

Adelaide Aquatic Centre Redevelopment Project Agreement and Principles

Tuesday, 20 June 2023
City Finance and Governance
Committee

Strategic Alignment - Thriving Communities

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EXECUTIVE SUMMARY

The purpose of this report is to present an update on the State Government's new Adelaide Aquatic Centre Redevelopment (the Redevelopment), including revised project timeline, revised facility site, an overview of the proposed Project Agreement between the Minister for Infrastructure and Transport and The Corporation of the City of Adelaide, and outlines impacts of the Redevelopment on current Denise Norton Park / Pardipardinyilla (Park 2) Lessee Blackfriars Priory School and on workforce planning at the existing facility.

The report proposes a pathway for Council decision making in relation to the Adelaide Aquatic Centre Redevelopment and seeks approval to progress the Project Agreement.

RECOMMENDATION

The following recommendation will be presented to Council on 27 June 2023 for consideration

THAT THE CITY FINANCE AND GOVERNANCE COMMITTEE RECOMMENDS TO COUNCIL

THAT COUNCIL:

1. Receives the information on the Adelaide Aquatic Centre Redevelopment, noting the revised State Government project timeline, revised facility site, overview and guiding principles of the proposed Project Agreement between the Minister for Infrastructure and Transport and The Corporation of the City of Adelaide, impacts of the Redevelopment on Denise Norton Park / Pardipardinyilla (Park 2) Lessee Blackfriars Priory School and on workforce planning at the existing facility, as per Attachment A to Item 5.2 on the Agenda for the meeting of the City Finance and Governance Committee held on 20 June 2023.
2. Authorises the Lord Mayor, CEO or delegate to negotiate and execute the final Project Agreement for the New Adelaide Aquatic Centre between the Minister for Infrastructure and Transport and The Corporation of the City of Adelaide on behalf of the Council, subject to:
 - 2.1. negotiation of a long-term lease that does not exceed 42 years and meets the Lease and Licence Policy requirements of Council.
 - 2.2. a commitment to make good on any areas impacted outside of the Redevelopment site that were required or damaged during construction.
 - 2.3. the design of the Return to Park Land Zone is undertaken in consultation with the Council and in accordance with the *Planning, Development and Infrastructure Act 2016 (PDI Act)* and any statutory instruments issued under the PDI Act or otherwise relevant;
 - 2.4. the demolition of the Original Centre and the Return to Park Land Works of the Return to Park Land Zone are undertaken by DIT, noting 2.4 and 2.5 would be required to be part of the Development Application for the Adelaide Aquatic Centre Redevelopment.
 - 2.5. a commitment to funding that only extends to the demolition of the existing venue and the provision of a new playing field.
 - 2.6. agreement on a licence for the purpose of commencing construction that is in line with Council policy.
 - 2.7. the Redevelopment site being confirmed at 70 metres from Barton Terrace West.

IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	Strategic Alignment – Thriving Communities 1.1 Leverage the Adelaide Park Lands to promote health, wellbeing and lifestyle experiences.
Policy	Community Land Management Plan (CLMP) Pardipardinyilla (Park 2) Directions for Pardipardinyilla (Park 2) 1.1 Desired Future Character Statement: Meet the sporting, recreation and socialising needs of the community in attractive, wide open spaces surrounded by large shady trees and dense understorey vegetation within an open woodland character. 1.2 Challenges and Opportunities: Managing the Adelaide Aquatic Centre to meet the needs of the community and achieve financial objectives. 1.3.7 Improve the Aquatic Centre car park layout, including vehicle access/egress and circulation arrangements. 1.3.11 Support the ongoing use of the Aquatic Centre as a regional facility. 2.0 Background: Pardipardinyilla (Park 2) is predominantly a recreational and sporting landscape and provides a range of formal and informal facilities for cricket, swimming, tennis and family picnics and contains the Adelaide Aquatic Centre, the bush magic playground and the remainder of the park includes sporting facilities, open space and vegetation. 2.3 Recreation: Pardipardinyilla (Park 2) serves as a recreation precinct serving the community through the provision of facilities including the Adelaide Aquatic Centre.
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	The <i>Local Government Act 1999 (SA)</i> and the <i>Adelaide Park Lands Act 2005 (SA)</i> govern the approach to this matter.
Opportunities	Not as a result of this report
22/23 Budget Allocation	Not as a result of this report
Proposed 23/24 Budget Allocation	A prudential report will be commissioned per section 48 <i>Local Government Act 1999 (SA)</i> . Current venue to cease operation to allow for demolition September 2024 in the 2024/25 financial year.
Life of Project, Service, Initiative or (Expectancy of) Asset	Adelaide Aquatic Centre closure sought by the State Government for September/October 2024.
22/23 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Demolition (operating) and delivery of new playing oval (capital) in 2024/25 financial year. All costs to operate (operating and capital) the existing Adelaide Aquatic Centre would be adjusted out of the Long Term Financial Plan from the closure date.

