

10.2.4 - Keirnan Park Planning Update (SJ1364)	
<b>Responsible Officer:</b>	Manager Major Projects
<b>Senior Officer:</b>	Director Infrastructure Services
<b>Disclosure of Officer's Interest:</b>	No Officer involved in the preparation of this report has an interest to declare in accordance with the provisions of the <i>Local Government Act 1995</i> .

### Authority / Discretion

Executive	The substantial direction setting and oversight role of the Council such as adopting plans and reports, accepting tenders, directing operations and setting and amending budgets.
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### Report Purpose

The purpose of this report is to provide Council a project update for Keirnan Park Recreation Precinct regarding planning and detail design phase.

In addition, this report aims to inform Council of the current project risks and the associated mitigation measures. The current risks are noted as:

- Irrigation water source – adequate water source for irrigation of the ovals has not yet been found on site.
- Funding agreement status and progression – whilst planning and detail design phase is near completion per the current State Funding Agreement (FAA1 - \$2M), there is an unknown time delay with approval of the second Grant funding (FAA2 - \$18M) for the construction phase from Department of Local Government, Sport and Cultural Industries (DLGSC). The Shire has also applied for an additional \$4M of funding to complete construction of Stage 1A as per the scope prior to the value management process. The outcome of this \$4M application impacts on the detail to be included in the second Grant funding Agreement.
- Clearing permit process – due to a recent change in Black Cockatoo Referral Guideline, effective as of July 2022, new legislation requires the Shire to seek a clearing permit for the site not just from Department of Water and Environmental Regulation (DWER) but also from the Federal body, Department of Climate Change, Energy, the Environment and Water (DCCEEW) under the *Environmental Project and Biodiversity Conservation (EPBC) Act 1999*. This is due to the reclassification of thresholds for night roosting sites within the site. The entire project area is now classified as a known roosting site.

### Contact Us

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## Relevant Previous Decisions of Council

*Ordinary Council Meeting – 11 October 2022 - OCM283/10/22 – COUNCIL RESOLUTION / Officer Recommendation*

*That Council:*

1. *AWARDS Tender RFT 02/2021 – Keirnan Park – Design Services – Consultant to Bollig Design Group Pty Ltd to the value of \$2,099,241.25, excluding GST, for Stage 1A and 1B as contained within CONFIDENTIAL attachment 1;*
2. *AUTHORISES the Chief Executive Officer to sign a contract on behalf of the Shire of Serpentine Jarrahdale for Tender RFT 02/2021 – Keirnan Park – Design Services – Consultant;*
3. *APPROVES funding of Keirnan Park Recreation Precinct planning by reallocation of municipal funding for Briggs Park Drainage, and the BMX Track Capital Expenditure from the Byford BMX Track Reserve*

Account	Description	Type	Debit	Credit
6600-80235-6600-0000	Keirnan Park Planning Capital Expenditure	Increase Expenditure	164,426	
6500-80298-6600-0000	Briggs Park Drainage Capital Expenditure	Decrease Expenditure		164,426

*Reason: Additional funding required for Keirnan Park Planning Capital Expenditure to be funded by reallocation of municipal funding for Briggs Park Drainage*

6600-80354-6600-0000	BMX Track Capital Expenditure	Increase Expenditure	478,296	
6600-80354-5003-0000	Transfer from Byford BMX Track Reserve	Decrease Reserve		159,432
6600-80354-5010-0000	Transfer from Community Infrastructure Reserve	Decrease Reserve		318,864

*Reason: Shire's contribution as part of the CIDCP towards the design costs for the BMX track and pump track.*

4. *AUTHORISES the Chief Executive Officer to advise and negotiate the revised timeline of Milestone 3 to 30 June 2022 under the Financial Assistance Agreement.*
5. *AUTHORISES the Chief Executive Officer to negotiate an early works agreement for \$3 million of the remaining \$18 million with the DLGSC (in accordance with the FAA) for the construction for early works portion of the project. The draft early works agreement is to be brought back to Council for endorsement.*
6. *REQUESTS the Chief Executive Officer develop a Stakeholder Engagement Plan and Terms of Reference for the stakeholder reference group and submit to Council for endorsement.*



