

AMENDED ITEM



Item No: 4.1
Title: Gosford Cultural Precinct
Department: Assets, Infrastructure and Business

24 September 2018 Ordinary Council Meeting

Trim Reference: F2018/00020-04 - D13305154

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Report Purpose

At 28 May 2018 Ordinary Council Meeting, Council resolved in part as follows:

455/18 That Council request the Acting CEO to commence detailed design of Option 7.2 as presented at the design workshop and contained within Confidential Attachment 4 (noting the proposed programme of works outlined in Confidential Attachment 4) and report back to Council with schematic designs and indicative cost estimates to the Ordinary Council Meeting of 27 August 2018.

The purpose of this report is to provide Council with a summary of the schematic/concept designs and indicative cost estimates produced as directed at 28 May 2018 Ordinary Council Meeting.

Recommendation

- 1 That Council confirm that its preferred option for the Gosford Regional Library and Regional Performing Arts and Conference Centre (RPACC) is Option 7.2, as presented in the attached Confidential Attachment 2 – Gosford Cultural Precinct Schematic Designs.**
- 2 That Council request that the Chief Executive Officer proceed with detailed design development of the Gosford Cultural Precinct, based on Option 7.2 and conforming to the appropriate planning legislation, to facilitate submission of a Development Application to the relevant consent authority.**
- 3 That Council request the Chief Executive Officer negotiate and execute a Deed of Agreement with ET Australia to acquire the land known as Lot 11 DP 746819 (which has a street address of 123B-125A Donnison Street, Gosford).**
- 4 That Council request that the Chief Executive Officer continue to proceed with**

acquisition of the lots included in Confidential Attachment 12 by private treaty, or by a compulsory process in accordance with the Land Acquisition (Just Terms Compensation) Act 1991.

- 5** ***That Council request that the Chief Executive Officer invite expressions of interest or tenders for the appointment of a suitably experienced commercial agent to commence pre-leasing for the proposed commercial and retail space located within the selected Option 7.2.***
- 6** ***That Council approve a \$4,319,930 increase to the 2018-19 capital budget to accommodate the proposed delivery program as detailed in Confidential Attachment 1 – Gosford Cultural Precinct Project Briefing Paper.***
- 7** ***That the Mayor and CEO seek urgent discussions with both State and Federal Government funding bodies to assist with the funding shortfall for these much needed community projects.***
- 8** ***That Council resolve, pursuant to s.11(3) of the Local Government Act 1993, that all the confidential attachments to this report remain confidential, as the information in those attachments would, if disclosed, confer a commercial advantage on a person with whom the Council proposes to conduct business with.***

Summary

Following the Design Workshop held in May 2018, Councillors were given the opportunity to informally confirm support for their preferred design option. A clear majority were in favour of progressing with Option 3 Concept 2 for the Gosford Regional Library (publicly exhibited in February 2018 as Concept 2). There was also considerable interest in Option 7.2, which was a proposal for a Cultural Precinct including both the Gosford Regional Library and Regional Performing Arts and Conference Centre (RPACC).

Due to the high-level nature of information presented for Option 7.2, further investigation was required in order to give Council the ability to make an informed decision on how (if at all) to proceed with this concept.

Context

There have been numerous Council briefings, reports and resolutions on both the Gosford Regional Library and the RPACC in late 2017 and the first half of 2018. In summary:

- 11 December 2017 - Councillor briefings on the Gosford Regional Library and RPACC.

