

Agenda

Special Meeting (Region Making Projects)

Thursday, 23 May 2019

commencing at 2:00pm

Council Chambers, 1 Omrah Avenue, Caloundra

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1 DECLARATION OF OPENING

On establishing there is a quorum, the Chair will declare the meeting open.

2 RECORD OF ATTENDANCE AND LEAVE OF ABSENCE**3 INFORMING OF PERSONAL INTERESTS****3.1 MATERIAL PERSONAL INTEREST**

Pursuant to Section 175C of the *Local Government Act 2009*, a Councillor who has a material personal interest in an issue to be considered at a meeting of the local government, or any of its committees must –

- (a) inform the meeting of the Councillor's material personal interest in the matter and
- (b) leave the meeting room (including any area set aside for the public), and stay out of the meeting room while the matter is being discussed and voted on.

3.2 CONFLICT OF INTEREST / PERCEIVED CONFLICT OF INTEREST

Pursuant to Section 175E of the *Local Government Act 2009*, a Councillor who has a real or perceived conflict of interest in a matter to be considered at a meeting of the local government, or any of its committees, must inform the meeting about the councillor's personal interest the matter.

The other Councillors must then decide

- (a) whether the Councillor has a real conflict of interest or perceived conflict of interest in the matter and
- (b) if they decide the Councillor has a real conflict of interest or perceived conflict of interest in the matter
 - (i) whether the Councillor must leave the meeting room (including any area set aside for the public), and stay out of the meeting room while the matter is being discussed and voted on, or
 - (ii) that the Councillor may participate in the meeting in relation to the matter, including by voting on the matter.

4 REPORTS DIRECT TO COUNCIL**4.1 SUNSHINE COAST AIRPORT EXPANSION PROJECT UPDATE****File No:** SCAEP Quarterly Reporting**Author:** Project Director (Sunshine Coast Airport Expansion)
Built Infrastructure Group**Attachments:** Att 1 - SCAEP Project Update - *Confidential* 5/6

PURPOSE

The purpose of this report is to provide Council with a progress update on the delivery of the Sunshine Coast Airport Expansion Project as at 31 March 2019. Information on project related matters since that time will be provided as an update at the Council meeting.

EXECUTIVE SUMMARY

This report provides an update on the Sunshine Coast Airport Expansion Project (SCAEP or Project) and more specifically, the significant activities undertaken and milestones achieved in the last quarter to 31 March 2019 by the Principal and the Design and Construction Contractor.

The report also includes updates on the project's ancillary works programs and the Instrument Flight Procedure and Airspace design. Driving this quarter the Stakeholder Engagement process required by Airservices Australia to fulfill their airspace design responsibilities commenced.

An update is also provided on the continuing discussions with the Department of Environment and Science (DES) on the water quality parameters set under the Environmental Authority (EA).

The procurement activities for the quarter include:

- Q18267 Airspace Design - Stakeholder Engagement consulting to SCAEP was awarded to MacNeil Marketing & Communications
- Q18139 Clearing Works - SCAEP was awarded to Mulching Services Pty Ltd; and
- Q18244 Cadastral Survey - SCAEP was awarded to JFP Urban Consultants Pty Ltd.

OFFICER RECOMMENDATION

That Council receive and note the report titled "Sunshine Coast Airport Expansion Project Update".

FINANCE AND RESOURCING

The Project expenditure now lags the forecasted expenditure due to the impacts of wet weather in December 2018 and March 2019. As at 31 March 2019 actual expenditure for 2018/19 was at 71.1% (\$90.08 million) of the full year's adjusted budget. As part of Council's 2019/20 budget development preparations, a review of the project's financial expenditure forecast was undertaken. This resulted in a budget adjustment in the current financial year recommending a deferral of \$19.5 million into the following financial year.

The total Project cash flow includes contract and ancillary work package expenditure, financing and management costs. Administration of the overall project continues to be managed by the Project team, including the monitoring of mandatory governance requirements required to deliver a project of this nature.

The Principal's Representative is responsible for contract administration of the Design and Construct Contract.

External consultants are continuing to assist with the mandatory monitoring activities in accordance with the Coordinator Generals Evaluation Report and subsequent environmental approvals and permits as well as amendments to those approvals and permits.

An internal audit of the Design and Construct Contract was undertaken by an external consultant to ensure progress claims and certification were undertaken in accordance with the contractor terms/ conditions and legislative compliance. The internal control and risk management practices were also reviewed. The results of the audit (received 5 April 2019) have confirmed sound controls have been established to mitigate the risks associated with authorisation of progress claims and contract variations, all applicable contract terms have been adhered to with no exceptions and compliance with the *Building Industry Fairness (Security of Payment) Act 2017* has been confirmed.

In accordance with the Federal Government Concessional Loan Agreement a quarterly Concessional Loan Report was submitted to the Department of Infrastructure, Regional Development and Cities on 5 April 2019. Two draw downs on the Concessional Loan Facility have now been processed and received, totaling \$76,578,309.

CORPORATE PLAN

Corporate Plan Goal: *A smart economy*

Outcome:

1.1 - Strong economic leadership, collaboration and identity

Operational Activity:

1.1.7 - Oversee all activities associated with the Sunshine Coast Airport Runway Construction project, including finalisation of procurement arrangements, design and construction contract and ensuring performance targets are met.

CONSULTATION

Mayor and Councillor Consultation

In accordance with the Project's Governance Framework, the Mayor, relevant Portfolio Councillors and the Division Councillor generally meet on a quarterly basis to oversee activities relating to the project, including discussion of key issues impacting the project.