DISCUSSION

1. On 3 August 2022, the City of Adelaide Chief Executive Officer (CEO) wrote to the Department for Infrastructure and Transport CEO advising of key considerations for the proposed Redevelopment of a new Adelaide Aquatic Centre on the Park Lands, including the requirement to engage with Council and Kadaltilla / Adelaide Park Lands Authority through the design and delivery process.
2. In September 2022, the State Government announced that the new Adelaide Aquatic Centre Redevelopment would be built immediately south of the existing Adelaide Aquatic Centre which is owned and operated by the City of Adelaide (CoA), in Denise Norton Park / Pardipardinyilla (Park 2).
3. At its meeting on 31 January 2023, Council resolved that:
 - 3.1. *Council acknowledges the concerns of residents of North Adelaide who live adjacent to the proposed site for the Adelaide Aquatic Centre and supports them in their opposition to the location of the Centre and their request for the identification of an alternate site that delivers the redevelopment of this valued community asset but also protects their rights as residents.*
 - 3.2. *Administration include potential impacts such as noise, increased traffic and loss of amenity and requests that these local concerns in the City of Adelaide's submission to the Code Amendment consultation*
4. In March 2023, the CoA made submission to the Adelaide Aquatic Centre Code Amendment consultation.
5. Since March 2023, Administration has been working with Department for Infrastructure and Transport (DIT) and the Office for Recreation, Sport and Racing (ORSR) on the Return to Parklands Zone elements of the project.

