400,000)
Materials and Contracts	(749,385)
Utility Charges (gas, electricity, water)	69,000
Other Expenditure	(1,213,439)
	(1,919,204)
Amount attributable to operating activities	(2,430)
Investing Activities	
Capital Revenue	
Capital Grants and Subsidies/ Contributions for the development of Assets	716,555
	716,555
Capital Expense	
Purchase Community Land and Buildings	(1,124,000)
Purchase Infrastructure - Roads	(143,146)
Purchase Infrastructure - Parks	(552,075)
Purchase Infrastructure - Other	(5,000)
Purchase Plant and Equipment	(5,904)
	(1,830,125)
Amount attributable to investing activities	(1,113,570)
Reserve Transfers	
Transfer to Reserves (Restricted) - Capital	32,000
Transfer to/from reserves	32,000
Amount attributable to financing activities	32,000
Budgeted deficiency before general rates	(1,084,000)
General rates estimated to be raised	1,084,000
Closing Funding Surplus (Deficit)	-

A snapshot highlight of the major variances (<> \$50,000) included in the budget review (excluding staff establishment and agency labour) by Directorate are as follows:

CEO Directorate

The net result from CEO directorate is an overall saving in the budget of \$57,300. The net variance by team is as follows:

Team	Amount
Festivals Team	-
Fremantle Arts Centre Team	57,300
Grand Total	57,300

A summary of significant adjustments within this budget review for CEO Directorate are:

Team	Account Details	Amount	Reason
Fremantle Arts Centre Team	Admission and Membership Inc	300,000	Increase in revenue from education services due to more courses at Fremantle Art Centre
Fremantle Arts Centre Team	Commission Inc	52,000	Additional revenue received as larger Christmas Bazaar with more stalls was achieved than estimated
Fremantle Arts Centre Team	Contract Exp - Security Services	60,660	Decrease Expenditure and Revenue Budget - Reduction in South Lawn Events due to COVID restrictions
Fremantle Arts Centre Team	Hire Rent Inc	(120,300)	
Fremantle Arts Centre Team	Materials Exp - Trading Stock	87,000	Fewer events resulting in less trading stock required
Fremantle Arts Centre Team	Merchandise Sales Inc	(302,390)	Increase revenue of \$72,500 from Sunday Music program, offset by \$374,890 revenue reduction in South Lawn Events due to COVID Restrictions

City Business Directorate

The net result from City Business directorate is an overall saving in the budget of \$520,840. The net variance by team is as follows:

Team	Amount
Business Solutions and Development Team	(165,000)
City Business Leadership	(75,000)
Commercial Parking Team	54,840
Commercial Property Team	(13,500)
Community Safety and Rangers Team	5,000
Economic Development Team	-
Environmental Health Team	(18,500)
Field Services Compliance Team	(20,000)
Field Services Management	8,000
Finance Team	(100,000)
Information and Technology Management	(15,000)
IT Operations Team	(16,000)
Parking Compliance Team	7,000
Revenue Team	869,000
Grand Total	520,840

A summary of significant adjustments within this budget review for City Business are:

Team	Account Details	Amount	Reason
Business Solutions and Development Team	Software Licence Exp	(140,000)	Increase expenditure required for software licencing: \$50,000 for TechOne Licence and \$90,000 for M-Files
City Business Leadership	Contract Exp - Legal	(100,000)	Additional budget requested for Legal fees in regard to Fremantle Markets and High Street
Commercial Parking Team	Property Lease Exp	52,320	Reduction in lease fees due to decreased estimated parking revenue for Car Park 31 Fishing Boat Harbour as lease fees based on parking revenue under agreement.
Economic Development Team	AccumSurp - Transf from Reserve (Capital Projects)	(500,000)	Less reserve transfer required due to the savings of \$500,000 from P-11829 Design and construct-Kings Square Commercial tenancy.
Economic Development Team	Capital WIP- Contract Labour and Materials	500,000	Budget savings of \$500,000 from P-11829 Design and construct-Kings Square Commercial tenancy. The savings used to fund additional budget request for P-10297 Construct-Walyalup Civic Centre and Library (KS)
Economic Development Team	Contract Exp - Consultants	(90,560)	FUNDED PROJECT Programme Expert in Residence funded from Department of Industry grants and unspent grants from Notre Dame.
	Grant funded	90,560	
Finance Team	Interest Inc - Bank and Term Deposit	(100,000)	Decrease Revenue Budget - Actual interest rates on term deposits lower than estimated due to the interest rate cut.
Revenue Team	Provision for Doubtful Debts Exp	(250,000)	Provision made for potential bad debts as at 30 June 2021, in particular for Covid 19 relief provided to commercial properties
Revenue Team	Rate Inc - Interims	1,100,000	Interim rates income is more than anticipated due to increased valuation for a couple of improved city centre properties and several industrial properties at Rous Head

Community Development Directorate

The net result from Community Development directorate is an overall saving in the budget of \$206,350. The net variance by team is as follows:

Team	Amount
Communications and Media Team	(20,000)
Community Development Leadership	(30,000)
Community Development Management	(174,000)
Community Development Team	-
Community Legal Centre Team	38,000

Team	Amount
Leisure Centre Team	387,850
Lifelong Learning Team	(3,500)
Visitor Services Team	8,000
Grand Total	206,350

A summary of significant adjustments within this budget review for Community Development are:

Team	Account Details	Amount	Reason
Community Development Management	Capital WIP- Contract Labour and Materials	(144,000)	2 NEW PROJECTS: 1. P-11965 Purchase - Leisure Centre - Disinfectant System (\$50k) 2. P-11968 Purchase - Leisure Centre - Pool blankets (\$94k). Full details of these projects are available below in the section <u>New Projects – Included</u>
Leisure Centre Team	Admission and Membership Inc	344,850	Revenue back to pre-covid levels earlier than expected • Operate Fremantle leisure centre health club (\$164k) • Operate Fremantle leisure centre aquatics (\$81k) • Operate Fremantle leisure centre swim school (\$100k)

Strategic Planning Directorate

The net result from Strategic Planning directorate is an additional budget request of **(\$79,775)**. The net variance by team is as follows:

Team	Amount
Development Approvals Management	35,000
Strategic Town Planning Management	(114,775)
Grand Total	(79,775)

A summary of significant adjustments within this budget review for Strategic Planning are:

Team	Account Details	Amount	Reason
Development Approvals Management	License Permit Inc	75,000	Revenue ahead of year to date budget due to an 25% (approx.) increase in the volume of Planning Applications received by the City (compared to July - Sept of 2019). This is due to the various Government incentives, including the Australian & WA Government Home Builder Grants.

Team	Account Details	Amount	Reason
Strategic Town Planning Management	Capital WIP- Contract Labour and Materials	(114,775)	NEW PROJECT- P11974 - Contribution - Knutsford St Precinct Infrastructure. The City's share of the Knutsford St infrastructure upgrade works

Infrastructure & Projects Directorate

The net result from Infrastructure & Projects directorate is an overall deficit in the budget of **(\$1,242,159)**. The net variance by team is as follows:

Team	Amount
Asset Management Team	(830,000)
Buildings Project Management Team	-
Construction and Maintenance Teams	(36,275)
Facilities and Environmental Management	(10,000)
Facilities Management (Buildings)	(111,000)
Infrastructure and Strategic Projects Leadership	(8,334)
Infrastructure Engineering Management	(15,000)
Parks and Landscapes Management	(8,000)
Parks and Landscapes Team	(100,000)
Traffic and Engineering Design Team	(17,000)
Waste Collection Team	(106,550)
Grand Total	(1,242,159)

A summary of significant adjustments within this budget review for Infrastructure & Projects are:

Team	Account Details	Amount	Reason
Asset Management Team	Capital WIP- Contract Labour and Materials	(900,000)	Budget for new project P-11670 Design and construct - Leisure Centre Pool Roof (\$900k) Full details of these projects are available below in the section <u>New Projects – Included</u>
Buildings Project Management Team	AccumSurp - Transf from Reserve (Capital Projects)	500,000	Transfer budget for P-10297 Construct-Walyalup Civic Centre and Library (KS) funded from P-11829 Design and construct-Kings Square Commercial tenancy.
	Capital WIP- Contract Labour and Materials	(500,000)	
Construction and Maintenance Teams	Contract Exp - General	(50,000)	Private works for Fire Clean up, fully reimbursed from City of Melville.
	Private Works and Reinstatement Inc	50,000	
Parks and Landscapes Management	Capital WIP- Contract Labour and Materials	(404,075)	Budget for new project P-10412 - Design and Construct – Booyembara Park Masterplan (\$404,075) funded by cash-in-lieu contribution from East Village subdivision.
	Contribution Inc - From Trust Funds - Capital	404,075	