Internal Consultation

- Chief Executive Officer
- Group Executive Built Infrastructure
- Group Executive Economic and Community Development
- Group Executive Liveability and Natural Assets
- Chief of Staff Office of the Mayor, Office of the Mayor & CEO
- Acting Chief Strategy Officer, Office of the Mayor & CEO
- General Counsel, Office of the Mayor & CEO
- Projects Lawyer, Office of the Mayor & CEO
- Manager Communication, Office of the Mayor & CEO
- Chief Financial Officer, Business Performance
- Manager Business Development, Business Performance
- Coordinator Financial Accounting, Business Performance
- Coordinator Strategic Property, Office of the Mayor & CEO

External Consultation

- Sunshine Coast Airport
- John Holland Pty Ltd
- Beca Consulting Pty Ltd
- Aurecon Australasia Pty Ltd
- King & Wood Mallesons
- Office of the Coordinator-General
- Mr Ted O'Brien MP - Member for Fairfax, Queensland
- Noosa Shire Council – Mayor, Councillors and Executive Managers
- BMT WBM Pty Ltd
- Core Consulting Pty Ltd
- Future-Plus Environmental
- Department of Environment and Science
- Civil Aviation Safety Authority (CASA)
- Airservices Australia (AA)
- IDS Australasia Pty Ltd
- Converge Heritage and Community, including Archaeo Cultural Heritage Services Pty Ltd
- Kabi Kabi First Nation People Claimant Representatives
- PropPro Property Professionals
- Sunshine Coast Environment Council
- Various community groups.

Various Project groups have continued to meet in accordance with the Project's Governance Framework, namely:

- SCAEP Project Control Group - Meets on a quarterly basis to oversee the coordination of all activities relating to the project, including discussion of key issues impacting the project.
- SCAEP Project Steering Group - Meets monthly to discuss the activities relating to the delivery of the project and is chaired by the Chief Executive Officer.
- The Sunshine Coast Airport Project Control Group attended by two representatives each from Council and from the airport operator Palisade Investment Partners. This meeting is chaired by the Group Executive Built Infrastructure.

Interaction with Airservices Australia is conducted in accordance with the Terms of Reference Agreement with Airservices Australia and Sunshine Coast Airport.

Community Engagement

The Project Director provided project updates to several community interest groups.

Bi-monthly meetings with Sunshine Coast Environment Council continue to be held providing updates on environmental matters associated with the project.

Department of Environment and Science (DES) held the quarterly SCAEP Community Stakeholders Forum in mid-March 2019. This forum is held on a regular basis to discuss environmental factors relating to the project.

PROPOSAL

Progress has been achieved this quarter by both the Principal and the Contractor. The ancillary works program is progressing under the direct management of the SCAEP team.

This quarter the Design and Construct Contractor, John Holland undertook airside works in the Western Apron area consisting of demolition of existing stormwater services, the stripping of top soil, pavement removal and proof rolling of the subgrade. Placement of Fine Crushed Rock (FCR) in the apron area to the north-west of the terminal has progressed. FCR trials for the first layer of the runway have been conducted.

Two significant rainfall events were experienced in March, with over 300mm of rain received. This has slowed the contractor's progress. At this time and despite this delay, the overall progress remains on target to deliver the project in accordance with the final contract completion date.

Discussions continue with the Department of Environment and Science on the water quality parameters set under the Environmental Authority (EA).

Airservices Australia (AA) continue to work on the new airspace and instrument flight procedures design for completion for the May 2020 changeover. AA in partnership with both Sunshine Coast Airport (SCA) and SCAEP commenced the Airspace Design Stakeholder Engagement in mid-March 2019, with technical and community workshops being held. Multiple Community Information Sessions have been held and continue to be held through to mid-April 2019. A flight path information presentation was provided to Noosa Shire Council (Mayor, Councillors and Executive Team) on 27 March 2019 and then again on 11 April 2019 (Acting Mayor and Councillors).

Information sessions were held at the following locations:

- Mudjimba
- Coolum (2 sessions)
- Noosaville
- Maroochydore
- Marcoola
- Peregian Springs
- Cooran
- Pomona
- Verrierdale
- Cooroy

A project update and a follow up on various actions agreed to under the Cultural Heritage Management Plan (CHMP) was undertaken with the Kabi Kabi First Nation People Representatives on 9 February 2019.

Ancillary Work Packages

Ancillary Works Packages are progressing under the management and administration of the SCAEP team.

- a) Environmental Approval Submissions

A minor amendment to the current Environmental Authority (EA) has been approved, relating to the removal of a groundwater monitoring location associated with conditions for the removal of the reclamation bund and polishing pond.

A further amendment will be sought to set water quality parameters and monitoring requirements to more realistically reflect the background water quality variations associated with the significant rainfall events that were experienced in 2018 and 2019.
- b) Flood Mitigation Levee

The construction of the flood mitigation levee by Auzcon Pty Ltd is progressing according to schedule. Work commenced at the northern end and the Contractor is progressing in a southerly direction. The current program has the works complete by mid-2019.
- c) National Park Bund

DES has granted authorisation for the Flood Levee works to be undertaken within the Mt Coolum National Park for flood mitigation purposes. This includes in-principle approval of revocation of the area of the National Park under the bund footprint. Survey consultants, JFP, should have the revised cadastral plans for the area and expect this to be completed by the end of 26 April 2019. Council is progressing final revocation and offsets in parallel.
- d) Acid Frog and Ground Parrot Monitoring

The latest round of Acid Frog monitoring occurred in early April 2018 following a higher than average month of rainfall.