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- 18 December 2017 - Council considered a report and subsequently resolved to publicly exhibit both the Library only plan (Concept 1) and the Library plus commercial (Concept 2) plans and to progress the design of both options.
- 26 February 2018 - Mayoral Minute and subsequent resolution requesting an urgent report on potential alternate sites for the Regional Performing Arts and Conference Centre (RPACC) be presented to Council on 12 March 2018.
- 12 March 2018 - Councillor Briefing on six (6) alternate potential sites for the RPACC.
- 12 March 2018 - Consideration of Council report on six (6) alternate sites and subsequent Council resolution to urgently carry out a cost analysis on each six (6) alternative sites.
- 11 April 2018 - Consideration of Council report detailing the results of the public exhibition for the Gosford Regional Library with the public favouring the Library plus Commercial (Concept 2) option by 70%. Council subsequently resolved to continue to advance the development of Concept 1 but to redesign the concept to take additional levels and to commit to providing accommodation for ET Australia and its tenants within an integrated precinct. Council also resolved that the site for the RPACC was 51-71 Mann Street, Gosford.
- 23 April 2018 - Council meeting incorporated a motion to rescind the Council decision to proceed with the Gosford Regional Library only option (Concept 1) as included in the Council report. Council resolved at that meeting to conduct a Councillor workshop on the Gosford Regional Library and to bring a report back to Council at the Ordinary Meeting on 28 May 2018.
- 9 May 2018 - Councillor Workshop on Gosford Regional Library and RPACC design options.
- 20 August 2018 - Councillor Briefing on Gosford Cultural Precinct.
- 27 August 2018 - Councillor Briefing on Gosford Cultural Precinct.

At the 28 May 2018 Ordinary Council Meeting, Council resolved as follows:

455/18 *That Council request the Acting CEO to commence detailed design of Option 7.2, as presented at the design workshop and contained within Confidential Attachment 4 (noting the proposed programme of works outlined in Confidential Attachment 4) and report back to Council with schematic designs and indicative cost estimates to the ordinary Council meeting of 27 August 2018.*

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- 456/18 *That Council request the Acting CEO ensure that the development of Option 7.2 include space for ET Australia and associated tenants within the proposed precinct, subject to acquisition of the lot known as 123B-125A Donnison Street, Gosford (Lot 11 DP 746819) by Council.*
- 457/18 *That Council requests the Acting CEO to acquire the lots included in Confidential Attachment 5 by private treaty, or by compulsory process in accordance with the Land Acquisition (Just Terms Compensation) Act 1991.*
- 458/18 *That Council resolve, pursuant to s.11(3) of the Local Government Act 1993, that all the confidential attachments to this report remain confidential, as the information in those attachments would, if disclosed, confer a commercial advantage on a person with whom the Council proposes to conduct business with.*
- 459/18 *That the Mayor and Acting CEO seek urgent discussions with both State and Federal Government funding bodies to assist with the funding shortfall for these much needed community projects.*

As outlined in *Confidential Attachment 1 – Gosford Cultural Precinct Project Briefing Paper*, and as a result of extensive research and analysis, sites for both buildings were selected. The proximity of the sites for both projects warranted an investigation into the potential for the creation of a Cultural Precinct which would leverage the cultural benefits of both projects and assist in the ongoing revitalisation of the Gosford CBD.

Schematic/Concept Designs

Schematic/Concept designs have been developed for Option 7.2 (Gosford Cultural Precinct), and are included with this report as *Confidential Attachment 2 – Architecture - Gosford Cultural Precinct Schematic Designs*. The scheme incorporates the following elements:

- Gosford Regional Library and Innovation Hub
- Regional Performing Arts and Conference Centre
- Allowance for ET Australia and associated tenants
- Small retail/food and beverage tenancies
- Commercial tenancies
- Pedestrian through-site linkages and associated public domain/landscaping works
- Underground parking

Indicative Cost Estimates

Council staff have obtained cost estimates to accompany the schematic/concept designs completed to date, and these are included with this report as *Confidential Attachment 3 – Cost Estimate - Gosford Cultural Precinct – Option 7.2*. The cost estimates provide a Total Project Cost, including:

- Construction Costs
- Construction Contingencies
- Professional/Consultant Fees
- Statutory/Authority Fees
- Land Acquisition Costs
- All other items listed in the cost estimate in *Confidential Attachment 1 – Gosford Cultural Precinct Project Briefing Paper*

The Cost Estimates also outline the items that are directly attributable to the Gosford Cultural Precinct, over and above what would already be required to deliver a stand-alone Regional Library and RPACC.

Following approval to proceed to hold point 1 *noted in the indicative programme in Confidential Attachment 1*, detailed design can be developed to development application submission which will provide Council with more accurate cost estimates prior to lodgement.

