

SUBMISSION TO MANLY COUNCIL'S RESPONSE
CAPEX SUBMISSION – OVAL CAR PARK, Manly 2015

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28 High Street, MANLY 2095
7th May 2014

**Submission to Office of Local Government
Manly Council's response to CapEx Submission A362817**

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Prepared by Civil Engineer David Wunder & Quantity Surveyor Murray Sharp

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Prepared by Roger James, