

INFRASTRUCTURE SERVICES COMMITTEE 15 FEBRUARY 2012	3
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PORT DOUGLAS MASTER PLAN IMPLEMENTATION - UPDATE

Sandra Burke: 8/26/25-05: #3479425v2

RECOMMENDATION:

That Council note this progress report.

INTRODUCTION:

The purpose of this report is to provide an update to Council on the;

- Transition process of waterfront land (north of the Combined Club) specifically dealing with waterfront buildings and their occupation in the short term.
- Funding submissions to the State and Federal Governments for Stage 1 – Lagoon, Waterfront Park and Boat Ramp relocation

BACKGROUND

The Port Douglas Waterfront Master Plan, adopted by Council in November 2009, provides a clear strategic direction for the incremental transformation of the Port Douglas waterfront. Activities (projects) for implementation of the Port Douglas Waterfront Master Plan (Master Plan) commenced in July 2010 and will continue for the next ten years.

In August 2011, Council unanimously endorsed the following;

- Lagoon Pool for Port Douglas at Location 4 (located in the future parkland area between the Combined Club and Sugar Wharf) revision dated August 2011;
- Waterfront Park Concept Design, revision dated August 2011;
- Road Network Upgrades Concept Design, dated March 2011;
- Car Parking Concept Design, dated March 2011;
- Relocation of current public boat ramp from Ashford Ave to Spinnaker Ave as per revision dated August 2011
- Landscape Design Guide, dated March 2011.

As part of Council's endorsement of the above, delegation was also provided to the Mayor and CEO (in consultation with the Divisional Councillor) for the negotiation and finalisation of land tenure leases/ permits, applications for development approval, subsidy funding and resource entitlement applications.

Transition process waterfront land

As reported to Council in October and December 2011, the footprint of the future Lagoon and Waterfront Park projects are located within waterfront land currently leased to Meridien Marinas Port Douglas Pty Ltd. ("Meridien") as per Figure 1 - Lease areas C, B, H and G below.

Figure 1 – Waterfront Leases



During November 2011 an appraisal of the condition, safety and repair works required of buildings and infrastructure currently leased was conducted to determine if any buildings / infrastructure are suitable for further occupation and use (for community purposes) or should be removed because of safety concerns, poor condition or requiring significant works.

In December 2011, Council were advised that the;

- Costs for the continuation of "Like for Like" use of buildings on Leases C, B, H (upstairs/ pontoon) and G (west) were relatively high and because that their overall condition was less than satisfactory the buildings / structures were to be removed some time after expiration of leases (after 10 March 2012).
- Buildings / structures on Lease H (downstairs) and Lease G (east) required the least cost from Council to maintain occupation under "Like for Like" uses in the short term and therefore the current tenants could continue occupation up to October 2012.

During December 2011 and January 2012 Council officers liaised with Meridien and tenants of C, B, H and G.

Council officers received a verbal request from the tenant of Lease H (upstairs/ pontoon) for an extension of occupancy until the end of April 2012.

In light of the condition assessment / building inspections and concerns about the condition, standard of upkeep of building /structures of Lease H (upstairs / pontoon) that would see the liability issues transfer to Council after Meridien's lease expired (after March 2012), the tenant was advised that Council could only accommodate this request if Meridien agreed to seek an extension of the current lease arrangements (and therefore the liability issues would be maintained by Meridien and the tenant).

Meridien have advised that they do not want to seek further terms of the Leases B, C, G, H and K with Council and therefore the request for an extension of occupation for Lease H (upstairs/ pontoon) until the end of April 2012 can not be provided.