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## Background

### Project Update

The Shire awarded the detailed design consultancy works for Stages 1A and 1B of Keirnan Park project to Bollig in October 2021 as RFT-02, valued at \$2,099,241.25. This contract included delivery of Stage 1A and Stage 1B detailed design and documentation for construction tender purpose. Stage 1A scope includes civil and building works associated with a multipurpose sporting pavilion, two AFL ovals, car park and access road into the site. Stage 1B includes delivery of BMX pavilion and a national standard BMX track facility.

In addition to the scope outlined above and within Bollig's contract, other items include the development of a water strategy, concepts on electrical and communication with Western Power and management of stakeholder engagement. Shire has been managing the project in accordance with the Shire's Project Management Framework.

### Current Project Risks

**Irrigation water source** – To service the Keirnan Park recreation precinct, ground water supply availability within the site area is critical. To irrigate the two AFL ovals, which will be constructed as part of stage 1A, it is anticipated 52,000 kl of water will be needed annually. To service the entire precinct once fully developed, approximately 250,000 kl will be required annually.

The existing bore in deep aquifer (Cattamarra Coal Measure - CCM) has already been developed on site as part of the initial explorative works. This bore is 136m deep with a screen installed between 100-136m. This bore does have the capacity to service Stage 1A, however, DWER have confirmed due to the Shire reaching the maximum water allocation within this sub-area it is not possible for the Shire to extract any further water from this aquifer for use in the Keirnan Park development. Therefore, the Shire must seek alternative sources of water for servicing the site for Stage 1A, 1B and future developments. In this case, superficial aquifer is being investigated as potential source of water as recommended by DWER.

In October 2022, the Shire concluded the first round of borewell investigations within the superficial aquifer. This has returned unsuccessful to service the first stage of Keirnan Park as an adequate water source.

As a final attempt, DWER have requested the Shire to carry out additional exploratory bore investigations to the western end of the site within the superficial aquifer. These works are currently scheduled to commence in December 2022. DWER have also asked for the Shire to seek potential water trading partners with current developers in the area as the water allocations have already been set. The Shire has carried out this process without any success to date.

**Funding agreement status and progression** - The Keirnan Park Planning project is currently funded as follows:

- \$2,000,000 State Government Grant Funding, referred to as FAA1;
- \$164,426 Municipal Funding.

The Shire is expecting to receive a further \$18M State Government grant (referred to as FAA2) funding over the course of the project for the construction phase. This funding is expected to become available incrementally early 2023. The original funding agreement FAA2 of \$18M was withdrawn in March 2022 due to reduction in scope from two AFL ovals to one oval via a value management process. Following this, a request for \$4M additional funds for the second oval was submitted to DLGSC for consideration. It should be noted that, the initial agreement for the \$18M



was already signed off by Minister for Sport and Recreation on 26/3/2022, refer to **attachment 1**. As a result of the additional \$4M funding request, the process to release the FAA2 amount of \$18M ceased. This was to afford due consideration to the \$4M request which would deliver a project consistent with the needs of the community, addressed by the original scope of two ovals. As per **attachment 2**, email from DLGCS on 19<sup>th</sup> July confirmed the \$18M is secured for the project and the department encourages Shire to progress with the planning and design phases.

DLGSC have now completed their internal report for the processing of a FAA2 funding agreement inclusive of the \$4M request and this is currently being considered by government. The overall project budget is on track and the scope of planning and design phase is at near completion with some of the enabling works also progressed. Enabling works form part of FAA2 deliverables. These enabling works are necessary to progress the project from design into construction phase. In addition to this, Shire has spent additional time and consultancy cost on the value management and stakeholder engagement process, which has added to the FAA1 budget limits. The Shire is now experiencing cash flow constraints given the delay in FAA2 funding timing.