Project Funding

There are a number of different funding sources available to Council to assist with delivery of the Gosford Cultural Precinct. These are outlined in the table below:

Table 1 – Funding Sources

Current Funding Type	Amount	Comment
Library - Council Special Rate Variation	\$8,100,000	
Library - Federal Government Commitment	\$7,000,000	
RPACC - Federal Government Commitment	\$10,000,000	
RPACC - State Government Commitment	\$10,000,000	\$2M Conditional on adjoining Conservatorium
RPACC - CCC	\$10,000,000	Committed for RPACC Construction
RPACC - CCC	\$635,000	Committed for RPACC project management
Total	\$45,735,000	
Potential Additional Funding		

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Sale Proceeds - 136-146 Donnison Street, Gosford	\$12,600,000	'Kibbleplex' building
S7.11 (Formerly S94) Contributions for Gosford	\$9,603,070	
Total Potential Funding	\$67,938,070	

The remaining capital requirements of the project would need to be met by Council as outlined in *Confidential Attachment 1 – Gosford Cultural Precinct Project Briefing Paper* or alternate grant funding is secured.

Economic Impact

Lawrence Consulting have undertaken an Economic Impact Assessment of the proposed Gosford Cultural Precinct *as noted in Confidential Attachment 5 – Economic Impact Assessment - Gosford Precinct Final*. Construction of the Precinct is estimated to generate 1,471 full time equivalent (FTE) jobs as a result of direct, indirect and consumption related activity. The construction phase of the project would also generate an estimated \$137M of added value for the Central Coast economy *as noted on Page 8 - Table 3 in Confidential Attachment 5 – Economic Impact Assessment - Gosford Precinct Final*.

Once construction is complete and all elements of the Cultural Precinct are operating, it is estimated that 645 additional FTE jobs and \$50.6M of additional value would be added to the Central Coast economy annually, again from direct, indirect and consumption related activity *as noted on Page 11 – Table 6, Page 12 - Table 7 and Page 13 – Table 8 in Confidential Attachment 5 – Economic Impact Assessment - Gosford Precinct Final*.

Project Risks

Commercial Tenants

A formal market sounding process is required to ascertain the true current demand for commercial space within the Gosford CBD. A certain level of commercial pre-commitment would be required prior to commencement of construction. Council officers have carried out extensive research on the Commercial office market and it is demonstrated in *Confidential Attachment 1 - Gosford Cultural Precinct Project Briefing Paper, Confidential Attachment 6 - Office Market Analysis - Gosford Cultural Precinct and Confidential Attachment 7 - Office Rental Analysis - Gosford Regional Library*, that there is a lower commercial office supply on the Central Coast when compared with other regional cities such as Wollongong and Newcastle. Information provided at the Councillor Briefings and within the confidential attachments demonstrates that the market rental and the sale analysis per square metre is realistic and competitive with other comparable assets and markets.

Changes to Planning Legislation

The schematic/concept designs for the Gosford Cultural Precinct are fully compliant with current planning legislation, however, there are a number of potential changes to the current

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Gosford CBD planning framework on the horizon. Central Coast Council is currently working on a consolidated Development Control Plan (DCP), and the NSW State Government has advertised a Draft Gosford CBD State Environmental Planning Policy. Both these planning instruments propose changes to the current planning controls, and would necessitate a review and potential redesign of the current scheme should they be brought into effect. As part of this process, a design competition may be required, which has the potential to limit Council's control of the final design outcome and potentially add additional costs and time delays/impact. Additionally, the Draft Gosford CBD State Environmental Planning Policy proposes that projects with a total value of \$75 million and above are a State Significant Development and would require Minister or the Ministers delegate approval. The timeframe and cost for this approval pathway at this stage are unknown.

Acquisition of Neighbouring Properties

Council staff have progressed required discussion and investigation for the acquisition of the properties required to achieve a Cultural Precinct, outlined in *Confidential Attachment 12 – Gosford Cultural Precinct Land Acquisition*. Owners of the properties are agreeable to the acquisition of their properties by Central Coast Council for the purposes of the project and formal valuations are complete (in addition to the high-level desktop valuations already undertaken) see *Confidential Attachment 9 and 10 – Valuation and Report*. These valuations will help inform future negotiations should the Gosford Cultural Precinct proceed.

