

Adelaide Aquatic Centre Redevelopment Lease and Licensing

Tuesday, 4 July 2023
**City Community Services
and Culture Committee**

Strategic Alignment - Thriving Communities

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Public

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EXECUTIVE SUMMARY

The purpose of this report is to provide Council with information relating to lease and licensing arrangements to facilitate the State Government's new Adelaide Aquatic Centre Redevelopment (AACR) and seek endorsement on:

- progression of a draft construction licence, and
- progression of a draft 42-year lease agreement, which will commence following completion of the redevelopment works.

To ensure consistency with Council's usual legislative processes both the draft construction licence and the essential terms of the draft 42-year lease agreement will be detailed in community consultation.

Concurrently, consultation on the Community Land Management Plans (CLMPs) that were endorsed by Council in March 2023 will be undertaken. This includes consultation the CLMP for Denise Norton Park / Pardipardinyilla (Park 2).

It should be noted that the location of the new Adelaide Aquatic Centre will be 70 metres from Barton Terrace West and this will be formalised in the lease documentation.

RECOMMENDATION

The following recommendation will be presented to Council on 11 July 2023 for consideration

THAT THE CITY COMMUNITY SERVICES AND CULTURE COMMITTEE RECOMMENDS TO COUNCIL
THAT COUNCIL

1. Endorses the location of the new Adelaide Aquatic Centre in Denise Norton Park / Pardipardinyilla (Park 2), Attachment A to Item 4.4 on the Agenda for the meeting of the City Community Services and Culture Committee held on 4 July 2023.
2. Authorises the Chief Executive Officer or delegate to negotiate a draft Construction Licence (Licence), Attachment B to Item 4.4 on the Agenda for the meeting of the City Community Services and Culture Committee held on 4 July 2023 for the purpose of undertaking community consultation in accordance with the *Local Government Act 1999 (SA)*.
3. Authorises the Chief Executive Officer or delegate to negotiate a draft 42-year Park Lands Lease Agreement (Lease) with the Minister for Infrastructure and Transport (Minister), Attachment C to Item 4.4 on the Agenda for the meeting of the City Community Services and Culture Committee held on 4 July 2023 to facilitate the operation of a new Adelaide Aquatic Centre for the purpose of undertaking community consultation on the essential terms of this agreement in accordance with the *Local Government Act 1999 (SA)*.
4. Notes that results of the community consultation will be presented back to Council in August 2023.
5. Authorises the Chief Executive Officer to continue discussions and finalise the outstanding terms and conditions of the draft Construction Licence and draft 42-Year Lease Agreement.