A contractor has been engaged to complete maintenance activities within the Wallum Heath Management Area. These works have strict guidelines to ensure the protection of ecological values of this area for Acid Frogs and Ground Parrots as well as working around sensitive airport infrastructure.
- e) Vegetation Management Area (VMA)

Conservation offset activities have commenced in Vegetation Management Area A (VMA). This six hectare (approximate) portion of land has been assigned for the construction of Acid Frog ponds and vegetation management to extend the Ground Parrot habitat. This stage of works included the removal of overstorey vegetation (primarily paperbark trees) to allow for the undergrowth to rejuvenate.
- f) Installation of Western Anemometer

Work on the provision of a new anemometer at the western end of the new runway is progressing. Radlink Communications have provided a report on options and their recommended a radio link connection from the anemometer to the Air Traffic Control tower as opposed to the use of underground cabling in order to significantly reduce costs. The preferred location, method of communication and details on ownership and maintenance were documented and circulated to the stakeholders. Once feedback is received and amendments agreed by all stakeholders, quotes for supply and installation will be invited from suitable providers.
- g) ARFFS Rapid Response Route

A concept design has been developed in collaboration with Airservices that meets the required response times for ARFFS. This concept design will shortly be transitioned to a detailed design to allow for the contractor to price its construction as a variation.

h) Finland Road Traffic Management

Temporary manually operated traffic signals have been operational since November 2018 at the intersection with Finland Rd and David Low Way under a contract held by Evolution Traffic Control Pty Ltd. The signals operate anytime when the traffic associated with deliveries to the site is forecast to exceed the trigger value of 20 commercial deliveries in a day. This requirement is checked weekly with John Holland to ensure effective traffic management and has resulted in significantly reduced costs to the project.

Project Works Program

The Works Program is currently being revised by the Design and Construct Contractor, John Holland.

Completion of the project remains on target for delivery by the end of 2020.

State Government Approvals

Numerous State Government Agency approvals, permits or amendments have been required in accordance with the Coordinator-General's and the Minister for the Environment's overarching approvals. All Environmental Approvals associated with the Contractor's works have been obtained.

Legal

External advice has been sought in relation to Council's responsibilities associated with compliance with EA approvals and acquittal of Council's obligations in relation to its General Environmental Duty.

The construction of the project will be subject to the procurement requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*.

Policy

- Sunshine Coast Airport Master Plan 2007
- Regional Economic Development Strategy 2013-2033

Risk

The risk and opportunities register that includes the mitigation strategies for each identified risk continues to be reviewed and updated. The higher risks are summarised below:

- Timeframe associated with Airspace design and transition from RWY18/36 to RWY13/31.
- Management of OLS penetrations.
- Impacts associated with PFAS management.
- Provision of Air Traffic Control services by Airservices Australia.

All other risks have been identified as medium to low.

Previous Council Resolution**Special Meeting 28 February 2019 (SM19/2)**

That Council receive and note the report titled "Sunshine Coast Airport Expansion Project Update".

Related Documentation

- *Sunshine Coast Airport Expansion Project Environmental Impact Statement (EIS).*
- *Sunshine Coast Airport Expansion Project Additional Information to the Environmental Impact Statement (AEIS).*
- *Project Plan.* A detailed Project Plan has been prepared for the Project. The Project Plan will be reviewed and amended, as required, as the Project progresses through different stages.

Critical Dates

The preliminary design of the Airspace and Flight Paths are to be completed by June 2019 in order to meet the Aeronautical Information Regulation and Control (AIRAC) publication cycles for May 2020. Any delay in the completion of the Airspace and Flight paths will result in missing the AIRAC publication cycles for May and their deferral to November 2020. This would mean that the new runway would not be able to be brought into service when it is scheduled to be completed in May 2020 and the construction of the interface with the existing Runway 18/36 would need to be deferred by six months (as this cannot occur until the new runway is in service). This would likely result in additional costs to the project of an excess of \$10.5 million dollars.

Implementation

Delivery of the Sunshine Coast Airport Expansion Project is to continue in accordance with various approvals obtained to date.

Work as detailed in this report continues.

4.2 SUNSHINE COAST INTERNATIONAL BROADBAND NETWORK PROJECT

File No: Council meetings
Author: Group Executive
Economic & Community Development Group

PURPOSE

The purpose of this report is to update Council on the progress of the Sunshine Coast International Broadband Network (SCIBN) project (the project).

EXECUTIVE SUMMARY

On 3 July 2018, Council executed a Project Implementation Agreement (PIA) with RTI Connectivity Pte Ltd (RTI-C) for a stubbed Branch Unit (BU) insertion into the Japan-Guam-Australia-South cable system (JGA-S) and Branch Segment (BS) installation.

Subsequently, on 6 September 2018, Council entered into a Framework Agreement with RTI and a Tripartite Agreement with RTI and Alcatel Submarine Networks (ASN) for the delivery of a branch segment into the JGA-S system.

The agreement will result in:

- the fastest data connection from the East Coast of Australia to Asia
- the only landing point in Australia for an international cable outside a capital city
- the first cable to land at a point outside Sydney on the east coast of Australia
- a significant point of difference for the Sunshine Coast and provision of a major boost to other Council projects such as SunCentral Maroochydore and
- the only such initiative to be led by a local government.