Team	Account Details	Amount	Reason
			Full details of these projects are available below in the section <u>New Projects – Included</u>
	Capital WIP- Contract Labour and Materials	(180,000)	Budget for P-11819 - Design and Construct – Dick Lawrence – Playspace (\$180,000) fully funded by Local Roads and Community Infrastructure program.
	Non-Operating Grant-Dept of Infrastructure	180,000	
			Full details of these projects are available below in the section <u>New Projects – Included</u>
Parks and Landscapes Team	Contract Exp - General	(55,000)	Cost for Maintain Play Equipment higher than budgeted reactive maintenance and compliance repair works.
Waste Collection Team	Other Inc - Handling Fee	105,000	Decrease Revenue Budget - Net reduction of revenue (\$42,000) for Container Deposit Scheme. Slow start experienced by all refund points as many people didn't start to bring in collected containers until December. Original budget split to Reimbursement income (payments made in cash to customers for containers reimbursed by WARRRL (WA Return Recycle Renew Ltd) and Handling fee (Commission income).
	Reimbursement Inc	(147,000)	
	Contract Exp - Cash Collection	(156,200)	
	Contract Exp - General	122,500	

People and Culture Directorate

The net result from People and Culture directorate is an overall deficit in the budget of **(\$35,000)**. The net variance by team is as follows:

Team	Amount
People and Culture Management Team	(35,000)
Grand Total	(35,000)

Employee Cost and Agency Labour

The forecast for employee cost is an estimated \$905,000 in savings from salaries and wages. This is mostly due to vacancies throughout the year. Of this \$400,000 is required to offset the increase expenditure required for agency staff and consultancy due to the use of temporary staff. Of this \$285,000 is required for new positions. The remaining balance of \$220,000 is being used to fund the leave provision and long services leave transfer to other councils. The net result from the staff establishment and agency labour is nil in the below table.

The staff establishment and agency labour summary by Directorate is as below:

Directorate	Budget Amendments			
	Staff Establishment Savings	Agency Labour/ Consultancy	New Positions	Grand Total (+Budget Savings)
CEO	135,000		(50,000)	85,000
City Business	130,000	(60,000)		70,000
Community Development	170,000			170,000
Strategic Planning and Projects	70,000			70,000
Infrastructure and Projects	360,000	(340,000)	(195,000)	(175,000)
People and Culture	40,000		(40,000)	0
Sub Total	905,000	(400,000)	(285,000)	220,000
Less Leave Provision & Long Service Leave Transfer Required				(220,000)
Balance				0

Revenue Provision – Included

It is proposed as part of this budget review to establish a COVID provision for the amount of \$963,439 as a contingency for the potential impact on revenue due to any future COVID restrictions. This will allow Council to absorb any financial impact as a result of COVID-19 restrictions that may occur to this value. This account can be reviewed by council at year end.

New Projects – Included

It is proposed as part of this budget review to fund the following new projects:

Team	Account Details	Net Amount	Reason
Economic Development Team	P-11973 Entrepreneurs Program- Expert in Residence	-	FUNDED PROJECT Programme Expert in Residence funded from Department of Industry grants and unspent grants from Notre Dame. Budget \$90,560

Team	Account Details	Net Amount	Reason
Community Development Leadership	Project-10186 Prepare a community facilities plan	(30,000)	FUNDED PROJECT Budget required for consultancy cost to prepare a community facility plan, funded from salary savings in Asset Management. Note: Consultant has been engaged.
Community Development Management	P11964 - Purchase - Leisure Centre - Leak Monitoring	(30,000)	NEW PROJECT As required by Australia Standard AS29237:2019 - The storage and handling of liquified chlorine gas. The leak monitoring system is required to be able to alert / notify an operator that there is a leak 24/7.
Community Development Team	P-11965 Purchase - Leisure Centre - Disinfectant System	(50,000)	NEW PROJECT Replace existing System 3 (Program Pool) Ultraviolet Light Disinfectant System. Current unit is old and damage wipers are not working / motherboard is not working.
	P-11968 Purchase - Leisure Centre - Pool blankets	(94,000)	NEW PROJECT Replacement of failing pool blankets. Current blankets pose an OSH risk.
	MP - Age Friendly Communities - Together Again Cafe Project	-	FUNDED PROJECT Grant to be received from Department of Communities for programme Together again Café. Budget of \$15,000
Strategic Town Planning Management	P11974 - Contribution - Knutsford St Precinct Infrastructure	(114,775)	NEW PROJECT The City's share of the Knutsford St infrastructure upgrade works
Infrastructure Engineering Management	P-11966 Design and Construct - Montreal St - Traffic Calming	(10,000)	NEW PROJECT Installation of traffic calming on Montreal Street in conjunction with Fremantle Golf Course realignment and High Street projects
	P-11977 - Design and Construct – CBS Crossing	-	FUNDED PROJECT To design and construct a new guarded school crossing on High Street between Parry Street and Stirling Street, to improve safety for pedestrians and schoolchildren. Fully funded project budget of \$28,000 by Christian Brothers College.
	P-11976 Install - Kellow Place - Solar Lighting	(5,000)	NEW PROJECT Kellow Place in Fremantle has a PAW (public access way) which was closed to the public for a trial period by the City. The trial has now finished, and the Department of Planning has ordered the access way be re-opened. A recommended condition of opening is to install lighting. This project is for the supply and installation of suitable lighting to comply with the recommended condition before opening the PAW to the public.
Parks and Landscapes Management	P-10412 - Design and Construct – Booyembara Park Masterplan	-	FUNDED PROJECT Review of the Booyembara Park masterplan (1999) and design and construct outstanding elements. Commencement of Stage 1 works at Booyembara Park funded by cash-in-lieu contribution from East Village subdivision. Budget of \$404,075

Team	Account Details	Net Amount	Reason
Parks and Landscapes	P-11819 - Design and Construct – Dick Lawrence - Playspace	-	FUNDED PROJECT Renewal of play space at Dick Lawrence Oval fully funded by Local Roads and Community Infrastructure program. Budget of \$180,000
	P- 11978 - Proclamation Tree Plaque	(8,000)	NEW PROJECT Replacement of the Proclamation Tree Plaque
Asset Management Team	Manage salary of Asset Management Team	30,000	FUNDED PROJECT Salary vacancy savings used to fund consultancy cost for Communities Facilities Plan P10186
	P-11670 Design and construct - Leisure Centre Pool Roof	(900,000)	NEW PROJECT Refurbish existing roof structure and replace roof sheeting. Current sheeting has reach end of life and is a risk to pool users. The project will also reduce energy usage and create a better environment for pool users and staff.
People and Culture Management Team	P-11655 Plan-Kings Square change management	(20,000)	NEW PROJECT Stage 1 of project for post-move change, culture and utilisation survey and recommendations report to collect pre-move data in order to measure the impact of the move. The City has not undertaken a change, engagement or culture survey since 2018. The data collected will enable the City to better adapt and match our workplace to our staff needs, this is the critical next phase of a transition to ABW.
Grand Total		(1,231,775)	

Requested Projects – Excluded

For Council information the following projects were requested as part of budget review however have been excluded through the Executive Management review process. Therefore, these projects are not been included in the budget amendments to be approved. As the current budget review is balanced, to include any of these projects will require an amendment to another line item. Alternatively, these projects may be considered as part of next year's long-term financial plan and annual budget process.