**Clearing permit process status** – under standard requirements, a clearing permit request would only be via DWER. However because of the new Black Cockatoo Guidelines (released in July 2022), there have been changes to the referral thresholds for roosting habitats. Keirnan Park site is highly sensitive to Black Cockatoo habitats. The entire site is classified as a known roosting site, thus requires a referral under the EPBC Act 1999 to DWER and federal body Department of Climate, Energy, the Environment and Water (DCCEEW). The State application (DWER) will require feedback from the Federal body (DCCEEW), with the outcome of the referral process classifying the site as controlled or not controlled. If the action is determined to be a controlled action, then the project will be assessed by the DCCEEW and DWER simultaneously under the one accredited State Assessment Process. If it is not a controlled action, then the Shire can submit their clearing permit application with the DWER only. This is determined by a Pre-Referral Meeting, which the Shire is currently organising. Consultant Natural Area has been engaged to assist with this process. There is a potential for 12 months period before a decision can be made and clearing permit issued.

## Community / Stakeholder Consultation

Community and stakeholder consultation has been carried out throughout the planning and detailed design development stages. Community consultation sessions were carried out via Food Truck and information night opportunities. Stakeholder Reference Group was formed with Council approval and included the relevant sporting club representatives. Dates of the events noted below:

<b>Meeting Date</b>	3 December 2021 – Pop Up at Food Truck
<b>Councillors in Attendance</b>	Nil

<b>Meeting Date</b>	16 December 2021 – Community Information Night
<b>Councillors in Attendance</b>	Nil

<b>Meeting Date</b>	30 March December 2022 – Value Management Workshop 1
<b>Councillors in Attendance</b>	Cr Atwell, Cr Singh



<b>Meeting Date</b>	31 March 2022- Stakeholder Reference Group
<b>Councillors in Attendance</b>	Cr Atwell

<b>Meeting Date</b>	3 May 2022- Keirnan Park Briefing
<b>Councillors in Attendance</b>	Cr Atwell, Cr Rich, Cr Strange

<b>Meeting Date</b>	4 May 2022- Stakeholder Reference Group
<b>Councillors in Attendance</b>	Cr Atwell

<b>Meeting Date</b>	29 August 2022- Stakeholder Reference Group pre-meeting brief
<b>Councillors in Attendance</b>	Cr Atwell, Cr Duggin

<b>Meeting Date</b>	31 August 2022- Stakeholder Reference Group
<b>Councillors in Attendance</b>	Cr Atwell, Cr Duggin

<b>Meeting Date</b>	7 September 2022 - Workshop
<b>Councillors in Attendance</b>	Cr Atwell, Cr Duggin

<b>Meeting Date</b>	19 September 2022- Keirnan Park Briefing
<b>Councillors in Attendance</b>	Cr Atwell, Cr Strange

<b>Meeting Date</b>	21 September 2022- Stakeholder Reference Group
<b>Councillors in Attendance</b>	Cr Atwell, Cr Strange

Shire will communicate the current project status and risks, as noted in this report, to the Stakeholder Reference Group prior to end of December 2022.

### Statutory Environment

Nil.

### Comment

Detailed design delivery for Stage 1A and 1B was expected to be completed around May 2022. However, a combined impact of stakeholder engagement and the associated design changes resulting from value management have resulted in the split delivery for 1A and 1B packages. As a result, the revised delivery date for Stage 1A is December 2022 and Stage 1B March 2023.

The Shire has already started to receive the Stage 1A detailed design drawings for review. It is expected the review process will take the detailed design drawings close out to February 2023 with tender documentation ready by March 2023 for Council endorsement. Stage 1B detailed design will be reviewed in March 2023 with tender documentation ready for Council endorsement from April 2023.



Given the location of ground water bore is yet to be confirmed, for now, the design has assumed DWER will allow access into the Cattamarra deep aquifer, thus the irrigation and reticulation design is based on this bore location. Should there be a change to this assumption, there is potential for design to also require an update prior to construction phase.

Stage 1B BMX pavilion design has been agreed by Stakeholders and is currently under finalisation. The BMX track design is currently in concept stage and pending stakeholder review. Following this step, detailed design will be closed out for delivery to Shire by March 2023.