Council has also progressed planning for the removal of buildings/structures to which the details of these are as follows;

- 1) Secure sites around extremities of Leases C, B, H (upstairs/pontoon) and building on Lease G (west) with fencing and gate access. It is to be noted that as the sites will come under Council's direct responsibility as of 11 March 2012, the installation of fencing (in a style that is aesthetically suitable for prime waterfront land) will commence in early March 2012. Access for tenants and removalists will be permitted up until 11 March 2012.
- 2) Service disconnection for Leases C, B, H (upstairs/pontoon) and G (west) commencing mid March 2012.
- 3) Building removal / demolition and site remediation on Leases C and B commencing mid April 2012 and completed by end of June 2012. Details are as follows;
 - Movement of truckloads of materials to or off-site will not be conducted during school holidays, Easter or Port Douglas Carnivale periods
 - Site remediation of Leases C and B will be to a grassed turf area standard. Please note this will be a temporary measure until such time that funding and works commence on Stage 1 works.
 - Council is likely to require prescribed tidal works and / or marine parks permits for the removal of the associated pontoons/gangways. If this is the case then Council will ensure that these infrastructure items restrict public access and are made safe until such time that these permits are secured some time mid 2012. Removal of pontoons/gangways may occur after that.
- 4) Building Lease G (west) is partially located over water and is therefore also subject to permits required, restrictions for public access, safety and timing as per Point 3 above.
- 5) Building removal Lease G (east) is programmed for late 2012.
- 6) An opportunity has also arisen in recent weeks for the possibility of relocation of commercial business(s) of Lease H (downstairs) to Lease G (east). A commercial space as part of Lease G (east) has become available through the early vacation by the current commercial occupants. Council officers are currently in discussion with the commercial occupants Lease H (downstairs) and Meridien about the possibility of relocation to Lease G (east) for a short term period (to end October 2012).

If the relocation is confirmed then it will in effect leave the building on Lease H vacant after 10 March 2012. This presents an opportunity for Council to progress the immediate transformation of the whole area south of Lease G, through the removal/demolition of building on Lease H in conjunction with Leases C and B. If relocation is confirmed, Council will plan for removal /demolition of building Lease H as per Points 1-3 above.

With regard to the relocation of the Boat Ramp from Ashford Ave (north of Combined club) to Spinnaker Close, Council officers met with the Port Douglas Yacht Club (PDYC) on 2 February 2012 to discuss the boat ramp relocation as well as the proposal to relocate their boat storage yard immediately north of the current yard as per the Boat Ramp Relocation Concept Plan, endorsed by Council in August 2011. Discussions with the PDYC are ongoing, and as always, remain extremely positive.

Funding submissions to the State and Federal Governments for Stage 1 – Lagoon, Waterfront Park and Boat Ramp relocation

Council resolved at its Special Meeting on 28 November 2011;

“That Council

- a) endorses the lodgement of an Expression of Interest (EOI) application for the Port Douglas Master Plan – Stage 1, for the 2nd Round of the Regional Development Australia Fund (RDAF)*
- b) endorses a submission to the State Government to finalise and confirm partner funding for the Port Douglas Master Plan – Stage 1*
- c) delegates authority to the Chief Executive Officer in accordance with Section 257 of the Local Government Act 2009 to finalise all matters associated with the EOI and the submission to the State Government.”*

An EOI to the 2nd Round RDAF for the Port Douglas Master Plan – Stage 1 was submitted on 1 December 2011. On 11 January 2012, Council was advised that its EOI was not successful in being shortlisted to proceed to a full application. Regional Development Australia has offered the opportunity to seek feedback on the EOI to which Council officers are currently pursuing. At this stage, a future 3rd Round RDAF is likely to be announced in July 2012 to which Council officers will be progressing Stage 1 planning to strengthen its chances of success with the future RDAF round.

Notwithstanding the fact that Council’s submission under 2nd Round of RDAF was not successful, Council’s capital works budget allocation in 2011/2012 allows planning for the commencement of the Stage 1 – Lagoon, Waterfront Park and Boat Ramp relocation in 2012/13 to still progress as anticipated.

The actual commencement of works for Stage 1 is still subject to securing State and Commonwealth Government funding. Therefore the funding proposed from the State, Commonwealth Governments and Council for the Port Douglas Master Plan and Stages (as reported to Council in November 2011) remains unchanged as per Table 1 below.