As per *Confidential Attachment 13 - ET Australia's Response to Central Coast Council – Gosford Regional Library & RPACC Project*, there have been ongoing negotiations with ET Australia regarding acquisition of their land and potential co-location within the precinct. Staff recommendations to ET Australia's proposal which is contained within *Confidential Attachment 13 - ET Australia's Response to Central Coast Council – Gosford Regional Library & RPACC Project* is detailed within *Confidential Attachment 1 – Gosford Cultural Precinct Project Briefing Paper*. **Staff have received an addendum to the correspondence from ET Australia on 20 August 2018 – this is now contained with "Confidential Attachment 14 – ET Australia's letter to Central Coast Council dated 19 September 2018".**

Construction Costs

The detailed design required to proceed to hold point 1 as outlined in *Confidential Attachment 1 – Gosford Cultural Precinct Project Briefing Paper* which is preparation of information for development application submission will provide Council with more accurate cost estimates.

Cost estimates aim to take into account all possible scenarios, however, until the market is tested (through a formalised tender process) the final cost of construction may move from its present position. Current contingencies make allowance for as many unknowns as possible, but until construction commences some elements will remain unidentified (eg. presence of contaminated fill). If the project is delayed for whatever reason, it is reasonable to assume there would be an element of cost escalation, which generally sits around 3-4% annually.

Funding

Existing grant funding commitments are at risk due to projected delivery timelines. Funds from both the State and Federal Governments are commitments only, and have not presently been paid to Council. The original funding commitment required both projects to be completed by 2020 which is unlikely.

Financial Impact

This report is requesting Council to approve \$4,319,930 as per Recommendation 6 of this report for the 2018/19 capital budget year to progress the project to detailed design for the purpose of a development application. Prior to lodgement of a development application a report will be brought back to Council as per hold point 1 as noted in *Confidential Attachment 1 – Gosford Cultural Precinct Project Briefing Paper*.

It is envisaged that there will be a minimum of two further hold points at significant milestones in the project, these being prior to awarding the tender for construction and prior to commencement of construction on site. As part of these future hold points, Councillors will be provided with appropriate briefings and formal Council reports containing all relevant information prior to formal commitment of further funding.

Link to Community Strategic Plan

Theme 2: Smart

Goal C: A growing and competitive region

C2: Revitalise Gosford City Centre, Gosford Waterfront and town centres as key destinations and attractors for business, local residents, visitors and tourists.

Attachments

- 1 Attachment 1 - Arborist - Gosford Regional Library - Tree Data - D13320662
- 2 Attachment 2 - Geotechnical - Gosford Regional Library - Preliminary Contamination Report - D13320671
- 3 Attachment 3 - Geotechnical - Gosford Regional Library - D13320677
- 4 Attachment 4 - Geotechnical - RPACC - D13320678
- 5 Attachment 5 - Heritage - Draft Heritage Report - Gosford Regional Library - D13320681
- 6 Confidential Attachment 1 - Gosford Cultural Precinct Project Briefing Paper - D13326224 -

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- 7** Confidential Attachment 2 - Architecture - Gosford Cultural Precinct Schematic - Designs - D13320697 -
- 8** Confidential Attachment 3 - Cost Estimate - Gosford Cultural Precinct - Option 7.2 - D13320699 -
- 9** Confidential Attachment 4 - Cost Estimate - Staging Options - Gosford Cultural -Precinct - Option 7.2 - D13320702 -
- 10** Confidential Attachment 5 - Economic Impact Assessment - Gosford Cultural Precinct Final - D13320709 -
- 11** Confidential Attachment 6 - Office Market Analysis - Gosford Cultural Precinct - D13320711 -
- 12** Confidential Attachment 7 - Office Rental Analysis - Gosford Regional Library - D13320714 -
- 13** Confidential Attachment 8 - Planning Advice - Gosford Cultural Precinct - D13320715 -
- 14** Confidential Attachment 9 - Valuation and Report - D13320718 -
- 15** Confidential Attachment 10 - Valuation and Report - D13320720 -
- 16** Confidential Attachment 11 - Valuation and Report - D13320722 -
- 17** Confidential Attachment 12 - Gosford Cultural Precinct Land Acquisition - D13320723 -
- 18** Confidential Attachment 13 - ET Australia's Response to Central Coast Council - Gosford Regional Library & RPACC Project - 20 August 2018 - D13324245 -
- 19** Confidential Attachment 14 - ET Australia's letter to Central Coast Council dated 19 September 2018 - D13340918