The key drivers for the project are the economic outcomes for the Sunshine Coast region. The 2017 GQI Project Feasibility Study identified the project will help retain jobs that might otherwise have been lost to the region, and stimulate new investment and jobs growth. In total, the project can contribute up to 864 jobs and \$453 million in economic value-add.

The key progress that has been achieved in the last quarter includes the following:

- The successful tenderer, Vertiv, has continued with the construction of the cable landing station located in Maud Street, Maroochydore.
- The successful tenderer has been selected for the construction of the beach manhole and horizontal directional drilling required to facilitate the landing of the cable and a contract is in the process of being finalised.
- Investment attraction activities continue with the attraction of a data centre one of the key targets.
- The marine survey of the proposed branch route has been completed and the specifications for the branch components confirmed for manufacturing.
- The first claim of \$2.5 million under the Jobs and Regional Growth Fund has been lodged with the Queensland Government.
- Owners consent has been received from the Queensland Government for the works associated with the beach manhole.

The Proposal section provides further information on the project specifics.

OFFICER RECOMMENDATION

That Council receive and note the report titled “Sunshine Coast International Broadband Network Project”.

FINANCE AND RESOURCING

The project cost is estimated at a capital cost of \$35 million, with \$20.6 million in the 2018/19 financial year. Expenditure at the end of April 2019 was \$6.35 million.

Council has executed an Assistance Agreement with the Queensland Government for a grant of \$15 million towards the project under the Jobs and Regional Growth Fund and the first payment claim of \$2.5 million has been submitted to the Queensland Government.

A business case has been drafted that includes capital costs, operations and maintenance costs and anticipated revenue that will be generated from customers accessing the cable network through the Sunshine Coast cable branch. The target is for these revenue streams to, at the least, meet Council's borrowing costs and debt servicing requirements.

The business case will be updated once the additional operational agreements are complete.

CORPORATE PLAN

Corporate Plan Goal:	<i>A smart economy</i>
Outcome:	1.2 - New capital investment in the region
Operational Activity:	1.2.2 - Implement actions of the Sunshine Coast International Broadband Network project to facilitate landing of a submarine cable.

CONSULTATION

Portfolio Councillor Consultation

The Sunshine Coast International Broadband Network Project Control Group (PCG) has met on the following dates: 17 January 2018, 19 February 2018, 24 April 2018, 18 June 2018, 20 July 2018, 13 August 2018, 18 September 2018, 24 October 2018, 28 November 2018, 30 January 2019, 25 February 2019, 25 March 2019 and 23 April 2019.

The PCG membership is as follows:

- Mayor
- Deputy Mayor
- Portfolio Councillor Economic Development and Innovation
- Chief Executive Officer
- Group Executive Economic and Community Development.

A requirement of the Queensland Government funding is that they have a representative as an observer on the PCG which is the Queensland Government Chief Information Officer.

Internal Consultation

The following have been consulted in relation to the project:

- Lead Advisor Technical
- Senior Technical Officer
- Project Manager.

Consultation has occurred with the Division 8 Councillor, Parks and Gardens, TIM Branch and Holiday Parks in relation to the impacts of the construction of the beach manhole and horizontal directional drilling. Following awarding of the contract, the Holiday Park will be advised of the confirmed dates and time of construction, and a project newsletter prepared for local residents and accommodation facilities.

External Consultation

- Alcatel Submarine Networks
- Department of Agriculture and Fisheries
- Department of Home Affairs
- Department of State Development, Manufacturing, Industry and Planning
- EGS Survey
- Queensland Treasury Corporation
- Potential investors associated with the project
- RTI Connectivity
- Trade and Investment Queensland
- University of the Sunshine Coast.

The following firms have been engaged to provide specialist advice in relation to the project:

- MinterEllison (Legal)
- The Grex Group (Commercial)
- Worrall Consulting (Technical).

Community Engagement

No formal community consultation beyond the external consultation referred to above has been undertaken.

Council will, in conjunction with Commonwealth regulatory agencies, undertake engagement on the project in mid-2019.

PROPOSAL

On 3 July 2018, Council executed a Project Implementation Agreement (PIA) with RTI Connectivity Pte Ltd (RTI-C) for a stubbed Branch Unit (BU) insertion into the Japan-Guam-Australia-South cable system (JGA-S) and Branch Segment (BS) installation.

Subsequently, on 6 September 2018, Council entered into a Framework Agreement with RTI-C and a Tripartite Agreement with RTI and Alcatel Submarine Networks (ASN) for the delivery of a branch segment into the JGA-S system.

RTI-C are leading cable owners and develop global telecom infrastructure and large-scale data connectivity in selected markets. RTI-C offer their neutral products and services to international telecommunications carriers, multinational enterprises, global content providers, and educational institutions. RTI is headquartered in San Francisco, California and RTI-C is headquartered in Singapore.

RTI currently leads a consortium which is undertaking a submarine cable project connecting Japan to Sydney via Guam (JGA). The opportunity for Council to have a submarine cable branch connection (branch) to JGA, landing on the Sunshine Coast (see Diagram 1). The installation of the cable is expected to be completed in the first half of 2020.

The branch connection for the cable length from the Sunshine Coast to the main cable will be approximately 550 kilometres.

