



**Councillor Request Additional
Information
Ordinary Meeting**

Thursday, 10 December 2020

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Related Report / Additional Information Request

Meeting:	Ordinary Meeting	Date:	10 December 2020
Requesting Councillor:	Councillor M Suarez		
Item:	Item 8.1		
Circulation	8 December 2020		
Officer (title):	<i>Parking & Transport Manager</i>	Approving GE (title):	<i>Group Executive Built Infrastructure</i>

In response to a question raised by Councillor M Suarez, please note the following additional information for your consideration.

Question:

1. Please provide a breakdown of paid, timed and untimed car parking bays in Mooloolaba for the following event periods – prior to Brisbane Road Car Park construction, at opening of the 'ParknGo Mooloolaba Central' facility, after completion of the Mooloolaba foreshore project, after completion of the Wharf carpark upgrade.

Response:

Please see table below with estimated breakdown of public parking figures for the overall Mooloolaba LAPP area:

MILESTONE	PAID	TIMED	UNRESTRICTED	TOTAL
Pre-car park construction	0	924	1,423	2,347
At ParknGo Opening/go-live (From 18 Jan 2021)	706	987 ^a	1,243	2,936
Completion of foreshore masterplan (paid parking in New Only)	741 ^b	855 ^c	1,233 ^c	2,829 ^c
Completion of foreshore masterplan (paid parking as per LAPP)	1,288	308 ^c	1,233 ^c	2,829 ^c
After Wharf Car Park multi-storey (i.e. ~2030)	1,588 ^d	308 ^c	1,233 ^c	3,129 ^c

- Timed figure reflects reductions from MTCU project Stages to date, change from at-grade to multi-deck spaces at Brisbane Road, and timed/unrestricted figures reflects 4P areas introduced to The Spit in 2020.*
- Base paid figure includes 35 spaces in ground floor retail car park of ParknGo opening in March 2021*
- Figures are indicatively only, as may be subject to changes as a result of other projects (i.e. Mass Transit, coastal pathway, active transport improvements)*
- Figures assumes 300 additional spaces created by Wharf multi-storey and rest of site becoming being paid parking.*

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In response to a question raised by Councillor M Suarez, please note the following additional information for your consideration.

Question:

- The Council report considered by the current Council on 25th June 2020, recommending the disposal of the remainder of the Brisbane Rd Car Park site stated, *"Benefits to the Sunshine Coast Region – Financial and commercial benefits resulting from proceeding with the project proposed by the preferred respondent include:*
 - Revenue received from the proceed of sale of the land helps to offset the cost of constructing the adjoining Council multi storey car park."*

Please advise how the \$7.2m proceeds of the sale have been applied to offset the cost of constructing the ParknGo Mooloolaba Central facility, and how this offset has been taken into account during the break-even calculations for parking fees at the facility.

Response:

The proceeds of the land sale (once received) were allocated to go back into general revenue, to offset the overall costs against Council's financial position. This approach is Council usual practice, rather than land sales having a direct contribution to a project.

To note, the land sale funds have been already been planned for in Council overall cash flows as part of the 10 year forecast.

If funds were to be used to reduce debts for the project, therefore there would need to be other adjustments made to the capital works program by the same amount. This would need to be considered as part of the 21/22 budget process to understand flow on impacts on Council's financial position.

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In response to a question raised by Councillor M Suarez, please note the following additional information for your consideration.

Question:

- The report states the contract cost to construct the facility has been \$18m. However, the calculations presented in workshops to estimate parking fee charges v's costs to ratepayers should there be no fee, indicated a higher figure was used in the break-even calculations. Please advise what was the base amount used to calculate the break-even cost that was presented to Councillors in previous workshops for the proposed parking fee charges v's cost to ratepayers. Which amount has been used in the calculation of figures presented in this Ordinary Meeting report?

Response:

As referred in the Ordinary Meeting report, the \$18 million is just the Evans Built contract cost for the construction of the facility. It is not inclusive of costs for road works, and other infrastructure to accommodate the facility.

As per advice provided previously to Councillors the full project delivery costs are \$23.5 million when taking into account road works, service relocations, technology and project management fees. The full \$23.5 million figure was used to inform breakeven calculations and estimated breakeven for fees or cost to ratepayers is annualised.

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Question:

- The report states a cost per rateable property would be about \$18 applied across the entire Sunshine Coast Council region for a 20 year term. The report is not clear if this is an annual cost or a one-off cost. Please clarify.

Response:

The \$18 cost would be per annum costs that has been averaged over the 20 year term. Year on year costs may be subject to some minor rise and fall.

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In response to a question raised by Councillor M Suarez, please note the following additional information for your consideration.

Question:

5. Please provide the financial breakdown of the approximately \$2.5m annual costs for infrastructure debt repayments, asset management, depreciation, and operating and management costs.