Team	Account Details	Net Amount	Reason
Community Development Management	Leisure Centre - Lane rope replacement	30,000	Replacement of lane ropes that are nearing end of life.
Asset Management Team	Kings Square – Town Hall balcony reinstatement	325,000	Refurbish and upgrade the Fremantle Town Hall balcony dress circle to improve all abilities access and make structurally sound.
Infrastructure Engineering Management	Design and Construct - Nicholas Street - Drainage	35,000	Construction of pits and pipe system and connect into the existing drainage sump network.
	Program - Road safety - South Tce Node 2	268,000	South Tce - Jenkin St is the second Node within the South Terrace Traffic Calming Project. The South Tce-Jenkin St Node works are designed to slow down motorists, encourage pedestrian movements and is bicycle friendly. Drainage works have already

Team	Account Details	Net Amount	Reason
			been completed at this intersection in 18/19. This budget request will fund the completion of the surface level treatment works which includes the footpath widening, road narrowing, removal of temporary speed humps and installation of intersection plateau, street furniture, landscaping and ground level artworks.
	Design and Construct - Duffield Street - Footpath	60,000	Design and construction of a pedestrian footpath on Duffield Avenue joining the footpath infrastructure in Beaconsfield. There are currently no pedestrian facilities on Duffield Ave. This local street is adjacent to a local primary school and Fremantle College. Requests from residents have also been received to build this missing link of infrastructure.
Facilities Management (Buildings)	P-11971 Design and construct - Depot - Staff amenities	60,000	The current external amenity at the depot has one female toilet and two pans in the male side of the toilet block which does not meet the required number of toilets as per current workplace standards. In addition, the toilets are not accessible and in poor condition. The depot requires a new toilet block which increase the number of toilets to meet current workplace standards. In addition, the toilet block must be of a flexible design (transportable) so that it can be relocated if the depot were to be re-organised for future land development. This will require hydraulic works to be done based on a suitable location that is accessible to existing underground services.
Parks and Landscapes Management	Design and Construct - Coral Park - Irrigation	25,000	Replacement of Coral Park irrigation system
	Design and Construct - Alfred Park - Irrigation	40,000	Replacement of Alfred Park irrigation system
	Install - Stevens Reserve - Cricket nets	15,000	Park Infrastructure Renewal of astro turf cricket nets.
	P-11969 - Program - Parks - Infrastructure	100,000	Renewal of assets to improve park amenity including benches, drinking fountains, sporting infrastructure.
	Total	958,000	

VOTING AND OTHER SPECIAL REQUIREMENTS

Absolute majority required

OFFICER'S RECOMMENDATION

Council:

- 1. Adopt the budget review for the period ending 31 December 2020 and financial reports provided in Attachment 1 and 2.**
- 2. Approve the required budget amendments to the adopted budget for 2020-2021 mid-year budget review as provided in Attachment 2 and 3.**
- 3. Note that a copy of this report will be sent to the Department of Local Government, Sport and Cultural Industries in accordance with Regulation 33 of the *Local Government (Financial Management) Regulations 1996*.**

FPOL2103-8 CLIMATE CHANGE ENGAGEMENT

Meeting date:	10 March 2021
Responsible officer:	Manager Strategic Planning
Decision making authority:	Council
Attachments:	1. Climate Change - Engagement Report - October 2020 2. Draft Climate Emergency Position Statement
Additional information:	Nil

SUMMARY

On 22 May 2019, Council was presented with a letter from the Fremantle Youth Network expressing concern regarding climate change and calling for action. Council resolved to declare that the world is in a state of climate and biodiversity emergency, and to seek feedback from the community on further actions it might take to give effect to the declaration.

After cancellation of an initial program due to COVID-19, a lower key engagement was conducted in September/October 2020. The purpose of this report is to consider the outcomes of this process and further steps Council may wish to take in response. It recommends that Council note the feedback received to date and support progression of a second stage of engagement, adopt a consolidated Climate Emergency Position Statement and continue advancement of the Corporate Energy Plan.

BACKGROUND

On 22 May 2019, Council received a letter from the Fremantle Youth Network regarding climate change and calling for action on this, and resolved to:

1. *Accept the Fremantle Youth Network's letter to council and support the Networks concerns on the important issue of climate change in the City's continuing advocacy.*
2. *Acknowledge the latest report of the Intergovernmental Panel on Climate Change (IPCC).*
3. *Declare that we are in a state of climate and biodiversity emergency that requires urgent action by all levels of government, including by local councils.*
4. *Acknowledge that the City of Fremantle is likely to be substantially affected by climate impacts, particularly sea level rise, heat waves, drought and floods.*
5. *Call upon the State and Federal Governments to:*
 - a. *acknowledge that there is a climate and biodiversity emergency, and*
 - b. *back this up with legislated programs to drive emergency action to reduce greenhouse gas emissions and meet the lower of the Paris Agreements at 1.5%.*
6. *Agree to continue to work with the Fremantle Youth Network in our continuing advocacy on this important issue.*
7. *In conjunction with the Fremantle Youth Network write to the Fremantle federal and state members and to relevant federal and state ministers advising them of council's resolution and urge them to acknowledge a climate emergency and to act with urgency to address the crisis.*

8. *Seek feedback from the community on further actions it might take to give effect to the declaration and the results of this feedback to be subject to a further report at the next appropriate meeting of council. (C1905-1)*

An engagement process responding to the request for community feedback specified in Resolution 8 was originally planned to commence with the Fremantle Youth Climate Forum programmed for April 2020. Unfortunately, COVID19 and its impacts lead to the cancellation of the event and the budget allocated for it. As an alternative, in September, the City hosted a seminar on climate change responses called “*Speeding up the low carbon transition*” and launched a survey on how the Fremantle community would like to be engaged on the topic of climate change, as a first step in the process.

My Say Freo survey: “Climate Change: what’s next for Fremantle?”

From 10 September 2020 to 18 October 2020 the survey was run via My Say Freo. Its purpose was to gain a preliminary understanding of how the community was thinking about climate change, including any concerns and hopes for the future. The survey also included questions regarding how people wanted to engage with the topic of climate change. 76 responses were received as outlined in the attached Engagement Report. Feedback has also been received through less structured engagement, including from the Youth Network, and One Planet and low carbon living seminars run at Knutsford.

What we heard

The key findings from the process were that:

- When asked if climate change is an **important issue** to them, to 93% of survey respondents said it is. Themes that consistently arose were the wide-reaching nature of the impacts, concern for future generations, deep concern with destruction and existential threat, a need to take responsibility and wanting a better future. For those who said it isn’t an issue of concern the main reason was concern over pressing day-to-day issues or that climate change shouldn’t be a concern of Council.
- The most popular topics that respondents wanted to **learn** about were economy and built environment, followed by politics and personal action.
- The most preferred methods of **participation** were in-person seminars and practical actions, followed by field trips and webinars. Access requirements included proximity to public transport routes, daytime scheduling, provision of quiet space and recordings made available online.
- **Lobbying** state and federal governments for climate change action and adaptation was the top action that respondents believe the City of Fremantle should prioritise in order to respond to climate change. Many other suggestions for action were made.
- In addition, the final question in the survey asked people to nominate themselves if they had particularly knowledge of or personal experience of climate change that they were willing to share, to which 20 people responded with offers relating to a wide variety of climate change relevant topics.

The engagement responds to Council's objectives act as a transparent and responsive organisation working in partnership with the community, with the action on climate change contributing to its objectives around environmental responsibility and leadership. Additionally, engagement with the community on climate change issues is one of the actions in the recently adopted One Planet Action Plan.

OFFICER COMMENT

Responding to the feedback gathered in the initial engagement, and working within the current year's budget parameters and COVID restrictions (and potential risks), a program of events relevant to climate change is proposed that initially focuses on:

- Provision of opportunities for people to attend seminars/webinars that cover some of the preferred topic areas.
- Livestreamed (to Covid-proof) field trips to locations of climate change impact around the City.
- Building community resilience to the impacts of climate change.

The following schedule is proposed for the remainder of the financial year:

1: Seminar series continues online

April and June 2021, venue(s) TBC

Building on the "Speeding up the low carbon transition" seminar of 22 September 2020, the following topics are proposed for two livestreamed webinars, in line with the outcomes of the survey.

Social impacts of climate change

- Implications for people experiencing vulnerable situations (e.g. homelessness, disability)
- Rental stress in inefficient homes
- Health implications

Climate change and risk

- How the finance and insurance industries are responding to climate change
- Asset management in a changing climate
- Planning in a changing climate

2: Livestream: *Climate change in Fremantle field trip with local experts*

August, 2021

The field trip could be to one of several locations around the City that is or will be experiencing impacts from climate change, guided by staff from relevant areas and potentially other experts on the topic (e.g. from Murdoch University). The purpose is to provide community members with the opportunity to discuss the direct impacts of climate

change in person, and for staff to talk about the work the City is undertaking towards climate proofing Fremantle.

The fieldtrips would be livestreamed using a service such as Facebook Live, which would allow people to ask questions of the presenter. The video could then be uploaded to the City's YouTube channel and promoted through its social media channels.

Topic areas could include:

- Indigenous perspectives on climate change – rising seas between Manjaree and Wadjemup
- Heritage – impacts on West End from sea level rise, inundation and increased storms
- Biodiversity – habitat loss and restoration
- Walking city – returning to low carbon transport in a changing climate
- Heat island effect, growing our urban forest, what to do when you can't plant trees
- Water – how to maintain and enhance POS with more hot weather and less water
- Coastal issues – sea level rise, erosion, inundation, acidification

In addition to the above, the City will continue to engage with the community on climate change through the following channels:

Climate Clever

- Further expand communications campaign to increase signups to Climate Clever.

1 Million Women

- Further expand communications campaign to encourage people to download and use the app to make commitments to reducing their carbon footprint.
- Create and publish content for 1 million women app

City of Fremantle website

- Finalise updates and new content about climate change and its impacts for inclusion on City's website.