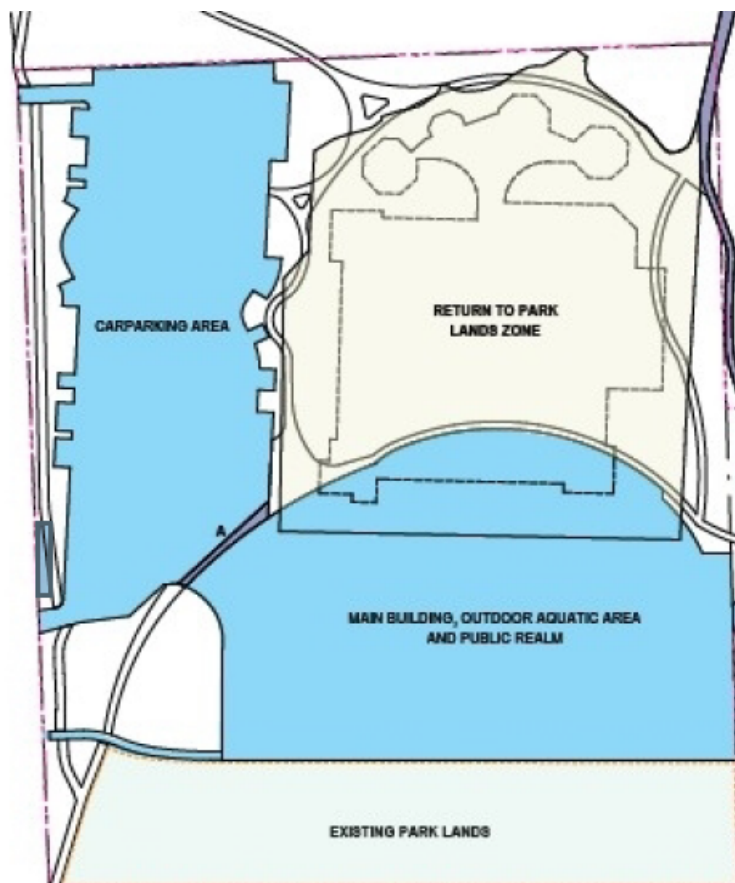
IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	<p>Strategic Alignment – Thriving Communities</p> <p>Outcome 1: Thriving Communities – 1.1 Leverage the Adelaide Park Lands to promote health, wellbeing and lifestyle experiences.</p>
Policy	<p>Adelaide Park Lands Management Strategy 2015-2025</p> <p>Continue to enhance the Adelaide Aquatic Centre to meet community expectations. Generate a greater focus on servicing the play space and picnicking areas through increased offerings and better access to the existing commercial operations.</p> <p>Community Land Management Plan</p> <p>The current Community Land Management Plan (CLMP) for Denise Norton Park / Pardipardinyilla (Park 2) envisages an Aquatic Centre – however it requires updating to accommodate the State Government project and the long-term leasing of the new Adelaide Aquatic Centre. Consultation on the CLMP will occur at the same time as consultation on the long term lease and construction licence.</p>
Consultation	<p><i>Local Government Act 1999 (SA)</i></p> <p>Section 202 – Community consultation will occur over a three-week period:</p> <ul style="list-style-type: none"> • Draft Construction Licence; and • Draft essential terms of a 42 Year Lease Agreement. <p><i>Adelaide Park Lands Act 2005 (SA)</i> Section 21 – Requires the Lease to be placed before Both Houses of Parliament for 14 Sitting days (Concurrently) before it may be entered into by Council.</p>
Resource	Undertaken within current operational resources.
Risk / Legal / Legislative	The State Government’s proposal currently impacts land that Council licences to Blackfriars Priory School (Blackfriars). This agreement is due to expire on 31 December 2023, which is after the State Government’s proposed project commencement date. Any risks associated with providing notice (in accordance with the lease) to Blackfriars, has been mitigated by engaging in regular communication since the project was announced.
Opportunities	<p>The State Government is committed to a design that results in no net loss of Park Lands, and minimises impacts to existing trees.</p> <p>The Adelaide Aquatic Centre will remain open during a portion of the construction phase until August 2024.</p>
23/24 Budget Allocation	Within existing resources.
Proposed 24/25 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
23/24 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

DISCUSSION

1. At its meeting of 27 June 2023, Council received an update on the Adelaide Aquatic Centre Redevelopment (AACR) including revised project timeline, revised facility site and an overview of the proposed Project Agreement between the Minister for Infrastructure and Transport (Minister) and The Corporation of the City of Adelaide. Two of the key guiding principles associated with the Project Agreement, are:
 - 1.1. agreement on a form of licence for the purpose of commencing construction that is in line with Council policy (draft Construction Licence); and
 - 1.2. to negotiate a long-term lease to commence after construction is complete that does not exceed 42 years (draft 42-year Lease Agreement).
2. The request from the State Government to enter into negotiation for a draft 42-year Lease Agreement is for land that the AACR will occupy, which includes the areas marked in blue in Image 1 being the carparking area and the main building, outdoor aquatic area and public realm. The Return to Park Lands Zone and Existing Park Lands areas will remain with Council. (see Image 1 – Lease Plan).
3. The State Government has indicated that the Office for Recreation, Sport and Racing (ORSR) will manage the operations of the new Adelaide Aquatic Centre.

