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Attachments and Public Notification

Ordinary Meeting

Thursday, 9 December 2021

Related Report / Additional Information

Meeting:	Ordinary Meeting	Date:	09 December 2021
Item:	11.1 – MAROOCHYDORE CITY CENTRE PROJECT – COMMERCIAL UPDATE		
Officer (title):	Project Coordinator	Approving GE (title):	Group Executive, Civic Governance

Minute Action:

Ordinary Meeting 9 December 2021 (OM21/131)

That Council:

- (a) *proceed to implement the matters discussed in confidential session in relation to the Maroochydore City Centre Development – Commercial Update; and*
- (b) *publicly release specific information contained in this report at the appropriate time when the release of that information would no longer adversely impact the commercial interests of other parties and/or the interests of Council.*

The below is information which is now deemed suitable for public release given the preconditions deemed by Council (Resolution OM21/131 (b)) have now been satisfied.

Preamble

The report, considered at Council's Ordinary Meeting of 9 December 2021, provided a commercial update on a range of matters relating to the Maroochydore City Centre Project.

At the time of execution of the Maroochydore City Centre Development Agreement (Development Agreement) on 18 November 2020, a number of development approvals and contracts for the sale of land were already in place.

The report provided an update on these approvals and the contracts that do not form part of the tripartite Development Agreement between Council, Walker Maroochydore Developments Pty Ltd (Walker) and SunCentral Maroochydore Pty Ltd (SunCentral).

Finance and resourcing

Council's 2021/22 budget included expected land sales and infrastructure charges revenue of \$5.4 million. The report provided the following update as at 31 October 2021:

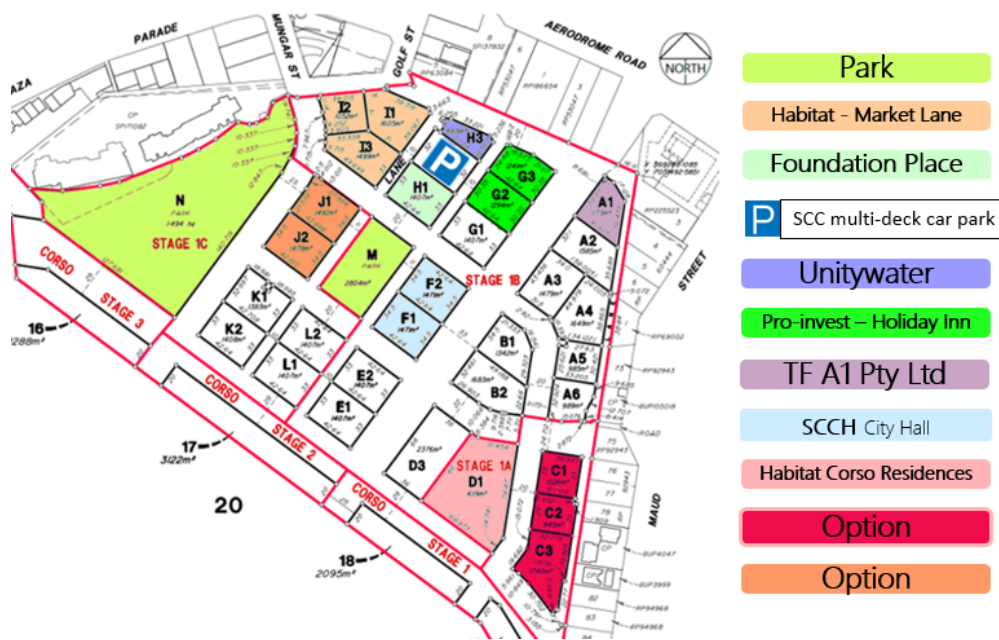
- Council had received \$1.33 million of land sales revenue from a land sale expected in the previous financial year.
- The remaining land sales revenue is expected to be received in June 2022.



- The total expenditure budget for the 2021/22 financial year was \$6.2 million inclusive of finance costs, with year-to-date actual expenditure of \$3.7 million.
- The total project cost for the Maroochydore City Centre is \$191 million. Council had received total revenues of \$21.4 million through land sales of \$18.3 million, infrastructure charges of \$2.9 million and \$161,000 of lease revenue.
- The audited Financial Statements and Annual report for 2020/21 for SunCentral Maroochydore Pty Ltd were presented to Council's 10 November 2021 Ordinary Meeting.