Additions for 2021/22

Subject to resource availability, and hopefully less risk associated with COVID, additional initiatives contemplated for 21/22 include:

Building Resilience Pitch Night

- Co-host a "pitch evening" in collaboration with community groups such as the Fibonacci Centre and FIAQ, which is basically a networking event for people who want to share knowledge and skills related to sustainability and community resilience and find potential collaborators.
- Extend first invitations to those who offered to share knowledge and skills in the survey

Practical skills workshops

Workshops related to building resilience at home and learning practical climate proofing skills could cover the following topics:

- Climate proofing gardens and home.
- Energy efficiency, renewable energy.
- Building resilience at home and with your local community.

Visioning activities

This project could have two parts, and act as a feed into the Strategic Community Plan review programmed for 21/22-22-23:

1. Facilitated workshop

Participants explore different visions for the future, climate catastrophe and “business as usual” versus a resilient community and adapted/adaptable urban form.

2. Postcards from Freo’s Future

Creative project asking people to tell us, while reflecting on the changing climate, “What does Fremantle look like in 2050?”. Prompts could include

- Did the world act to bring down emissions?
- How did Fremantle manage to climate proof itself?
- What’s it like to live in 2050?

Postcards could be printed at home or available at Town Hall, cafes, visitor’s centre, and will be displayed around the city in empty shop windows, café windows, possibly the new admin centre. It would also be possible to use the City’s social media and web presence to share the postcards, similar to the [Is This How You Feel](#) project.

Seminar series continues

Communicating about climate change

- Conversations with friends and family
- Getting involved: influencing change

Other actions resulting from the survey

In addition to events and workshops, it was clear from the survey that participants wanted the City to continue to advocate for action on climate change, and work on reducing its own emissions.

Advocacy

One of the main findings of the climate change engagement survey was that the City should continue to advocate for action on climate change from all levels of government. In order to do this effectively and consistently, a consolidated position statement regarding climate emergency has been prepared, drawing on Council’s previously adopted positions (Attachment 2). In addition to support advocacy, the position statement assists in the clear communication of Council’s position to the community.

Development of a Climate Emergency Action Plan could also assist in articulating the City's response to the climate emergency and raise awareness of the issue as being one of importance for all levels of government. The development of an Action Plan would gather together and make visible climate proofing and mitigation actions the City already undertakes or has planned and assist in identifying any gaps in its response. WALGA will soon be providing templates that would assist in this process. This exercise is not, however, considered as high a priority as advancing the key recommendations from existing plans such as the Corporate Energy Plan, and so is not recommended for pursuit at this time.

Corporate emissions

The other main finding was that the City should focus on reducing its own emissions. As such, the City should continue to implement (and ideally fast track) the recommendations in Corporate Energy Plan to achieve net 100% renewable energy by 2025 including:

- Facilitating completion of the South Fremantle solar farm.
- If the solar farm does not progress, participating in a group renewable energy power purchase agreement through WALGA or purchasing renewable energy through the standard electricity contract.
- Working with Western Power to change streetlights to energy efficient LED lights.
- Developing a low carbon fleet plan.
- Developing a plan to transition City owned buildings away from natural gas consumption.

FINANCIAL IMPLICATIONS

Events proposed for the remainder of 20/21 can be accommodated within existing resource parameters. Some additional activities contemplated for 21/22 (such as the skills workshop and facilitated visioning) would be subject to budget availability, at an estimated cost of \$7500.

The cost implications of implementing the Corporate Energy Plan vary and are dependent on several factors. The costs of shifting electricity to 100% renewable range from \$65,000 to \$250,00 per year additional cost, depending on source and lock in period. The Corporate Energy Plan includes recommendations for transitioning streetlights to LED, which has an upfront cost of approximately \$2.5m and a \$300k per year saving in energy costs, with an approximate ten-year payback period. These matters are subject to separate reporting.

LEGAL IMPLICATIONS

Nil

CONSULTATION

Engagement process and findings outlined in attached Engagement Report.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION

Council

- 1. Note the community feedback on Climate Change received as outlined in the Engagement Report provided in Attachment 1.**
- 2. Note and support the following actions proposed in response to the community feedback received on Climate Change:**
 - a. the program of additional engagement and capacity building proposed for 20/21**
 - b. additional engagement and capacity building activities in 21/22 (subject to budget availability)**
 - c. progression of implementation of the Corporate Energy Plan (subject to budget availability).**
- 3. Adopt the Climate Emergency Position Statement provided in Attachment 2 for the purposes of coherent communication of Council's previously adopted positions.**

**FPOL2103-9 STRATEGIC COMMUNITY PLAN REVIEW 2022: PROPOSED
ENGAGEMENT METHODOLOGY**

Meeting date:	10 March 2021
Responsible officer:	Manager Strategic Planning
Decision making authority:	Council
Attachments:	1. Draft SCP Review Part 1 - Engagement Methodology
Additional information:	1. Summary of Proposals Received (Confidential) 2. Cost Estimate for Preferred Approach (Confidential)

SUMMARY

In November 2020, Council resolved on a broad pathway to review the Strategic Community Plan and the key strategies which support it. The purpose of this report is to consider a proposed methodology and associated budget requirements to undertake this.

This report recommends that Council:

1. Endorse the broad engagement methodology for the Strategic Community Plan review outlined in Attachment 1.
2. Support 'in principle' inclusion of the budget estimate of \$173,500 for engagement on the Strategic Community Plan review in the draft 21/22 budget.

BACKGROUND

The Local Government Act requires that each local government have a 'plan for the future'. The Local Government (Administration) Regulations specify that this include a Strategic Community Plan which must be reviewed at least every four years in consultation with the community. A set of integrated planning guidelines published by the Department of Local Government provide further guidance on this.

On 25 November 2020, Council considered a report outlining the findings of an audit of strategic documents, and a logical pathway to review and update the Strategic Community Plan and progressively align documents into a simpler and more coherent framework (FPOL2011-9). Council consequently resolved to:

Approve:

- a. *The planned review of the Strategic Community Plan over two financial years in 21/22 – 22/23 (subject to budget approval).*
- b. *The development of a methodology for the review which:*
 - i. *Builds on previous engagement processes.*
 - ii. *Re-examines community priorities in the post COVID-19 environment.*
 - iii. *Explores implications of Westport for Fremantle (should relocation of the port continue to be maintained as the state's preferred long term option).*
 - iv. *Includes of the development of Fixed Core Strategies addressing each of Key Focus Areas of the Strategic Community Plan as part of the review.*

The resolution also requested that:

a further report be submitted to Council by March 2021 outlining the proposed methodology and associated budget requirements of the proposed review to inform the 21/22 budget.

The purpose of this report is to outline the proposed methodology and budget requirements for the review.

Maintenance of the City's strategic planning framework contributes to several Capability objectives outlined in the current Strategic Community Plan and enables resource capabilities to be better matched to the community's needs and priorities.

OFFICER COMMENT

The key outputs of the project will be a new Strategic Community Plan, key strategies for its delivery, and an engagement report documenting the process and input received.

The key outcomes should include; an integrated strategy; clearer priorities; measurable and robust performance monitoring; representative and transparent community input; enhanced community understanding of the role and function of local government, opportunities and constraints; greater ownership of the plan by the community, Council and staff; useful inputs for other activities eg local planning strategy. Updates to the long term financial plan would be an expected consequence.

To inform the development of engagement methodology and determine budget requirements for this review, Requests for Proposals were sought. Four proposals were received, as outlined in (Confidential) Additional Information 1.

Whilst all of the proposals have merit, none are considered to fully address the outcomes sought to the extent desired, particularly with regard to providing sufficient detail to inform the development of subsidiary 'key strategies' (those relating to each of the Strategic Community Plan's 'Key Focus Areas').

Options to progress the engagement component of the review are:

1. Accept the proposal most strongly aligned to Council's expectations (and budget capacity), noting that some internal resourcing will continue to be needed to deliver these; or
2. Define a fixed methodology and seek quotations directly against that; or
3. Define a clear methodology and appoint a suitably qualified contract staff member to deliver it; or
4. Define a clear methodology and divide its delivery between consultants and a suitably qualified but part time contract staff member, working in partnership with each other.

Whilst all options are valid, if Council wishes to pursue the optimum process, Option 4 is recommended. If Council wishes to pursue a simpler, more restricted and contained review, Option 1 would be recommended (potentially with some additions). To some degree, the appropriate option and therefore required budget depends on Council's expectations for scope and scale.

If Option 1 were pursued, the recommended appointment is contained in (Confidential) Additional Information Attachment 1.

If any of the other options were pursued, definition of the methodology and associated budget requirements is required now. A high level proposal for this is outlined in Attachment 1, summarised as follows.