Image 1 – AACR Lease Plan: 29,305 sqm



Draft 42-year Lease Agreement

4. The nature of the draft 42-Year Lease Agreement (draft Lease) is a ground lease whereby the Minister is solely responsible for the Leased and Licensed Area that the AACR will occupy, including but not limited to:
 - 4.1. all repair, maintenance and renewal obligations of all new and existing assets (built and landscaped),
 - 4.2. occupation and use of all areas at the Minister's risk (including being responsible to maintain all insurances),
 - 4.3. payment of all outgoings, including utilities and services,
 - 4.4. maintenance of the car park (Licensed area) as a public Park Lands car park to support general use of Park 2, and

- 4.5. compliance with Park Lands policy that may change from time to time (to the extent not inconsistent with the lease terms).
5. At the time of drafting this report, the Minister has indicated that total leased area would be 29,305sqm, comprising of:
 - 5.1. A building footprint of 9,500 sqm,
 - 5.2. The size of the licensed area will be in total 19,805 sqm, which includes:
 - 5.2.1. car park - 12,500sqm, and
 - 5.2.2. external areas (forecourt, public realm, etc) - 7,305 sqm,
6. The proposal seeks a peppercorn lease in consideration of the significant \$135.0M capital investment and that the State will take on all operating and maintenance responsibilities for the new venue and site.
7. Public consultation will be undertaken in accordance with the *Local Government Act 1999 (SA)* (LG Act 1999) and Council's Public Communication and Consultation Policy for the minimum legislative requirement of 21 days, with results of consultation presented back to Council for decision making in August 2023.
8. The process for granting a lease for a lease term up to 42 years is set out in the *Adelaide Park Lands Act 2005 (SA)* (APLA Act 2005).
9. As the proposed term is for a period totalling 42 years (including all rights of renewal), the lease will need to be tabled before both Houses of Parliament for 14 sitting days.

Draft Construction Licence

10. To facilitate the construction of the AACR, the Minister will also be required to apply for a Construction Licence for a temporary works compound (compound).
11. The proposal received from the Minister indicates that the compound at its maximum will be 35,000sqm (3.5ha). As the draft Construction Licence (draft Licence) is part of and required for project delivery, it is preferred to also provide the licence details to complete the community consultation engagement, noting that:
 - 11.1. Stage 1 – September 2023 – 31 July 2024 (See Image 2).
 - 11.1.1. Size – approximately 25,000m² (2.5ha),
 - 11.1.2. Site establishment and enabling works, and
 - 11.1.3. Construction of main building and associated services.

Image 2 – Temporary Works Compound (Stage 1 – 25,000 sqm)



- 11.2. Stage 2 - 1 August 2024 – December 2025 (See Image 3).
 - 11.2.1. Size – approximately 35,000m² (3.5ha),
 - 11.2.2. Demolition of existing centre and construction of Return to Park Lands Zone
 - 11.2.3. Construction of carpark
 - 11.2.4. Return the southern side of the new centre back to Park Lands as agreed as part of the Return to Park Lands Zone (flat grass area with landscaping and trees planting as agreed with City of Adelaide)
 - 11.2.5. Completion of main building, northern landscape area and carpark.

Image 3 – Temporary Works Compound: (Stage 2 – 35,000 sqm)



Community Land Management Plan - Denise Norton Park / Pardipardinyilla (Park 2).

- 12. Decision on draft Lease and draft Licence following consultation will be made consistent with the provisions of the CLMP.

Next Steps

- 13. Following Council's authorisation of the draft Lease and draft Licence, consultation will be undertaken in accordance with the LG Act 1999 and Council Consultation Policy.
- 14. Community consultation is proposed to commence on 12 July 2023 and conclude on 2 August 2023.
- 15. A further report outlining the results of consultation will be presented to Council 22 August 2023.
- 16. The negotiation of interim lease and licensing outcomes for Blackfriars Priory School for the remaining sports facilities located on the eastern side of Park 2 will be provided as separate reports to Council.

ATTACHMENTS

Attachment A – New Adelaide Aquatic Centre Redevelopment – Location Plan

Attachment B – Draft Construction Licence

Attachment C – Draft 42-year Park Lands Lease Agreement