Update on development projects

Image 1: Development approvals and contracts managed by SunCentral and Council



An update on the status of the above developments was provided:

Table 1: Update on status of developments

Lots	Name	Use	Status	Detail
I1, I2, I3	Habitat Market Lane Residences	Residential & Retail	Proposed completion May 2022	152 units (182 EDU) 605 sqm GFA
H1	Foundation Place	Commercial & Retail	Completed	5007 sqm GFA
H2	SCC multi-deck car park	Multi-deck car park & Retail	Application lodged with EDQ.	295 car spaces and 59 motorcycle spaces
H3	Unitywater	Utility	Completed	Pump station



G2, G3	Pro-invest (Holiday Inn)	Hotel & Retail	Proposed completion April 2022	181 rooms 185 sqm GFA
A1	TF A1 Pty Ltd	Commercial & Retail	Settled Sep 2021. Proposed completion Q4 2022	2,682 sqm GFA
J1, J2	Commercial in confidence	Commercial, Research & Retail	Option agreement	11,799 sqm GFA
F1, F2	Sunshine Coast Council	Commercial & Retail	Under construction. Proposed completion Oct 22	9,496 sqm GFA
D1	Habitat Corso Residences	Residential	Settled Feb 2021. Proposed completion Q 4 2023	158 units (175 EDU) 722 sqm GFA
C1, C2, C3	Commercial in confidence	Commercial	Option agreement.	3,000-5,000 sqm GFA (to be confirmed)
South of the Corso (not in image)	Automated Waste Collection Station	Utility	Completed	783 sqm GFA

It was reported that on the current construction schedule, four buildings would be completed during 2022:

April 2022	Pro-invest (Holiday Inn)
May 2022	Habitat Market Lane Residences
October 2022	Sunshine Coast Council City Hall
Quarter 4 2022	TF A1 Pty Ltd

Economic benefit of construction activity

It was reported that economic modelling was undertaken as at 30 June 2021, in relation to the investment (project build value) in the Maroochydore City Centre for projects that were either completed (C) or under construction (UC) being:

- Foundation Place (C)
- Automated Waste Collection Station (C)
- Unitywater pump station (C)
- Habitat residences (UC)



- Holiday Inn (UC) and
- City Hall (UC)

In total, these projects represented a direct capital investment of approximately \$185 million over the three years to July 2022. This direct investment led to further demand (indirect) for goods and services, including wages and salaries, resulting in a total contribution to the Sunshine Coast economy of \$293.5 million. A forecast total of 911 jobs were generated over this same period.

Image 2: Aerial image of the site activity as at September 2021



Multi-deck car park on Lot 110 (formerly Lot H2)

It was reported that in accordance with the Maroochydore City Centre Infrastructure Agreement 2017, Council is required to provide land and work contributions, including end of trip facilities for multi-deck public parking facilities within the Maroochydore City Centre Priority Development Area.

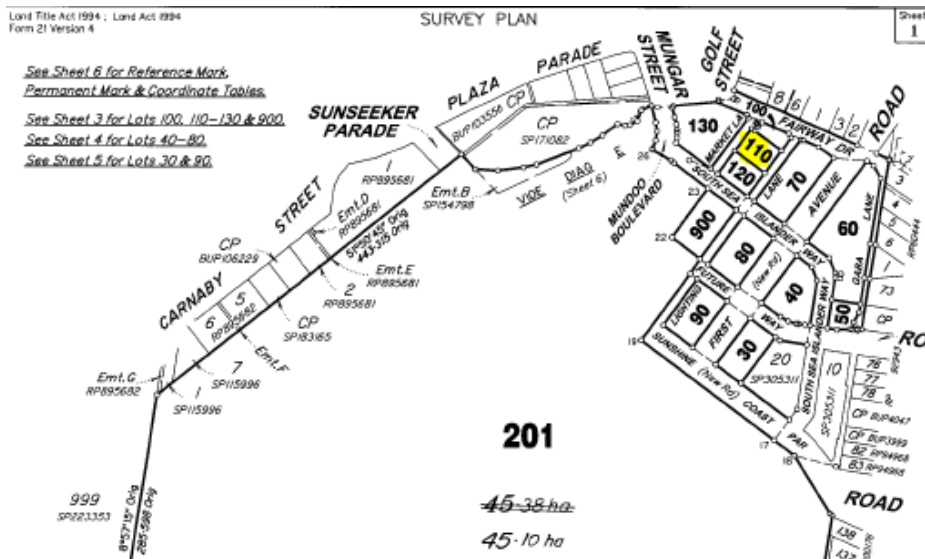
The requirement for the delivery of these multi-deck public parking facilities is progressive, as the City Centre develops. Based on the current proposed yield of the entire development, around 2,000 public car parking spaces will be required in total.