Table 1 – Funding Sources for PDMP and Stages

	Total (excl GST)	Stage 1 12/13 – 14/15	Stage 2 15/16 – 19/20	Stage 3 15/16 – 19/20
Cains Regional Council	\$19.9M	\$5.3M	\$8.2M	\$6.4M
Commonwealth Government	\$10M	\$10M		
State Government	\$20M	\$20M		
Total	\$49.85M	\$35.3M	\$8.2M	\$6.4M

Council's total contribution for the total PDMP is proposed to be \$19.9M (approx 40% of total project) and an equal portion to that proposed from the State Government.

The proposed funding sources are as per Table 2 below.

Table 2 – Funding Sources for Stage 1

	Stage 1 (excl GST)	Commonwealth Government	State Government	Cairns Regional Council
Lagoon Waterfront Park Boat ramp	\$35.3M	\$10M	\$20M	\$5.3M

Notably as Stage 1 is proposed to be delivered over three (3) financial years, Council's commitment of \$5.3M for this Stage equates to \$1.75M per annum.

As reported to Council in November 2011, Council's financial contributions have now been included in the Capital Works program for 2012/13, in the 5 Year Works Program and 10 year financial model where applicable.

Council officers (assisted by PwC and Savills Project Management) have also commenced the development of the Project Assurance Framework (PAF) – Strategic Assessment of Service Requirements (SASR) and Preliminary Evaluation (PE).

The PAF is a Queensland Treasury process for the evaluation of State Government projects. Under the PAF, projects have one pre-project stage (*Strategic Assessment of Service Requirements*) and six generic project stages (*i.e. Preliminary Evaluation; Business Case Development; Supply Strategy Development; Source Supplier/s; Establish Service Capability; and Deliver Service*).

The PAF is being applied voluntarily by Council to the Port Douglas Master Plan Stage 1 project and is only one of three Local Government projects to do so. Given the quantum of State Government funds being sought for Stage 1, it is anticipated that the application of the PAF will be required as a necessity by the State Government as part of any future funding agreement. The fact that Council has voluntarily elected to apply PAF has been warmly welcomed by the State Government agencies involved.

In light of this, Council officers have met with Regional representatives of Department of Local Government & Planning (DLGP), Department of Employment, Economic Development & Industry (DEEDI) and Department of Environment & Resource Management (DERM) to introduce them to the Port Douglas Master Plan – Stage 1 project and provide an overview of the draft SASR findings and the process for development of the PE.

A draft SASR has been prepared and is to be submitted to the DLGP. The DLGP will co-ordinate, on the behalf of Queensland Treasury, a regional review of the draft SASR with DERM and DEEDI.

Council officers have been advised through discussion with the DLGP, that once the draft SASR and PE is found to be satisfactory, then the DLGP (in consultation with DEEDI and DERM) will be able to make a recommendation to the Queensland Treasury with regard to the consideration and provision of funding (subject further to the satisfactory completion of the PAF - Business Case).

It is also important to note that the Mayor formally corresponded with the Premier and Minister for Reconstruction, the Honourable Anna Bligh MP in December 2011 requesting State Government funding of \$20M for the Port Douglas Master Plan Stage 1. This is anticipated to be followed up with a similar submission to the Member for Cook Jason O'Brien MP.

CONSIDERATIONS:

Corporate and Operational Plans:

Corporate Plan:

- Goal 2 – Building Vibrant Communities:
2.2 - Improve the quality and opportunities for use of public space across the region.
- Goal 3 – Delivering Integrated Planning:
3.7 – Promote good urban design outcomes which are responsive to the region's tropical environment and unique character.
- Goal 4 – Delivering Services & Infrastructure:
4.3- Deliver a transport network, including footpaths and cycle ways, that better matches service level expectations and future growth.

Statutory:

The primary legislation associated with the leases and land tenures is the Queensland *Sustainable Planning Act 2009 (SPA)* and *Land Act 1994*.

Council is able to issue Trustee Permits to tenants of buildings in Leases H (downstairs) and Lease G (East) from 11 March 2012 until 31 October 2012. These will be issued on the basis as follows;

- Council standard Trustee Permit to be used for individual tenants
- Vacation of buildings with 1 month's written notice from Council.