1. Stage 1: 'Understand' (Background and Baseline): July – Nov 2021

Purpose: To summarise where we are at and what we already know so the process can *Build.. on previous engagement processes* (as per Council resolution), and ensure an informed basis for engagement and plan development in the future.

2. Stage 2: 'Define' (Focus Definition) (Nov-Dec 21)

Purpose: To share with post-election Council and key staff the conclusions of Stage 1 (background and baseline) and use this information to agree on potential focal points for engagement (scenarios or critical questions to incorporate into the discussion).

3. Stage 3: 'Explore, Ideate, Test' (Engagement) (Feb – June 22)

There are two almost concurrent components proposed in this stage.

Stage 3A: Broad Engagement (Feb – May 22)

Purpose: Using the outputs from stage 1 and 2, *Re-examine community priorities in the post COVID-19 environment* (as per Council resolution), building community awareness, capacity and engagement, and exploring alternatives and trade-offs.

Offer a spectrum of engagement options so people can opt in based on both their level of interest (low to high) and a range of methods to suit their preferences (online, pop up, in person, self-led discussion).

Stage 3B: Specialist Engagement (Apr to June 22)

Purpose: Test and explore specific issues / focus areas in more detail, incorporating key stakeholders. The issues / focus for 3B should remain flexible to respond to stage 2 outcomes, but likely to include:

- *iii. Explores implications of Westport for Fremantle (should relocation of the port continue to be maintained as the state's preferred long term option). (as per Council resolution)*
- Strategy pathways and priority actions to achieve Key Focus Area outcomes of the Strategic Community Plan.

Additional Information Attachment 2 provides an estimated cost breakdown for the suggested process. With the appointment of a project officer, further refinement to the methodology could occur within the budget parameters.

The next stage of the project (stage 4 'Develop' - 22/23) will involve analysis, strategy development and potentially some further focussed engagement to test the plan and seek feedback if desired. It could involve further targeted engagement on specific budgetary elements to help make any particularly significant decisions: eg. 'To achieve

retain services X and Y at current levels, would you support an increase in rates of Y, or would you prefer to reduce these services?'. Or 'Two significant projects have been proposed to address A: B and C. Which do you think has higher priority and why?' This process would only work where Council genuinely believes either option is appropriate and would only be recommended where Council lacks sufficient information from the earlier processes to make such decisions. Definition of the broad engagement focus in Stage 2 could reduce this eventuality. It is also suggested a community plan launch is factored in post-completion to 'close the loop' with participants and build excitement and maintain ownership on delivery of the strategic plan. Further definition of this stage will occur through Stage 3 above.

In the event that budget capacity is limited, a revised scope tailored to available budget (to be defined) and focussing on service levels and trade-offs to refine and focus the current would be suggested.

FINANCIAL IMPLICATIONS

The cost estimate for the recommended engagement approach is \$173,500. This could be reduced to \$112,500 by removing some elements.

Alternative methodologies outlined by consultants range between around \$30,000 (for a very basic, survey focussed approach) to \$130,000 (for a more comprehensive approach and including preparation of a revised Strategic Community Plan).

LEGAL IMPLICATIONS

Review of the Strategic Community Plan is required under the *Local Government (Administration) Regulations* at least every 4 years.

CONSULTATION

Consultation is required in the preparation of the Strategic Community Plan. This report outlines a proposed methodology for this.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION

Council:

- 1. Endorse the broad engagement methodology for the Strategic Community Plan review outlined in Attachment 1.**
- 2. Support 'in principle' inclusion of the budget estimate of \$173,500 for engagement on the Strategic Community Plan review in the draft 21/22 budget.**

10.3 Items deferred/referred from previous meetings

FPOL2102-2 NEW LEASE – BAKPAK FREO PTY LTD – 18 PHILLIMORE STREET, FREMANTLE

Meeting date: 10 February 2021
Responsible officer: Manager Economic Development and Marketing
Decision making authority: Council
Attachments: Nil
Additional information: Nil

SUMMARY

The purpose of this report is to seek Council approval for a lease term of ten (10) years with a further option of five (5) years for Bakpak Freo Pty Ltd T/A Old Fire Station Backpackers at 18 Phillimore Street, Fremantle.

Bakpak Freo Pty Ltd have been an existing lessee of the City for approximately fifteen (15) years. Due to COVID's impact on the tourism industry, the lessee proposes to redevelop the ground floor into a bar/restaurant. The proposed redevelopment is estimated at \$450,000.

BACKGROUND

The Old Fire Station, 18 Phillimore Street, Fremantle is a 1900's two story brick heritage registered building, with an area of 941m². It was originally constructed as a fire station and was redeveloped into hostel accommodation. There are two smaller rear buildings also fitted out for this purpose.

The City entered a lease with Brett Wariedor Neville for a term of five (5) years effective 26 August 1999 with a further term of five (5) years expiring 25 August 2009. Mr Neville assigned the Lease to Maria and Bruce Luck, Directors of Bakpak Freo Pty Ltd effective from 31 July 2005. Prior to the expiry of the Lease the City approved a further term of five years effective from 26 August 2009 expiring 26 August 2014.

At the time, the property was used for hostel accommodation and a restaurant with a partial section of the ground floor occupied by the Bengal Indian Restaurant. In 2012, due to an increase in demand for accommodation facilities the lessee closed the restaurant and converted the area into additional hostel accommodation. To allow time to recoup the lessee's financial investment Council approved a further lease term of ten years effective 26 August 2012 expiring 25 August 2024.

Due to the impact of COVID-19 Bakpak Freo Pty Ltd's current business model is not sustainable. The lessee proposes a reinvention of their business model to include a bar/restaurant on the ground floor using the street frontage of Phillimore Street. They will continue to maintain the hostel accommodation on the first floor and rear of the premises.

To enable the investment of approx. \$450,000 the lessee has requested a further term of ten (10) years with a further option of five (5) years from their current expiry being 25 August 2024.

FINANCIAL IMPLICATIONS

Bakpak Freo pay a rent of \$100,000pa + GST. This rent was determined by a market valuation in August 2019.

While some sectors are starting to perform better since the easing of initial restrictions in 2020, the COVID restrictions relating to interstate and international travel continue to impact accommodation businesses.

For the initial period of COVID, Bakpak Freo Pty Ltd saw a 53.7% decrease in revenue between April – June 2020. Many patrons made emergency arrangements to return home, while those that stayed were obligated to isolate at the backpackers.

When intrastate travel was resumed after the initial lock down, this saw the remaining patrons travel north to warmer weather. The July – September 2020 and October – December 2020 quarters saw a 75% and 72% reduction in revenue respectively.

The City, in line with the *Commercial Tenancy (COVID-19) Response Act 2020*, has provided waivers and deferral options in line with revenue loss. The current arrangement provided is 25% of normal rent (\$25,000pa + GST) being payable up until 31 March 2021, in line with the current end date of the COVID Act.

With no international travel in the foreseeable future, the lessee has requested that the arrangement of 25% normal rent continue beyond 31 March 2021, subject to the opening of the bar/restaurant.

The lessee has continued to maintain payment for all outgoings for the property.

LEGAL IMPLICATIONS

The lease must comply with the requirements of Section 3.58 of the *Local Government Act 1995*. Officers will ensure that this occurs.

Under the Leasing of City property in a competitive manner policy, a property is exempt from a competitive leasing process if a property is leased to a tenant that:

1. Is paying full commercial market rent or above, and
2. Adds significant value to Fremantle's overall tenancy mix and appeal for visitors.

This proposed lease is considered to be exempt from a competitive leasing process due to it aligning with the criteria above.

CONSULTATION

Officers have continued to liaise with Bakpak Freo Pty Ltd throughout the COVID period and in negotiation with the proposed terms within this item.

All consultation in relation to the proposed redevelopment of 18 Phillimore Street will be completed through the Development Application process.

OFFICER COMMENT

The lessee has maintained their lease conditions throughout their tenancy with no arrears or defaults. They have traded under an existing liquor licence since 2005 (restaurant until transferred to special facilities in 2012) with no incursions. It is proposed the existing special facilities liquor licence will be adapted to purpose for the proposed bar/restaurant (subject to approval by the Department Government, Sport and Cultural Industries). If not, the liquor licence would be changed to a hotel liquor licence which would remain consistent with the current lease's permitted use.

The Old Fire Station Backpackers is one of the highest rating backpackers in Fremantle based on online reviews. This status is assisted by the operator assisting international visitors with securing local employment.

Throughout their tenure the lessee has continually adapted their business in line with supply and demand to remain relevant. Their current proposal shows a similar willingness to adapt given the current climate created by COVID-19 and its impact to their existing business model.