State Government Revised Project Timelines

6. On 10 June 2023, the State Government made a public announcement on the new Adelaide Aquatic Centre Redevelopment, advising the following project details:
 - 6.1. a \$55 million increase in projected expenditure, bringing the total project to \$135 million
 - 6.2. return of 1,000 square metres of open space to the Park Lands through a minimised facility footprint
 - 6.3. an increased set back of the new facility from Barton Terrace West to 70 metres
 - 6.4. closure of the existing facility in August 2024 to accommodate the adjustment to site location
 - 6.5. State Government support for staff to be redeployed to other roles following the closure of the existing facility
 - 6.6. a commitment by State Government to relocate users to other facilities around metropolitan Adelaide while both facilities are closed and issue Sports Vouchers to Learn to Swim participants.
 7. Previous State Government announcements on the Redevelopment project had noted that the existing Adelaide Aquatic Centre would remain open to the public while the replacement centre was built and until at least late 2025. The State Government have announced that the existing centre is to close in August 2024.
 8. One of the reasons to bring forward the closure date is a result of feedback and engagement through Council and Administration to site the Redevelopment further north and away from residents on Barton Terrace West. To accommodate this outcome, earlier demolition of the current venue is required.
 9. Furthermore, DIT has advised that the closure of the existing centre in August 2024 will enable a long term coordinated 'whole of park' design response, shorten the construction program, provide a safer environment during construction, and reduce the financial impacts to the CoA to maintain and operate the existing centre by a year. A high-level site plan is provided as **Attachment A**.
 10. The impact of this decision will allow a design response that incorporates shifting the site location of the new facility further north, increasing the distance from Barton Terrace West to the southern side of the new centre from 40m to 70m subject to final design. The re-siting of the centre 70m from Barton Terrace West responds to the concerns of local residents and the CoA's submission to the Code Amendment consultation.
 11. On 13 June 2023, DIT presented the revised project details and plans to Council in a CEO Briefing.
 12. DIT propose to lodge the Redevelopment with the State Commission Assessment Panel (SCAP).
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13. These plans will indicate the 'Return to Park Lands Zone', which includes the landscaping and the reinstatement of a playing field to the north of the Redevelopment in the land previously occupied by the current facility.
 - 13.1. Administration has shared with DIT guiding principles from the Adelaide Park Lands Management Strategy to support their planning for the 'Return to Park Lands Zone'.
 - 13.2. DIT will present designs and design principles to Kadaltilla on 22 June 2023 in a briefing session.
14. DIT's works program includes the delivery of a significant portion of the Return to Park Lands Zone through open landscaped areas and will make good the southern part of the site, between the new facility and Barton Terrace West, which will be used in part as a site compound during construction.
15. The Office for Recreation, Sport and Racing (ORSR), as the State Government agency that will be responsible for the operation of the new facility, is currently considering alternative sites for users of the existing centre during closure period between September 2024 and opening of the new venue in December 2025.

Draft Project Agreement and Principles

16. Previous correspondence between the CEO of DIT and the CEO of CoA, outlined CoA Administration's position at that time that project milestones including development approvals, the seeking of a construction licence and land tenure arrangements would be contemplated as being resolved by Council towards the end of 2023. DIT's advice of a revised program, to occupy the site from September 2023, escalates this timeline and associated decision-making pathways by Council.
17. DIT now seek to have a Project Agreement for the New Adelaide Aquatic Centre between the Minister for Infrastructure and Transport and The Corporation of the City of Adelaide (the Project Agreement) executed in line with the revised project timeframe in the below table, by mid July 2023.

Financial Year	Date	DIT Project Deliverable
2023/2024	End June/July	Execution of the Project Agreement
	By mid July 2023	Announcements and SCAP Lodgement
	Late September / Early October 2023	DIT require access to the site for site preparation and works to commence
	Mid October 2023	Non availability of southern ovals to Blackfriars Priory School
2024/2025	August 2024	Current venue to cease operation to allow for demolition
2025/2026	December 2025	New Adelaide Aquatic Centre opens

18. As DIT's planned program of work has evolved, Council has continued to provide DIT with information in relation to Park Lands leasing processes, construction licences and timeframes.
19. DIT have prepared a draft Project Agreement, which Norman Waterhouse Lawyers have reviewed. In accordance with advice received from Norman Waterhouse, Administration provided initial feedback to DIT on the document and the key process elements of the Agreement.
20. To finalise this agreement, the key guiding principles and requirements of Council are being formalised for the Project Agreement to ensure that Council's requirements and legislative processes are met. These include, but are not limited to:
 - 20.1. a commitment to funding that only extends to the demolition of the existing venue and the provision of a new playing field.
 - 20.2. negotiation of a long-term lease that does not exceed 42 years and meets the Lease and Licence Policy requirements of Council.
 - 20.3. a commitment to make good on any areas impacted outside of the Redevelopment site that were required or damaged during construction.
 - 20.4. the design of the Return to Park Land Zone is undertaken in consultation with the Council and in accordance with the *Planning, Development and Infrastructure Act 2016 (PDI Act)* and any statutory instruments issued under the *PDI Act* or otherwise relevant.