Response:

The financial model figures are the annual basis based on the \$23.5 million costs for loan, interest rates and a 40 year depreciation rate.

A breakdown of the rounded \$2.5 million per annum costs is summarised below:

ITEM	ESTIMATED COSTS
Loan Interest and principal repayment	\$1,471,142
Depreciation	\$ 587,500
Car park management fees and supervision	\$200,000*
Technology, software and licensing costs	\$70,000*
Other operational, maintenance, and adhoc repairs costs	\$150,000*
TOTAL	\$2,478,642*

**To note, figures are estimates only and may not reflect actualised costs and contract amounts. Once the car park is operating, to confirm car park usage/revenue, all contracts with suppliers are finalised and all actualised operational needs (including maintenance, repairs, asset management costs) updated breakeven modelling will be prepared to inform Fees & Charges processes for 21/22 as part of the 21/22 budget preparation.*

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Question:

6. Is the retail/commercial component of the Brisbane Road Car Park construction included in the \$18m construction contract? If so, how much of this contract price is allocated to construction of areas that have uses other than the provision and servicing of car parks? If not, what is the additional cost to construct the proposed retail and commercial components that have been constructed as part of the Brisbane Road Car Park building?

Response:

The cost breakdown for the project does not consider the cost of individual areas of the car park facility, instead it is broken down by trade which cannot be assigned to individual areas. It is confirmed the cost of the retail component (base costs and not fitout which is a user/tenant cost) is included within the construction contract cost.

As background, the retail component was a requirement of the Development Approval to meet provisions under the Planning Scheme and the car park would not have received approval if the retail was not provided. As such the retail component is an integral part of the car park development for this location.

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In response to a question raised by Councillor M Suarez, please note the following additional information for your consideration.

Question:

8. Please provide a list of developments that have made developer contributions in lieu of parking provisions in the suburb of Mooloolaba over the last 5 years? How have these contributions been spent in the locality?

Response:

There were two External Restricted Cash reserves for parking related contributions which carried through from amalgamation and also reflected where funds originated. The total balance of the Reserve is \$2,458,901 with there being no recorded contributions from Mooloolaba.

Discussion with officers with longer service confirms while there were some proposals with potential for parking contributions of a few Mooloolaba sites, they did not proceed. Instead alternate development proposals resulted and no contribution was required.

There are some new Infrastructure Agreements for Contributions in lieu of Car Parking issued (across the region) which, if all come to fruition, would be another \$2,192,000 at some time in the future. A significant portion of this potential future contribution that is relevant for Mooloolaba relates to the ARIA development.

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Question:

9. Why was no external consultation undertaken in relation to this report?

Response:

The nature of this report is fundamentally to set fees for new car park facilities to ensure a Council is taking an effective and financially sustainable approach to how it delivers new parking infrastructure.

In effect the report is operational in nature and would typically not be something that would be consulted on with external stakeholders. Further there is the matter of timing, in which a decision needs to be made prior to the car park opening and the reports recommended fees could not be finalised as a draft until directions were received by Council through parking workshops.

It is important to note, the progression of the car park is based on existing plans, and policies which were subject to comprehensive consultation processes. This included the Parking Management Plan and Local Area Parking Plans, along with the Mooloolaba Place Making Master Plan.

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In response to a question raised by Councillor M Suarez, please note the following additional information for your consideration.

Question:

10. The report states the suggestion by Mooloolaba Chamber of Commerce to offer three hours of free parking is neither practical nor financially viable. Please provide the calculations of the financial modelling used to make this determination.

Response:

The financial model was developed based on using a data driven approach with the findings of several past parking utilisation surveys to inform estimates of future utilisation, assumptions and deliberations in setting any fee.

Survey information has been compiled from 1996, 2011, 2012, 2014, and 2019. A clear trend from the surveys indicated about 75% of vehicles stayed 2 hours or less, and only about 10% of vehicles stayed more than 3 hours.

Based on this, revenue would only likely be generated from a small proportion of car park users that would stay longer than 3 hours.

If a 3-hour free period was offered, limited revenue is expected to be generated with only around 10% of vehicles expected to have a length of stay that would incur fees. This would see a significant shortfall in being able to cover yearly costs for the facility through user pays revenue. Shortfalls would therefore see the need for significant fees added to rates to provide an offset or equivalent cuts made in the capital works program and/or other service delivery activities.

The specific calculations of the model are too detailed to simply summarise but as an example even if the car park was theoretically 100% utilised with 3 hours free, revenue may only be generated from the equivalent of less than 100 parking space. If these 100 vehicle per day staying beyond the free period all triggered the maximum daily rate of \$12.50 this would only generate \$1,250/day. Over a year that would only achieve \$456,250 per annum against a potential \$2.5 million per annum in costs.

Alternatively, the estimated breakeven parking rate would theoretically need to be as high as \$14/hr which is not considered viable or see any suitable level of willingness to pay by users of the facility.