Under the Leasing of City property in a competitive manner policy, a property is exempt from a competitive leasing process if a property is leased to a tenant that:

1. Is paying full commercial market rent or above, and
2. Adds significant value to Fremantle's overall tenancy mix and appeal for visitors.

This proposed lease is considered to be exempt from a competitive leasing process due to it aligning with the criteria above.

While COVID-19 and the City's compliance with the *Commercial Tenancy (COVID-19) Response Act 2020* has reduced the rent charged in the interim. The full rent payable under the lease is in line with current market value.

Due to ongoing impact from COVID-19 the Lessee has requested that Council consider extending the COVID rent assistance until they are able to redevelop and operate the bar/restaurant. Under the existing arrangement the lessee would pay 25% of the normal rent payable = \$25,00pa + GST. Currently this arrangement is due to expire 31 March 2021.

The building is ideally suited to hostel or low-cost accommodation – a large level of investment would be required to utilise this building for any other purpose. The lessee has developed a strong business model in this industry.

The lessee's proposal of activating the street frontage on Phillimore Street would create an activation on Phillimore Street that is currently not occurring in this location.

The lessee has requested a term of ten (10) years with a further option of five (5) years. Officers proposed that the further term of five (5) years be subject to the following conditions:

1. The lessee carries no outstanding arrears associated with the initial 10-year term
2. The lessee is not in breach of any lease terms
3. The nature of the lessee's business remains predominantly as backpacker hostel accommodation

The lease would be subject to the lessee securing all required approvals for the proposed redevelopment.

The current lease is due to expire 26 August 2024. It's proposed that the current lease be surrendered and a new lease be considered based on the following essential terms and conditions;

Land Description	
Premises	18 Phillimore Street, Fremantle
Lessor	City of Fremantle
Lessee	Bakpak Freo Pty Ltd
Site Area	941m2
Lease Commencement Date	TBA
First Term	Ten (10) years
Second Term	Five (5) years The further term will be subject to the following conditions being met by the lessee; 1. The lessee carries no outstanding arrears associated with the initial 10-year term 2. The lessee is not in breach of any lease terms 3. The nature of the lessee's business remains predominantly as backpacker hostel accommodation
Annual Rent	\$100,000 per annum + GST
Rent Review	Rent will be determined by Consumer Price Index annually on the Lease Commencement Date. A market rent review will occur every third year of the lease terms (including options).
Outgoings	Outgoings on demand will include but not be limited to; • Council Rates • Emergency Service Levy • Land Tax • Statutory fees and charges • Building Services, repairs and maintenance.
Legal Fees	Each party will be responsible for their own costs.
Public Liability	Minimum of \$20 million
Permitted Use	Hostel Accommodation, Bar and Restaurant

Condition Precedent	The lease will be subject to: 1. Surrender of the existing Lease agreement between the City of Fremantle and Bakpak Freo Pty Ltd 2. The lessee to gain all relevant approvals for the proposed works, including but not limited to landlord approval and Development application approval. 3. The lessee to gain approval for the change of liquor licence consistent with the proposed bar/restaurant.
Special Conditions	1. Lessee's Works Lessee's works definition: (a) Any alternation, improvement or development of the Premises including but not limited to the erection of any building, structure, or fixture on the Premises (including tenancy fit out). (b) The excavation or demolition of any part of the Premises: (c) The removal, sale, or disposal of any materials from the Premises. (1) The Lessee must not undertake works unless: (a) Prior written consent is obtained from the Lessor which will include the submission of a design of the proposed works. Consent may be granted subject to conditions as the Lessor sees fit including but limited to any condition requiring amendment of the plan for the proposed Lessee's Works in a manner deemed appropriate by the Lessor. (b) Planning approval under the local planning scheme and; (c) A building permit under the <i>Building Act 2011</i>. (2) The Lessee shall be responsible for all costs of, or associated with, the Lessee's Works including but not limited to costs of or associated with: (a) an application for planning consent; (b) an application for a building permit; (c) obtaining any other statutory approval required, including Water Corporation approval where necessary; (d) construction or installation of the Lessee's Works; and (e) Installation or upgrade of any services. (3) The Lessor reserves the right to appoint a Lessor representative to oversee all Lessee Works at the Premises and sign off on the completion of key items within the Lessee proposed design. (4) The Lessee will provide certification and public liability for all the Lessee contractors undertaking the Lessee Works at the Premises.

	(5) The parties acknowledge and agree that any Lessee's Works comprising structural improvements shall vest to the Lessor upon Termination of the Lease without cost. 2. Assignment or Sub Letting (1) The Lessee must not assign or sublet any part of the Premises without prior Lessor approval. The Lessee will not unreasonably withhold consent to an assignment or sublease if: (a) The proposed assignee or sub-lessee has been demonstrated by the Lessee, to the satisfaction of the Lessor, has the ability to meet the financial and premises operations obligations under the Lease. (b) All accounts are paid in full up until the date of the assignment or sub lease. (c) The Lessee pays all costs associated with an assignment or sublease. (d) The assignee or sublessee (if required) has provided the Lessor with a bank guarantee in an amount equivalent to equivalent to six months gross rental including GST. 3. State of Emergency Clause The Lessor and Lessee will act in good faith to follow all actions determined by State or Federal Government in relation to a State of Emergency situation. 4. Use of Confidential Information "Confidential Information" means any information relating to the Lease, including but not limited to the provisions of the Lease. (a) To the extent permitted by law, both parties agree to keep the Confidential Information confidential and to use such information only for the purposes of performance of their respective obligations under the Lease. (b) The obligations of confidentiality in paragraph (a) will not apply to information which: (i) is generally available in the public domain except where such availability is as a result of a breach of this agreement; or (ii) is required to be disclosed by an applicable law, including but not limited to the <i>Local Government Act 1995</i> or <i>Freedom of Information Act 1992</i>, or by court order. (c) The obligations imposed will survive the termination of the Lease. 5. Parties to act in good faith
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	Each party agrees to act in good faith throughout the term of the Lease and to not publicly disparage, denigrate or criticize the other party. 6. End of Lease At the end of the lease the Lessor reserves the right to advertise the premises available to Lease. The Lessee will be advised of this process not more than 12 months, no less than 6 months prior to the expiry of the last lease term. The Lessee, subject to no default against the lease, will be entitled to reapply to lease the premises through the public process.
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VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

OFFICER'S RECOMMENDATION

Moved: Cr Hannah Fitzhardinge

Seconded: Cr Doug Thompson

1. Approve a Lease between the City of Fremantle and the Bakpak Freo Pty Ltd for 18 Phillimore Street, Fremantle and authorise the Chief Executive Officer to negotiate the terms and conditions of the lease based on the following:
 - a. Lease area: 941m²
 - b. Lease commencement date: TBA
 - c. First term: ten years
 - d. Second term: five years subject to;
 - a. The lessee carries no outstanding arrears associated with the initial 10-year term
 - b. The lessee is not in breach of any lease terms
 - c. The nature of the lessee's business remains predominantly as backpacker hostel accommodation
 - e. Rent: \$100,000 per annum + GST
 - f. Rent Review: Consumer Price Index annually on the Lease Commencement date. Market rent review every third year.
 - g. Permitted use: Hostel accommodation, bar and restaurant.
 - h. Condition precedent: The lease is subject to;
 - a. Surrender of the existing lease between the City of Fremantle and Bakpak Freo Pty Ltd
 - b. The lessee gaining all planning and building approvals.
 - c. The lessee gaining liquor license approvals.

AMENDMENT 1

Moved: Cr Jenny Archibald Seconded: Cr Andrew Sullivan

Amend the officer's recommendation, to include an additional condition, to read as follows:

- g. Rent Adjustment: From the commencement of the lease the rent payable will be 25% of the Annual Rent until whichever is first of the following;***
 - i. Reopening of international tourism to Western Australia;***
 - ii. Opening of the lessee proposed bar/restaurant;***
 - iii. Two years from the commencement of the lease.***

Amendment carried: 6/1

For

**Cr Andrew Sullivan, Cr Hannah Fitzhardinge, Cr Jenny Archibald,
Cr Doug Thompson, Cr Adin Lang, Cr Sam Wainwright**

Against

Cr Marija Vujcic

Reason for change:

To ensure the rent discount is reviewed against these conditions.