- Rent to be set at the equivalent charged to that of current arrangements and on a pro-rata floor space / use basis where multiple tenants occupy a single Lease.
- Residential occupation of Lease G (upstairs) be offered on the basis as a caretaker and therefore requiring paid caretaker duties to be performed (Council to pay for caretaker duties which may be partially offset by the rent payable to Council).

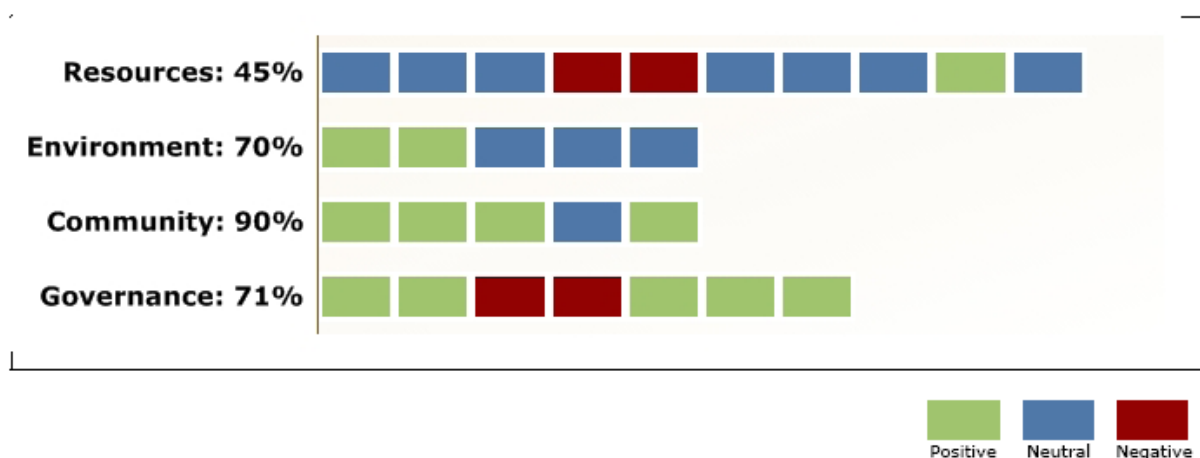
Financial and Risk:

Council's capital works budget allocation in 2011/2012 provides for the implementation of the PDMP.

The majority of the allocation will allow for demolition of buildings (including service disconnection, disposal of materials, site rehabilitation), tenure and development application fees, survey of lot boundaries, design & drawings and planning & engineering reports.

Sustainability:

The Port Douglas Master Plan requires that sustainability underpins all aspects of Port Douglas as one of its guiding principles. A *Sustainability Scorecard – Sustainability Assessment* has been completed on the Port Douglas Master Plan projects for implementation over the next 10 years. The results of the assessment are as follows:



CONSULTATION:

The content of this report has been developed in consultation with the Regional Manager Douglas, Property Services and Project Services.

Council officers will be conducting community engagement activities prior to and during the removal /demolition works of buildings /structures Leases C, B, H and G.

Discussions with the Port Douglas Yacht Club and Meridien are very positive and will continue for the foreseeable future.

Council officers met with tenants of Leases C, B, H & G and Meridien in December 2011 to advise of the results of the Council's building condition appraisal and likelihood of occupancy from 10 March 2012 to end of October 2012 for Lease G (east) and H (downstairs). Council will be formally offering occupancy to tenants of Lease G (east) and H (downstairs) by mid February 2012. Tenants on Leases C, B, H (upstairs / pontoon) and G (west) will be required to vacate buildings by 10 March 2012 or unless otherwise required beforehand by Meridien.

OPTIONS:

With delegations already provided to Mayor and CEO (in consultation with the Divisional Councillor) for the negotiation and finalisation of land tenure leases/ permits, applications for development approval, subsidy funding and resource entitlement applications, this report is for noting only.

CONCLUSION:

The Port Douglas Master Plan (PDMP), adopted by Council in 2009, provides for the incremental transformation of the waterfront.

This report provides an update in relation to;

- Transition process of waterfront land (north of the Combined Club) specifically dealing with waterfront buildings and their occupation in the short term.
- Funding submissions to the State and Federal Governments for Stage 1 – Lagoon, Waterfront Park and Boat Ramp relocation

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