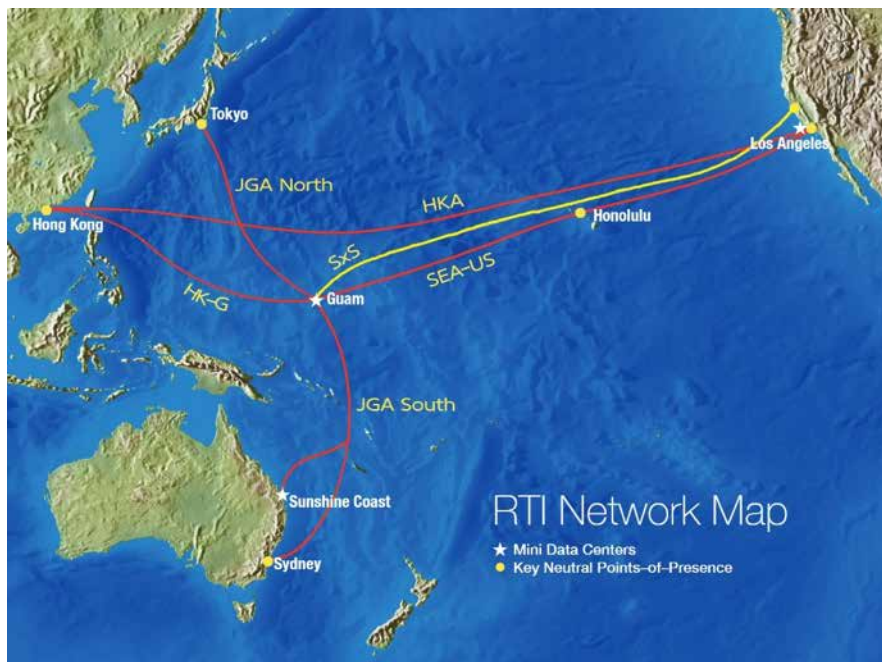


Diagram 1. RTI Network Map showing Sunshine Coast Branching Unit from JGA-South Cable

On 23 January 2019, RTI-C announced that it had awarded NEC Corporation a contract to be the system supplier for the SxS Cable System. The 10,500 kilometre undersea fibre optic cable system will directly connect Guam and California.

RTI is an investor in the East segment of the SEA-US Cable System, a highly efficient Trans-Pacific cable. RTI will forge connections between South-East Asia and the United States for more than 1.5 billion people. Their vision is to maintain carrier neutrality, enabling them to provide its partners with dramatically increased bandwidth. Google and AARNet (Australian Academic Research Network) are consortium partners in the JGA-South portion of the truck cable which provides potential opportunity for Council and the region.

Commercial arrangements

A summary of the documents that make up the commercial arrangements is as follows:

Project Implementation Agreement (Council and RTI-C): commitment to the design and capacity of a Branching Unit. Executed 3 July 2018.

Construction Tripartite Agreement (Council, RTI-C and ASN): ASN for design, manufacture and construction of the Branch in accordance with current industry standards with respect to materials, construction processes and expected asset life; RTI-C to provide project management services. Executed 6 September 2018.

Framework Agreement (Council and RTI-C): terms on which the SC Branch would be designed, manufactured and constructed and general principles for the operation and utilisation of the Branch. Executed 6 September 2018.

Other arrangements currently being developed include the following:

Indefeasible Right of Use: will detail the arrangements governing the physical ownership of the branch verses access to the capacity on the branch.

Facilities Access Agreement: will detail access rights to facilities such as beach manhole, ducting and cable landing station.

Network O&M: will detail the operations and maintenance including system monitoring, configuration and management, response-time, maintenance, upgrade and repair.

Marine Maintenance O&M: will detail arrangements to cover all marine components of the branch.

Go-to-Market: The generation of revenue will involve customers transmitting data across the branch and the trunk cable to destinations including Sydney, Guam, Hong Kong, Japan and the United States. To make any transactions seamless for customers, it is expected that there will a consolidated price for traffic for the complete length of the transmission. The approach is designed to incentivise both parties to work together for the long term and ensure the viability of the project.

SCIBN Project – State Assistance Agreement

The State Assistance Agreement under the Queensland Jobs and Regional Growth Fund was executed on 14 August 2018.

The Assistance Agreement provides for three payments (\$2.5 million, \$7.5 million, and \$5 million) to be paid to Council:

- First payment after Council has expended at least \$5 million
- Second payment after Council has expended at least \$20 million
- Final payment upon commissioning of the project.

The first payment claim of \$2.5 million has been submitted to the Queensland Government.

SCIBN Terrestrial Network

The terrestrial network of the SCIBN project is being delivered by Council and includes the preparation of designs, necessary approvals and tenders for the construction of four separate components:

- Beach Manhole
- Cable Duct Route
- Cable Landing Station
- Carrier Backhaul and connection to Maroochydore City Centre.

Beach Manhole

The Beach Manhole will be located in the Pierce Park Carpark (as per Diagram 2). This is the location for the landing of the optic fibre and energised submarine cable. Construction of this facility will occur between late July and mid-September (the school third term) to minimise impact on the Tourism industry.

The tender closed on Monday 18 February 2019 and the successful tenderer has been selected for the construction of the beach manhole and horizontal directional drilling. A contract is in the process of being finalised allowing time for the contractor to complete necessary preparations for a July install.