- 20.5. the demolition of the Original Centre and the Return to Park Land Works of the Return to Park Land Zone are undertaken by DIT, noting 20.4 and 20.5 would be required to be part of the Development Application for the Adelaide Aquatic Centre Redevelopment.
- 20.6. agreement on a licence for the purpose of commencing construction that is in line with Council policy.
- 20.7. the Redevelopment site being confirmed at 70 metres from Barton Terrace West.
- 21. The legislative processes that Council must follow under both the *Local Government Act (SA) 1999* and the *Adelaide Park Lands Act (SA) 2005* including:
 - 21.1. constraints on Council including statutory and aligned processes of any necessary amendments to the scope of the existing Community Land Management Plan (CLMP) for Park 2
 - 21.2. Likely changes to the existing CLMP for Park 2. It was anticipated that changes to the existing CLMP be put to Council later in the year to contemplate this project. However as DIT have now revised timelines, the advice is to initiate consultation next month which will speak to the necessary elements and allow (subject to those processes) the matter to be progressed. These processes have been outlined to DIT.

No Net Loss of Park Lands Metric Methodology

- 22. DIT have calculated the area of Park 2 taken up by the existing Adelaide Aquatic Centre as 30,305m² and have had this independently surveyed for verification. The existing Adelaide Aquatic Centre area has been measured as follows:
 - 22.1. The area was surveyed by a licensed surveyor and the survey data has been used to calculate the area of the existing centre,
 - 22.2. The area included the existing centre and carpark and all the areas within,
 - 22.3. The area has been calculated by measuring as follows:
 - 22.3.1. to the north the kerb line north side of the existing service road has been included as this serves the centre
 - 22.3.2. to the east the existing fence line, including all plant and equipment has been measured,
 - 22.3.3. to the south the existing fence line has been used,
 - 22.3.4. to the west the outside of the carpark has been used.
 - 22.4. All references to 'No Net Loss of Park Lands' will be measured against this agreed area of 30,305m². The equivalent area of the new centre and its associated support spaces similar to above (car park, fence line etc) will be measured against this and will be below this value.
 - 22.5. This is the baseline calculation presented by DIT as demonstration of 'No Net Loss of Park Lands'.
 - 22.6. DIT's proposal for the Redevelopment reduces this footprint by 1000m² and opportunities will be explored through detailed design to reduce further where possible any hard stand areas, particularly in the public domain.
 - 22.7. It should be further noted that the Redevelopment building footprint is smaller and the car park area, which has increased, does incorporate Water Sensitive Urban Design Principles.
- 23. A report will be presented to Committee and Council in July 2023 seeking Council's endorsement of the location of the new facility and endorsement to progress consultation for a 42 year lease and a license for construction, noting DIT is seeking to commence preliminary works from September 2023.

City of Adelaide Funding Contribution

- 24. The draft Project Agreement does not specify the quantum of funding contribution to the project by CoA, except that the department seeks CoA to cover the cost of demolition of the existing facility and to fund agreed Return to Park Lands elements, namely a new playing oval.
- 25. Previous cost estimates undertaken by the CoA for demolition of the existing venue and reinstatement were approximately \$8.9 million in 2021. The scope for reinstatement was basic turf and landscaping over the demolished venue and did not provide for any further amenity.
- 26. Based on the project program proposed by DIT, provision of funding will be across the 2024/25 and 2025/26 financial years. An allowance for these funds should be accommodated in the Long Term Financial Plan and a Prudential Review will be undertaken in line with *Section 48 of the Local Government Act 1999*.
- 27. No funding levels are specified or sought in the draft Agreement, however the costs are estimated at:
 - 27.1. Up to \$10 million estimated allowance for demolition, to also allow for cost escalation

27.2. Up to \$5 million in contingency for latent conditions and contamination.

27.2.1. It should be noted that any fill from the site (non-toxic) is proposed to be used as mounding and part of the landscaping.

27.3. \$3 million estimated by DIT for delivery of a new playing field and some landscaping.