Should there be no resolution regarding finding adequate water source, the project will not go into construction phase.

The following current project risks and their associated mitigation measures are to be noted:

Irrigation water source – whilst the second set of exploratory bore wells on the western side of the site are to commence, Shire has also carried out negotiations with potential water trading partners, as requested by DWER. These water trading partners are developers within the Shire catchments. Initial discussions with them for trading of water has been unsuccessful. Shire plans to revert to DWER with this update along with findings from the upcoming borewell investigations. It is expected the second set of borewell investigations will be concluded by January 2023. Should the second set of borewell investigations be also unsuccessful, the Shire will be asking DWER to allow access to the Cattamarra deeper aquifer, which is already on site. This step would require escalation for an exemption at Minister level.

Funding agreement status and progression – Whilst the planning and detail design phase is coming to completion by March 2023, the Shire has been progressing with enabling works which are linked between design and construction budgets. Given FAA2 – construction budget timings are not yet clear, the Shire is currently ahead of the budgetary timing and thus in a cash flow constraint.

The table below (**attachment 3**) captures the budget status against current spend and forecast to complete. The overall budget for the life of the project is currently tracking within the Council agreed budget as per May 2022. However, as noted in column five in below table, projected spend to end of March 2023, Shire will be in cash flow constraints by \$1.46M due to delay in FAA2 funds.





## Cost Breakdown - Keirnan Park Stage 1A

Item	Description	Projected Project Spend (as per May 2022 OCM)	Project Actual Spend (as at 31 October 2022)	Projected Spend (To end of March 2023)	Budget Remaining
1	Building Act - AFL Pavillion	4,907,000	-	-	4,907,000
2	External Works - (Incl. preliminaries)	4,659,000	-	-	4,659,000
3	External Works - (Incl. preliminaries)	1,513,000	-	-	1,513,000
<b>TOTAL CONSTRUCTION COSTS (TCC)</b>		<b>11,079,000</b>	-	-	<b>11,079,000</b>
4	Contingency (Design and Construction)	1,659,000	-	-	1,659,000
5	Headwork and Statutory Charges	included	-	-	included
6	Building Act compliance	included	-	-	included
7	Public Art	50,000	-	-	50,000
8	FFE	250,000	-	-	250,000
9	Professional Design	2,364,426	1,462,834	2,184,358	180,068
10	Enabling Works	1,000,000	209,655	481,410	518,590
<b>GROSS PROJECT COSTS</b>		<b>16,402,426</b>	<b>1,672,489</b>	<b>2,665,768</b>	<b>13,736,658</b>
11	Escalation	762,000	-	-	762,000
<b>ESCALATION NET PROJECT COSTS</b>		<b>17,164,426</b>	<b>1,672,489</b>	<b>2,665,768</b>	<b>14,498,658</b>
12	Shire SJ Costs	1,900,000	691,841	961,500	938,500
13	Preliminary works to second oval/ Project Contingency	1,100,000	-	-	1,100,000
<b>ESTIMATED TOTAL PROJECT COSTS</b>		<b>20,164,426</b>	<b>2,364,330</b>	<b>3,627,268</b>	<b>16,537,158</b>

Grant Funding Received to Date	2,000,000.00	2,000,000.00
Shire Funds Spent to Date	164,426.00	164,426.00
Total Funding Sources	2,164,426.00	2,164,426.00
Cash Required in excess of funding agreement	199,904.00	1,462,842.00

To manage the cash flow constraints as the project transitions from design to construction, Shire has requested DLGSC to fast track release of \$1.5M as a variation to the existing agreement, due to the delay of FAA2 funds. DLGSC has confirmed this request is currently in the process of Minister's approval. Refer to **attachment 4**, email from DLGSC confirming \$1.5M variation request submission. Shire anticipates the approval is likely in the coming months.