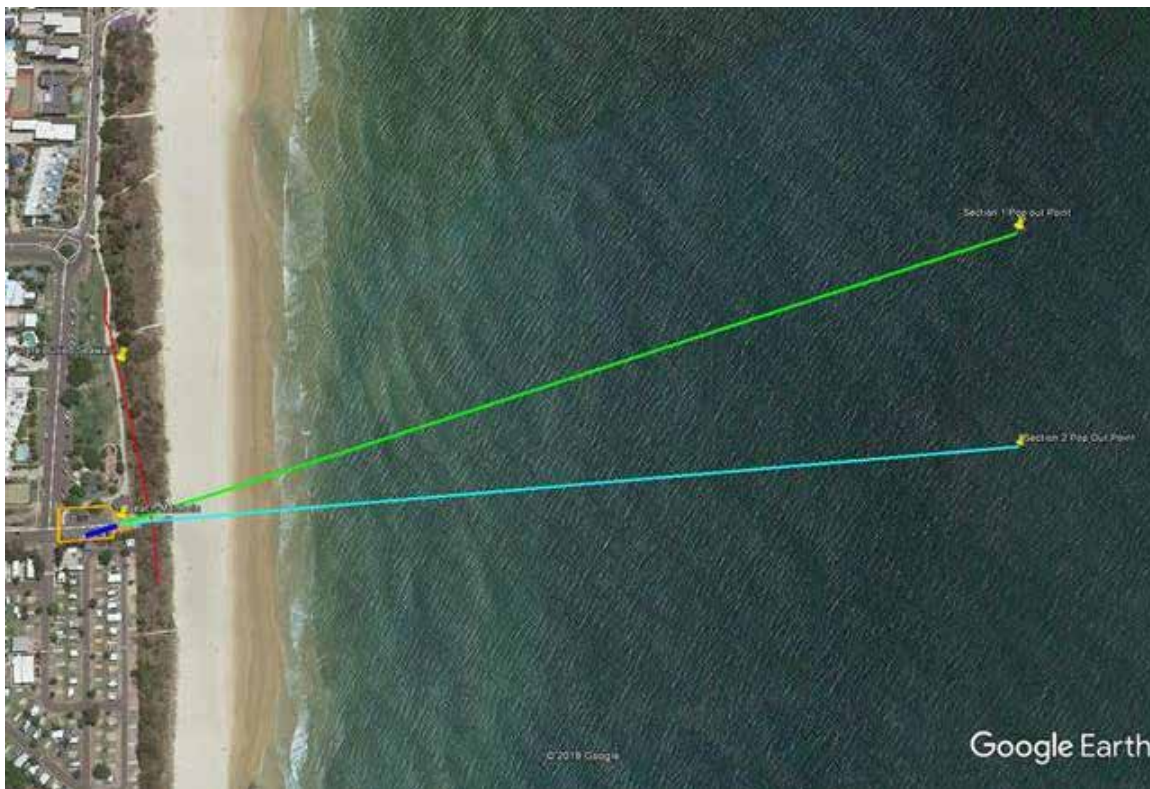


Diagram 2. Beach Manhole and Horizontal Drilling illustration

The Beach Manhole will be completely underground and only identifiable by the 1m round access pit lid. For the RTI-C contract the green northern line will be used to reach a suitable working depth for the submarine cable to be installed and hauled through the horizontal directional drill path to the Beach Manhole. The light blue line is the planned second bore to provide for a future submarine cable landing. The red line represents the alignment of the future revetment wall construction.

Terrestrial Duct Network Route

Covering a distance of approximately 1.5 kms, the terrestrial duct network route is designed to have minimal impact on business and residents along the route. The key roads along the route are Kingsford Smith Drive, cross Aerodrome Road into Rose Street, Parker Street, Second Ave, Bungama Street and across Maud Street into the Cable Landing Station (see Diagram 3). Construction is planned for mid-July to mid-September 2019 to minimise tourism impact and to align with the construction timeline.

The tender for these works is expected to be released early to mid-May 2019.



Diagram 3: Terrestrial Duct Network Route

Cable Landing Station

This facility is located at 44-46 Maud Street has been designed to incorporate up to four international submarine cables which will allow our region and Queensland to facilitate additional submarine connections into the future. To ensure the Sunshine Coast can directly benefit from the international connection, a mini exchange or City Point of Presence has been built into the design. In addition, an Internet Exchange will be created to provide cross-connect for cloud-based services to service the region directly. Both of these features will need to be actively supported to attract and connect local and national carriers and digital economy firms to the region.

On 30 November 2018, Council announced the selection of Vertiv as the lead contractor. Construction commenced early February 2019 and completion set for July 2019.

The project has progressed with all bulk civil works completed, foundations placed and core filled blockwork to raise ground floor slab completed. Backfill to slab level and compaction due last week of April with ground floor slab being poured first week of May.

First floor module construction underway in the Vertiv factory which are expected to be delivered to site in June. All long lead items have been procured and confirmed delivery in line with construction schedule.

Any decision to secure a night time colour illumination and visual projection solution has been deferred until after the construction is complete.

Located in the Cable Landing Station, the City Point of Presence (PoP) (with a total of 24 rack space) provides for domestic carrier connection of the international submarine cable connectivity, and connection to Maroochydore City Centre and the wider region. Council's carrier licence provides the necessary authority to enter into the carrier to carrier agreements. To complete the carrier network a suitable procurement selection process will be undertaken to select and attract an internet peering exchange and content delivery networks in the City PoP. Each of these elements are core to connecting the international capacity to the Sunshine Coast Region and supporting the projected investment and employment targets identified in the feasibility study.

Carrier Backhaul and connection to Maroochydore City Centre

To complete the connection to Sunshine Coast and National Carrier networks, a high fibre count optic fibre cable will be installed from the Cable Landing Station to the exchanges in Duporth Avenue, Maroochydore.