28. The final costs would be determined through the procurement process to be undertaken by DIT with scope to be reviewed and confirmed by the CoA.
29. It is recommended that a cap or maximum funding contribution is set by Council of \$20 million, which includes contingency to address any potential latent conditions found during the demolition of the current facility, cost escalation and project fees.
30. At conclusion of works any funds not required will be returned to Council's general revenue for allocation towards other priorities of Council.
31. None of the elements of the Redevelopment that require expenditure related to the CoA responsibilities sought in the Draft Project Agreement will be commenced until August or September 2024, in the 2024/25 financial year.
32. The State Government is however seeking Council's commitment to fund these works. It is further proposed that DIT take responsibility for the delivery of those works. This would bring efficiencies in time and cost through procurement and would simplify delivery of the project as there would not be multiple contractors who would be subject to different contractual regimes on site during delivery of the Redevelopment.
33. Whilst the provision of any approved funding will not be required until the 2024/2025 financial year, DIT seek confirmation of CoA commitment to fund the demolition and Return to Park Lands works as part of the Redevelopment through the draft Project Agreement.
34. At the 6 May 2023 Budget Workshop, Administration provided an indicative outline to the return or offset of any contribution to the Redevelopment from the return through the Long Term Financial Plan, based on operational and capital costs that would no longer be required due to the closure of the existing facility.
35. Administration will commission a Prudential Report per section 48 *Local Government Act (SA) 1999*, which is required when the expected capital cost of the project over the ensuing five years is likely to exceed \$4,000,000.00 (indexed, excluding GST). At the time of writing, the Finance and Procurement team advises that the current threshold through indexation is \$5,475,479.74.

CoA Workforce Implications

36. DIT advised CoA late on 8 June 2023 and prior to the announcement of the closure date for the existing centre, to ensure that Administration had the opportunity to inform staff ahead of the public announcement. Administration subsequently met with staff on 9 June and 10 June 2023 to provide key information in person ahead of the State Government announcement, and this was followed by email advice to all Adelaide Aquatic Centre staff after the announcement has been made publicly.
37. Administration also informed the unions (Australian Municipal, Administrative, Clerical and Services Union (ASU) and the Amalgamated AWU (SA) State Union).
38. The earlier proposed closure date of the current facility will have an impact on CoA staff.
39. We have prepared a Workforce Planning approach to address this and support the transition of staff from the operation of the current facility. The key principles that underpin the approach are:
 - 39.1. People Centric Approach
 - 39.2. Business Continuity in transition: a focus on customer and service delivery
 - 39.3. Proactive and transparent change management
40. The draft plan was presented to Executive on 13 June 2023, and was endorsed and approved for progression. The plan provides for appropriate staffing at the Adelaide Aquatic Centre through to the facility's end of life, and processes to oversee transition options for staff to other employment opportunities.

Blackfriars Priory School

41. The State Government and the CoA continues to work with Park 2 Lessee Blackfriars Priory School (Blackfriars) regarding the impact of the State Government's new Adelaide Aquatic Centre Redevelopment.
42. Preliminary project works commencing in September/October 2023 will impact playing fields that form part of the lease agreement between Blackfriars and the CoA. Their current lease agreement expires on 31 December 2023.

43. Administration will present to Council in a future report a proposed lease for the available portions of Park 2 for the period that is aligned to the State Government's construction program before considering any longer term outcomes for the lessee.
44. Administration has also sought that DIT and ORSR consider alternative options in the event that existing CoA infrastructure cannot provide a short-term solution for Blackfriars or their sub-lessees during the construction phase.

Next Steps / Pathway for Council Decision Making

45. A report to be presented to Kadaltilla / Adelaide Park Lands Authority on 22 June 2023.
46. A report to be presented to Council on 11 July 2023 seeking Council's endorsement of the location of the new facility and endorsement to progress consultation on a 42 year lease and Construction License.
47. Progress the Construction License and the Lease with the State Government for execution by September 2023.

ATTACHMENTS

Attachment A - DIT Adelaide Aquatic Centre Redevelopment Site Plan

- END OF REPORT -