Clearing permit process status – given that entire site is classified as a known roosting site and it is to be referred to state (DWER) and Federal (DCCEEW) to determine whether it is classified as controlled or not controlled site, Shire has commenced the pre-referral meeting process via subconsultant Natural Area. The Shire understands that this process is necessary and thus prompt action is under way. Given the advice provided to the Shire to date, it is understood that



the timeframe for the process is tight as it can take up to 12 months, however this would be a worst-case situation.

## Options and Implications

### Option 1

That Council NOTES the current project update and critical risks.

Option 1 is recommended.

## Conclusion

Detailed design delivery for Stage 1A and 1B was expected around May 2022. However, a combined impact of stakeholder engagement and the associated design changes during this process have resulted in the split delivery for 1A and 1B packages. As a result, the revised delivery date for Stage 1A is December 2022 and Stage 1B March 2023.

Investigations into irrigation water source from site have thus far been unsuccessful. Second set of borewell investigations are to commence in December 2022 on the western side of the site as per DWER's direction. This will conclude Shire's investigations for water source at the shallow aquifer depths. Shire has also exhausted options of bore allocation transfers within adjacent landowners. It is expected the project's current viable option is to seek an exemption from DWER to access the deep aquifer on site, which does have sufficient flow capacity for supply Stage 1A.

Given the delay in finalising the FAA2 Grant agreement as a result of the additional \$4M funding request, Shire has requested DLGSC for a \$1.5M variation to the existing agreement to assist whilst there is delay on FAA2 grant agreement. The variation approval is expected in the coming months. This will allow Shire to close out the current planning and design phase, which also includes associated enabled works to support the construction phase. As per **attachment 3**, the project overall financial health is currently on track as per Council agreed budget in May 2022.

As there is a new Black Cockatoo Referral Guideline for roosting habitat, this has classified the entire project site as known roosting site and thus requires State (DWER) and Federal (DCCEEW) referral process. This will determine if the site is classified as controlled or not controlled, thus provide clarity to clearing permit timeframes. The clearing permit process can now take up to 12 months. The Shire has commenced the due diligence process via engaging subconsultant Natural Area.

## Attachments (available under separate cover)

- **10.2.4 – attachment 1** – Email from Department Local Government Sport and Cultural Industries – advice of withdrawn FAA 2– WA Recovery Plan (IN22/22024)
- **10.2.4 – attachment 2** - Email from Department confirming \$18M is secured (IN22/14900)
- **10.2.4 – attachment 3** – Keirnan Park Budget Tracking Table - Cost Breakdown - Keirnan Park Stage 1A (E22/15603)
- **10.2.4 – attachment 4** – Email from Department Local Government Sport and Cultural Industries – advice on the Deed of Variation (IN22/25318)



**Alignment with our Strategic Community Plan**

<b>Outcome 1.1</b>	A healthy, active, connected and inclusive community
<b>Strategy 1.1.1</b>	Provide well planned and maintained public open space and community infrastructure
<b>Strategy 1.1.2</b>	Provide a healthy community environment
<b>Outcome 2.1</b>	A diverse, well planned built environment
<b>Strategy 2.2.1</b>	Develop, maintain and implement plans for the management and maintenance of Shire controlled parks, reserves, and natural assets

**Financial Implications**

Project financial status is on track as per original approved budget.

**Risk Implications**

Risk has been assessed on the Officer Options and Implications:

Officer Option	Risk Description	Controls	Principal Consequence Category	Risk Assessment			Risk Mitigation Strategies (to further lower the risk rating if required)
				Likelihood	Consequence	Risk Rating	
1	No irrigation water source available	Nil	Reputation	Possible	Major	HIGH	Seek exemption from DWER
1	Further Delay in FAA2 Funding	Request for additional \$1.4M agreement	Organisational Performance	Almost Certain	Major	HIGH	Seek approval for additional agreement

**Voting Requirements:** Simple Majority

**Officer Recommendation****That Council**

- 1) **NOTES** the correspondence from the Department of Local Government, Sport and Cultural Industries dated 8 December 2022 in Attachment 4
- 2) **NOTES** the current project update and critical risks as described in this report.