COMMITTEE RECOMMENDATION ITEM FPOL2102-2

(Officer's recommendation, as amended)

1. Approve a Lease between the City of Fremantle and the Bakpak Freo Pty Ltd for 18 Phillimore Street, Fremantle and authorise the Chief Executive Officer to negotiate the terms and conditions of the lease based on the following:
 - a. Lease area: 941m²
 - b. Lease commencement date: TBA
 - c. First term: ten years
 - d. Second term: five years subject to;
 - a. The lessee carries no outstanding arrears associated with the initial 10-year term
 - b. The lessee is not in breach of any lease terms
 - c. The nature of the lessee's business remains predominantly as backpacker hostel accommodation
 - e. Rent: \$100,000 per annum + GST
 - f. Rent Review: Consumer Price Index annually on the Lease Commencement date. Market rent review every third year.
 - g. *Rent Adjustment: From the commencement of the lease the rent payable will be 25% of the Annual Rent until whichever is first of the following;*
 - i. Reopening of international tourism to Western Australia;*
 - ii. Opening of the lessee proposed bar/restaurant;*
 - iii. Two years from the commencement of the lease.*
 - h. Permitted use: Hostel accommodation, bar and restaurant.
 - i. Condition precedent: The lease is subject to;
 - a. Surrender of the existing lease between the City of Fremantle and Bakpak Freo Pty Ltd

- b. The lessee gaining all planning and building approvals.
- c. The lessee gaining liquor license approvals.

Carried: 6/1

For

Cr Andrew Sullivan, Cr Hannah Fitzhardinge, Cr Jenny Archibald,
Cr Doug Thompson, Cr Adin Lang, Cr Sam Wainwright

Against

Cr Marija Vujcic

AMENDMENT 1

Moved: Cr Jenny Archibald

Seconded: Cr Hannah Fitzhardinge

Amend part g, to include an additional condition, as shown in green italics:

- g. Rent Adjustment: From the commencement of the lease the rent payable will be 25% of the Annual Rent until whichever is first of the following:**
 - i. Reopening of international tourism to Western Australia, *or***
 - ii. Opening of the lessee proposed bar/restaurant, *or***
 - iii. An improvement of business operations through regular quarterly review of the financial accounts of the business, or***
 - iv. Two years from commencement of the lease.**

Amendment carried: 11/1

For

Cr Jenny Archibald, Cr Su Groome, Cr Geoff Graham,
Cr Hannah Fitzhardinge, Cr Sam Wainwright, Cr Frank Mofflin, Cr Doug Thompson,
Cr Bryn Jones, Cr Andrew Sullivan, Cr Rachel Pemberton, Cr Adin Lang

Against

Cr Marija Vujcic

Reason for change

To add an additional condition to further clarify the intent, to ensure that market rent will be restored when conditions are right.

AMENDMENT 2

Moved: Cr Rachel Pemberton

Seconded: Cr Doug Thompson

Add the following words as part 1 of the recommendation:

- 1. In recognising that prior to COVID-19 BakPak Freo Pty Ltd was paying full market rent, added value to Fremantle's economic mix and that the impacts of COVID-19 have effectively reduced the large majority of their trade, council agree that:**
 - a. in recognition of the unprecedented event that is COVID-19, it is reasonable to accept that full rent would normally be received and therefore this request would be considered exempt from the "Leasing of City Property in a competitive manner", and**
 - b. this request should therefore be considered as exempt from the Leasing of City Property in a Competitive Manner Policy**

Amendment carried: 11/1

For

Cr Jenny Archibald, Cr Su Groome, Cr Geoff Graham,
Cr Hannah Fitzhardinge, Cr Sam Wainwright, Cr Frank Mofflin, Cr Doug Thompson,
Cr Bryn Jones, Cr Andrew Sullivan, Cr Rachel Pemberton, Cr Adin Lang

Against

Cr Marija Vujcic

PROCEDURAL MOTION

At 6.42 pm the following procedural motion was moved:

COUNCIL DECISION

Moved: Cr Su Groome

Seconded: Cr Bryn Jones

The item be deferred to the next appropriate Finance, Policy, Operations and Legislation Committee meeting to consider impacts of this proposition for other businesses in Fremantle.

Carried: 10/2

For

Cr Jenny Archibald, Cr Su Groome, Cr Geoff Graham,
Cr Sam Wainwright, Cr Doug Thompson, Cr Bryn Jones,
Cr Marija Vujcic, Cr Andrew Sullivan, Cr Rachel Pemberton, Cr Adin Lang

Against

Cr Hannah Fitzhardinge, Cr Frank Mofflin

Additional officer's comment

The vacancy audit recently completed by the City has city centre vacancy at 19.2%. Accommodation sits at an estimated 2.5% vacancy.

Based on leasing activity with other City properties, the majority of interest in the current market lies with A/B grade properties (Kings Square). Older properties such as 7-9 South Terrace are receiving very low-moderate interest at present.

The Backpackers is currently fitted out for the purpose of accommodation, making it very costly for a new tenant to refit for a different purpose. It is also a heritage building which creates other constraints.

Given the location, it is unlikely to be suitable for retail. The only other suitable uses would be office and hospitality.

Office makes up 11.8% of the estimated city centre total vacancy, which is fourth after retail (24.3%), services (20.9%) and café/restaurants (17.2%). The lessee is proposing a hospitality outcome, a sector which is representative of vacancy challenges in the CBD, suggesting that if the City went to market its unlikely there would be alternative uses given the other space that is available on the market.

Anecdotally the most movement appears to be with the new retail/hospitality/office being offered as part of the Manning Buildings and FOMO as part of a flight to quality with new

A grade stock coming online at competitive rates. This would suggest that older stock like the backpackers is likely to be undesirable in the current market.

The current lessee is only paying a subsidised rent because it is currently a legal requirement for the City to do this in line with COVID legislation.

A limited level of market evidence can be demonstrated via a similar property on Pakenham Street which was originally a backpackers and has an internal layout similar to that of Bakpak Freo. The property has been vacant for several years and appears to be proving very difficult to lease in the current market. The property can viewed at <https://www.realestate.com.au/for-lease/property-11-pakenham-st-fremantle-wa-6160-502859858>

Based on the information at hand it is felt it would be very challenging to re-tenant the building in the current market.

OFFICERS RECOMMENDATION

- 1. Approve a Lease between the City of Fremantle and the Bakpak Freo Pty Ltd for 18 Phillimore Street, Fremantle and authorise the Chief Executive Officer to negotiate the terms and conditions of the lease based on the following:**
 - a. Lease area: 941m²**
 - b. Lease commencement date: TBA**
 - c. First term: ten years**
 - d. Second term: five years subject to;**
 - a. The lessee carries no outstanding arrears associated with the initial 10-year term**
 - b. The lessee is not in breach of any lease terms**
 - c. The nature of the lessee's business remains predominantly as backpacker hostel accommodation**
 - e. Rent: \$100,000 per annum + GST**
 - f. Rent Review: Consumer Price Index annually on the Lease Commencement date. Market rent review every third year.**
 - g. Rent Adjustment: From the commencement of the lease the rent payable will be 25% of the annual rent subject to the following conditions:**
 - ii. application for a building permit being lodged within 4 weeks of the commencement of the lease**
 - iii. Substantial commencement of works to occur within 4 weeks of receiving an approved building permit**
 - iv. Subject to achieving the previous conditions rent payable will be 25% of the Annual Rent until whichever is first of the following:**
 - a) Reopening of international tourism to Western Australia, or**
 - b) Opening of the lessee proposed bar/restaurant, or**
 - c) An improvement of business operations through regular quarterly review of the financial accounts of the business, or**
 - h. Two years from commencement of the lease.**
 - i. Permitted use: Hostel accommodation, bar and restaurant.**
 - j. Condition precedent: The lease is subject to;**

- i. Surrender of the existing lease between the City of Fremantle and Bakpak Freo Pty Ltd**
- ii. The lessee gaining all planning and building approvals.**
- iii. The lessee gaining liquor license approvals.**

**C2102-5 NOTICE OF MOTION – ENCROACHMENT AT MCCABE PARK,
NORTH FREMANTLE – CR DOUG THOMPSON**

Meeting date: 24 February 2021
Responsible officer: Chief Executive Officer
Decision making authority: Council
Attachments: 1. Extract from the Council Minutes - 18 April 2005
Additional information: 1. Extract from the Council Minutes - 24 August 2005

ELECTED MEMBER SUMMARY

The minutes from the decision of Council of 18th April 2005, provided in attachment 1, describes the situation then pertaining to the encroachment at McCabe Park, North Fremantle and the request from adjoining property owners.

Council resolved at that time to:

1. Offer the listed McCabe Park adjoining property owners the encroached land as per the attached survey document, free of charge.
2. All legal and subdivision costs to be borne by the property owners.
3. The transfer of each encroachment is contingent upon the agreement of all the property owners to pay subdivision and legal costs.

At that time the recommendation contained in the attachment was not acted on as the condition 3 set by the property working party recommendation could not be met. One owner refused to meet the cost of the transfer of property. The matter then lapsed and was not pursued.