As at the report date, an interim at grade car park, located on Sunshine Coast Parade provided 204 public car parking spaces which satisfied Council's current obligations for the provision of public car parking spaces. It was noted that after the completion of City Hall, the following development that was anticipated to be completed, anticipated to be TF A1 Pty Ltd, would trigger the requirement to provide additional public car parking. Council has 18 months after that date to provide the additional public car parking.



It was reported that a development application was submitted to Economic Development Queensland (EDQ) on 21 October 2021 for Council's first multi-deck car park in the Maroochydore City Centre. The development application was still under assessment by EDQ at the report date. The first multi-deck car park, proposed to be located on Lot 110 on SP305312, is one of four sites, throughout the development that are indicated in the Maroochydore City Centre Infrastructure Service Standards for the location of a multi-deck car park.

Image 3: Extract from Survey Plan showing proposed location for multi-deck public car park (yellow) on Lot 110 on SP305312



The key features of the multi-deck car park were reported to comprise:

- 352 total parking spaces comprising:
 - 295 car parking bays inclusive of:
 - 4 electric vehicle charging bays and
 - 4 person with a disability parking bays
 - 57 motorcycle/scooter parking spaces
- End of trip facilities for 28 bicycles/scooters
- 253 sqm of retail or community space on ground floor
- Connected to the Automated Waste Collection System with 4 inlets
- 80 kW of solar panels on the roof
- Entry via Lighting Lane and exit via Market Lane
- Car parking spaces and aisle widths are designed to meet User Class 3A of the Australian Standard for off street parking facilities AS 2890.1 (2004). User Class 3A is above the required minimum standard for these facilities however was chosen to better accommodate larger vehicles for turning and parking
- Northern façade - based on an image of the landscape nature elements of sand, water, vegetation, and earth of the of the Maroochy River Mouth



The report noted that the total cost for the multi-deck car park was pending tender responses in Q1 2022, and that it was anticipated that due to the constraints of the relatively small site to build a multi-deck car park, in addition to recent increases in construction costs, that the budget allocation made in 2019 for the project was unlikely to be sufficient to complete the works. Parking and electric vehicles charging rates for the use of the public multi-deck car park were reported to be outside of the scope of the delivery of the multi-deck car park.

Image 4: Main façade design (artist impression) of the multi-deck car park, facing north onto Fairway Drive and based on an aerial view of the Maroochy River Mouth



Governance and Resourcing Review

It was reported that:

- Under the Development Agreement, Walker is responsible for funding and delivering the majority of future infrastructure, including roads and parks, commercial and retail buildings, and residential apartments.
- The terms of the Development Agreement and the appointment of Walker necessitated a fresh examination of the ongoing role, responsibilities, governance, and resourcing arrangements for both Council and SunCentral to support the delivery of their specific obligations that now form the basis of their involvement in the Maroochydore City Centre Project.
- An external law firm was subsequently engaged to undertake a review of the governance and resourcing arrangements in relation to the project.
- The Governance and Resourcing Review did not recommend any material changes to the resourcing levels of either Council or SunCentral.
- Implementation of the Governance and Resourcing Review recommendations will largely be undertaken by Council and SunCentral with existing resourcing.
- Implementation of Governance and Resourcing Review recommendations was anticipated to commence from February 2022.