A proportion of the fibres in the cable will be connected to the Maroochydore City Centre as it passes through to enable the City Centre Smart City infrastructure and connect to every lot and future building. Investigations will continue to establish the potential to connect from Council's earlier 2006 build Maroochydore to Palmwoods via Sippy Downs onwards to Nambour. If feasible, the extension of the SCIBN backhaul fibre could deliver additional strategic benefits for the region by allowing a connection directly to the Nambour NBN Point of Interconnect. This would involve an additional approximate 9km fibre build. A tender for these works will be developed and related in the third quarter of 2019 for completion by early 2020.

Connecting to NBN and delivering enhanced benefits for the region

The backhaul fibre builds outline above and providing the infrastructure for carriers to connect to the NBN will allow the SCIBN project to provide connection benefits to the wider region. The activation of the SCIBN in this way fulfills the vision of achieve smart region outcomes and further justification for the Top 7 Intelligent Community status. Interconnectivity to Retail Service Providers across Australia through the NBN Access Seeker arrangements will be facilitated through the council carrier licence supporting the SCIBN project.

The operational and commercial considerations of achieving these connections and activating them successfully will be considered in a future and possibly separate report

relating to the Council Carrier business. This is expected to demonstrate a methodology to deliver on the SCIBN project and advance associated savings and revenue potential for Council.

Each of these SCIBN terrestrial network assets collectively create the ecosystem of connections and features to enable the digital economy directly to the Sunshine Coast and, more broadly, Queensland.

Promotion/Investment attraction

Since the announcement of the SCIBN project, discussions have been held with a number of data centre operators with Council seeking to capitalise on the international connection and indicating strong interest in the Sunshine Coast for their next investment. Written expressions of interest have been lodged by interested parties.

Council promoted the Sunshine Coast International Broadband Network at the QODE conference and exhibition organised by the Queensland Government in Brisbane in the first week of April. The event is Australia's largest innovation conference.

Council had a live submarine cable display and met with more than 200 people over three days and generated 21 leads. Council also briefed Advance Qld, Trade and Investment Qld Commissioners from Singapore and San Francisco on the cable and Austrade representatives.

More than 120 local business people attended the Sunshine Coast Chamber Alliance 'Powering Business to the World' submarine cable seminar. Four promotional videos were prepared following the seminar and have been shared across social media Powering Business to the World.

Work is underway with QTC who are doing an economic report on the regional industry and productivity benefits of the submarine cable with an expected completion date of end May 2019.

Council has been approached by Sunshine Coast Business Council who want to partner on an "Economic Impacts of Submarine Cables" workshop on 11 June 2019.

Legal

Following the receipt of owners consent from the Queensland Government for the works associated with the beach manhole from the State, an Operational Works application has been lodged.

A meeting is scheduled with the Australian Communication and Media Authority in May 2019 to further discuss permitting.

Policy

This project will contribute to achieving the goals included in Council's Regional Economic Development Strategy 2013-2033.

The establishment of a submarine cable landing on the Sunshine Coast has also been recognised by the Queensland Government in *Shaping SEQ: the South East Queensland Regional Plan*, which has been jointly agreed by the State and by south east Queensland councils.

The structure of the previously approved Significant Contracting Plans for these Significant Contracts complies with the requirements of Council's Procurement Policy.

Risk

There are a range of risks to Council with this project.

Project risk

Council will make payments to ASN on satisfactory milestones being achieved. RTI will verify the satisfactory achievement of those milestones.

Reputational risk

If Council does not complete this project, there is the risk that other councils will look to land an international submarine cable(s) in their local government areas. With the recent announcement on the project proceeding, this risk has reduced.

There is also a reputational risk to Council if the project is not executed properly or is not project managed properly.

Financial risk

All costs for submarine cable systems are in US\$ (unless otherwise indicated above) and Council will need to manage its exposure to movements in the exchange rate as a result of any contract for the submarine cable branch being in US\$.

Mitigating the risk

Technical and project experts have helped Council develop and finalise the various contracts and arrangements with RTI-C and ASN and others.

It should also be noted that, although there are considerable risks, the project provides significant economic opportunities and benefits for the Sunshine Coast and, if Council was not to proceed with JGA-S opportunity, there would be no certainty that the other available option would materialise – or, in fact, that the risks would be less/fewer with that project.

Previous Council Resolutions**Special Meeting 28 February 2019 (SM19/1)**

That Council receive and note the report titled “Sunshine Coast International Broadband Network Project”.

Special Meeting 8 November 2018 (SM18/21)

That Council authorise the Chief Executive Officer to proceed as discussed in confidential session in relation to the Sunshine Coast International Broadband Network project.

Special Meeting 10 September 2018 (SM18/18)

That Council authorise the Chief Executive Officer to proceed as discussed in confidential session in relation to the Sunshine Coast International Broadband Network project.

Ordinary Meeting 16 August 2018 (OM18/141)

That Council authorise the Chief Executive Officer to proceed as discussed in confidential session in relation to the Sunshine Coast International Broadband Network project.

Special Meeting 29 June 2018 (SM18/8)

That Council authorise the Chief Executive Officer to proceed as discussed in confidential session in relation to the Sunshine Coast International Broadband Network project.