The current property owners of 1, 3, 5, 9, 11, 13-15 Thompson Road and 10 Herbert Street have advised that they wish to finalise this matter as the asbestos fence bordering their properties is currently in a state of disrepair, with sections leaning into the park and multiple holes and cracks within the sheeting. For the owners to replace this fence the land ownership of the encroachment needs to be resolved first. They advise they are happy to comply with all of the conditions set by Council in 2005.

It would be appropriate for Council to endorse its earlier recommendation to allow residents to replace their respective fences.

OFFICER COMMENT

This matter came before council on three occasions in 2005. The position of council made at the Ordinary meeting of April 2005 was not the final time the matter was dealt with. As the matter progressed and a consistent position for the owners was unable to be achieved a further item came to council in August 2005. This position drew on only two properties (1 and 1A McCabe) and provided that a nominal purchase price was to be made for the land and that each property owner would manage and undertake subdivision themselves. A copy of the minute of the August report is provided in additional information 1.

Whilst the matter was considered on three occasions by Council, the general consensus of the time appeared to be that no or nominal value be placed on the land and that either

the costs associated with subdivision, or the process be at the adjoining property owner expense or effort.

For this reason the position held by council at the April, 2005 meeting could be considered to generally reflect the position of council at the time. It would be supportable that this position could be re-supported by council.

To be clear, the position should be that the land could be transferred for nil or nominal value subject to all costs associated with subdivision being paid by the adjoining property owners. This task could be undertaken by each individual adjoining property owner or collectively through council. If it is the latter, council would seek payment from all property owners prior to undertaking the subdivision process.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

ELECTED MEMBER MOTION

Council reaffirm its decision of the 18th April 2005, as follows:

- 1. Council offers the following McCabe Park adjoining property owners the encroached land as per the survey document (attachment to this item), free of charge:**
 - **10 Herbert Street**
 - **1A Thompson Road**
 - **1 Thompson Road**
 - **3 Thompson Road**
 - **5 Thompson Road**
 - **9 Thompson Road**
 - **11 Thompson Road**
 - **13 – 15 Thompson Road**
- 2. All legal and subdivision costs to be borne by the property owners**
- 3. The transfer of each encroachment is contingent upon the agreement of all the property owners to pay subdivision and legal costs.**

Cr Andrew Sullivan noted that the Motion by Cr Doug Thompson will be referred to the next Finance, Policy, Operations and Legislation Committee meeting for consideration and the Ordinary Meeting of Council for a decision, in accordance with the City's Meeting Procedures Policy.

11. Motions of which previous notice has been given

A member may raise at a meeting such business of the City as they consider appropriate, in the form of a motion of which notice has been given to the CEO.

**FPOL2103-10 NOTICE OF MOTION BY CR HANNAH FITZHARDINGE –
INVESTIGATION INTO POSSIBLE INTRODUCTION OF
FREMANTLE CARD FOR FREMANTLE RATEPAYERS**

Meeting date: 10 March 2021
Responsible officer: Chief Executive Officer
Decision making authority: Council
Agenda attachments: Nil
Additional information: Nil

ELECTED MEMBER SUMMARY

The City of Fremantle is a vibrant regional centre which provides a wide variety of services to our local community as well as the greater regional community. Many of these services are funded through rates provided by the local community and a user service charge. The result being that using some of these services includes the same user service charge as all other users.

This Notice of Motion seeks to request the Chief Executive Officer to investigate the option and opportunity of introducing a Fremantle Card for Fremantle ratepayers to use when accessing City of Fremantle services which may acknowledge the contribution already being made to provide the service and offer a benefit to the ratepayer. The investigation would consider, but not be limited to;

- How such a card could/would be used.
- Where the card could be used.
- What benefit the card could provide for the user.
- Costs associated with the development and implementation of a card.

The investigation should consider the cost benefit analysis and business case for implementing such a card and as such will also outline the process, systems and governance surrounding the possible use of such a card.

OFFICER COMMENT

An investigation into the provision of a Fremantle card could be undertaken by the City. As the investigation is undertaken there may be elements that require further council input to ensure that any options being considered could be adequately refined to reflect the intention of such a card.

Some financial resources may be considered through the draft 2021/22 budget process to support the development of outline for governance and systems options to support the investigation. These will be better understood as the investigation planning takes place.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

ELECTED MEMBER MOTION

Council requests:

The Chief Executive Officer to investigate the option and opportunity of introducing a Fremantle Card for Fremantle ratepayers to use when accessing City of Fremantle services which may acknowledge the contribution already being made to provide the service and offer a benefit to the ratepayer. The investigation would consider, but not be limited to;

- **How such a card could/would be used**
- **Where the card could be used**
- **What benefit the card could provide for the user**
- **Costs associated with the development and implementation of a card**

**FPOL2103-11 NOTICE OF MOTION BY CR RACHEL PEMBERTON –
COMMUNICATION OF DIVERSE AND AFFORDABLE HOUSING
OBJECTIVES AND CONCERNS TO THE MINISTER FOR HOUSING
AND STATE HOUSING AUTHORITY**

Meeting date: 10 March 2021
Responsible officer: Chief Executive Officer
Decision making authority: Council
Agenda attachments: Nil
Additional information: Nil

ELECTED MEMBER SUMMARY

The City of Fremantle is a vibrant, inclusive city with a diverse population and proud heritage. Whilst evolution and change is natural and desirable, the City's Strategic Community Plan, supporting policies and planning instruments have sought to ensure that a diversity of housing including affordable housing is achieved, reflective of the needs of our existing and future communities.

The redevelopment of Housing Authority sites within Fremantle is resulting in a significant loss of public housing, which, if not replaced, has the potential to undermine this objective. The redevelopment of Davis Park, in particular, could result in a reduction of over 200 public housing units, and the displacement of many long term Fremantle residents from their community. Whilst there are many benefits to the redevelopment of the site, this aspect is of concern and is causing considerable distress to many affected residents.

Beaconsfield residents are currently being asked to move out of the area into alternative housing in places such Bibra Lake, North Fremantle or further afield. This is displacing long term residents, some of whom have lived in the Beaconsfield community for many decades and made their lives and homes there. The Council understood residents would be able to remain in the area by being housed in the new development as it was implemented in a staged approach. However it appears the properties are being vacated, boarded up and demolished prior to the commencement of any redevelopment.

Approximately 500 public housing dwellings have been, or are being, demolished in the City of Fremantle over the last 5 years and have not been replaced. This further reduction in affordable housing for the local community undermines the Strategic Goal to have an inclusive and diverse community.

This Notice of Motion seeks to communicate Council's diverse and affordable housing objectives to the Minister for Housing and the State Housing Authority and to request that public housing levels be maintained, and long term residents being displaced by the Heart of Beaconsfield redevelopment be accommodated locally and allowed to move into the redeveloped area at the earliest opportunity so they may continue to live within their existing (and our) community.

OFFICER COMMENT

This issue and, in particular, the displacement of long term residents as a result of redevelopment has been raised by both community members and councillors on a number of occasions, most recently during consultations on the Heart of Beaconsfield and Davis Park precinct projects. The concerns have been shared with the Department of Communities. The Department has indicated that it will seek to relocate tenants in accordance with their wishes and in the locality where possible. It is understood that a proportion of new dwellings on redeveloped sites will be allocated to new public housing but that concentrations will be reduced in line with long standing Department policy. No details of public housing numbers have been provided in the Structure Plan submitted for Davis Park or in response to recent enquiries.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple majority required

ELECTED MEMBER MOTION

Council:

- 1. Note there has been a significant decrease in the amount of public housing within the City of Fremantle as a result of redevelopment of Housing Authority sites including Burt Street, Holland Street and the Davis Park Precinct.**
- 2. Request the Chief Executive Officer to write to the Minister for Housing and the Department of Communities:**
 - a. Stating Council's strategic objective to maintain a housing mix that is "diverse and affordable, to meet the current and future needs of the City's residents"**
 - b. Requesting that public housing levels be maintained and redeveloped public housing units be replaced in the area to ensure retention of affordable housing options in our community**
 - c. Requesting that long-term residents affected by the Heart of Beaconsfield redevelopment are able to remain in their community by being offered public housing in the local area and the option to move into dwellings in the first stages of the Davis Park Precinct redevelopment.**

12. Urgent business

In cases of extreme urgency or other special circumstances, matters may, on a motion that is carried by the meeting, be raised without notice and decided by the meeting.

Nil

13. Late items

In cases where information is received after the finalisation of an agenda, matters may be raised and decided by the meeting. A written report will be provided for late items.

Nil

14. Confidential business

Members of the public may be asked to leave the meeting while confidential business is addressed.

Nil

15. Closure