Special Meeting 17 May 2018 (SM18/7)

That Council

- (a) *note the progress of the Sunshine Coast International Broadband Network project*
- (b) *resolve in accordance with Section 39 of the Local Government Act 2009 that the Sunshine Coast International Broadband Network project is an enterprise that is directed to benefitting and can reasonably expected to benefit the Sunshine Coast Local Government area and*
- (c) *resolve to conduct a beneficial enterprise in relation to the Sunshine Coast International Broadband Network project.*

Ordinary Meeting 17 May 2018 (OM18/62)

That Council:

- (a) *receive and note the report titled "Strategic Contracting Procedures" and*
- (b) *apply Chapter 6 Part 2 Strategic Contracting Procedures of the Local Government Regulation 2012 to its contracts, following adoption by Council of:*
 - (i) *a contracting plan and*
 - (ii) *a contracting manual*

which will not be more than one year after the date of this resolution.

Ordinary Meeting 19 April 2018 (OM18/55)

That Council

- (a) *note the progress of the Sunshine Coast International Broadband Network project and*
- (b) *resolve that, because of the specialised nature of the services, it would be impractical or disadvantageous for the local government to invite quotes or tenders.*

Ordinary Meeting 22 March 2018 (OM 18/46)

That Council note the progress of the Sunshine Coast International Broadband Network project.

Special Meeting 22 February 2018 (SM18/3)

That Council note the progress of the Sunshine Coast International Broadband Network project.

Ordinary Meeting 25 January 2018 (OM18/12)

That Council note the progress of the Sunshine Coast International Broadband Submarine Cable project.

Special Meeting 23 November 2017 (SM17/46)

That Council:

- (a) *receive and note the report titled "**Sunshine Coast International Broadband Submarine Cable**"*
- (b) *invite Expressions of Interest to identify a partner(s) to deliver the international broadband submarine cable and*
- (c) *note that the calling for Expressions of Interest as noted in (b) above would be in the public interest for the following reasons:*
 - i. *being able to discuss and negotiate the best outcome given a number of unknowns in the construction and operation of the proposed project*
 - ii. *to allow industry driven analysis of existing and future costs for construction and ongoing operation of the project on which to base economic decisions and*
 - iii. *to enable a bespoke contract between Council and the successful respondent.*

Related Documentation

- Feasibility Study: Sunshine Coast International Broadband Submarine Cable (10 November 2017)
- Market Sounding Report: Sunshine Coast International Broadband Submarine Cable (November 2017)
- Sunshine Coast International Broadband Submarine Cable Network Business Case (as at 5 September 2018)

- Sunshine Coast International Broadband Submarine Cable Network Project Plan (as at 5 September 2018)

Critical Dates

The cable is scheduled to be ready for service in the first half of 2020.

Implementation

The project will continue to be implemented in accordance with the above timeframes.

4.3 MAROOCHYDORE CITY CENTRE - CEO UPDATE

File No: Council meetings

Author: Portfolio Director, Major Projects
Office of the CEO

Attachments: Att 1 - SunCentral CEO Update29

PURPOSE

The purpose of this report is to:

- Provide a project delivery update for the Maroochydore City Centre Project as provided by the CEO of SunCentral Maroochydore Pty Ltd.

OFFICER RECOMMENDATION

That Council receive and note the report titled “Maroochydore City Centre - CEO Update”.



Maroochydore City Centre Project - Quarterly Report (Q3 Jan-Mar 2019) to the SCRC Shareholder Representative Group

Dated	2 April 2019
Author	John Knaggs, Chief Executive Officer, SunCentral Maroochydore P/L (SCM)

Introduction

This Maroochydore city centre (MCC) project report to the Shareholder Representative Group (SRG), deals with the period January to March 2019 inclusive, and provides a high-level summary of the more significant project delivery activities undertaken in the reporting period.

Report

1. Construction management update

Construction of Stage 1A1 is nearing practical completion whilst works are progressing on program for Stage 1A2. Design for Stage 1C is complete and is currently with the TRG for review and finalisation.

Construction staging (northern part of site)



The following construction works are reported for the period.

- a) **Stage 1A1 main civil / subdivisions works** – Practical completion of this stage of works is expected by the end of April.

In addition to the above, works are progressing on the partial construction of the Mundoo Boulevard Bridge and Sewer Pump Station both of which are expected to be completed during May 2019.



- b) **Stage 1A2 East Corso** – These infrastructure works, which comprise revetment walls, the weir and landscaping of the East Corso edges, continue to progress on program with scheduled completion in August 2019.

- c) **Stage 1C infrastructure / Mundoo Boulevard (north) and civic park (part)** – Detailed design for these two components of infrastructure is complete and currently with the TRG for their review and finalisation. Tender documentation for the initial stage of these works, being the extension of Mundoo Blvd from the limit of Stage 1A1 to the bridge, are currently being prepared. Tendering of these works is expected to be concluded by the end of June 2019 with construction commencing in the following weeks.

The following photographs depict current work areas on site.



Stage 1A1 – First Avenue works



Stage 1A1 - urban square works



Stage 1A1 - urban square works



Completed Aerodrome Rd / Maud St intersection works by SCRC

5 CONFIDENTIAL SESSION

5.1 CONFIDENTIAL - NOT FOR PUBLIC RELEASE - MAROOCHYDORE CITY CENTRE UPDATE

File No: Council meetings

Author: Portfolio Director, Major Projects
Office of the CEO

This report is confidential in accordance with section 275 (h) of the *Local Government Regulation 2012* as it contains information relating to other business for which a public discussion would be likely to prejudice the interests of the local government or someone else, or enable a person to gain a financial advantage.

6 NEXT MEETING

Nil

7 MEETING CLOSURE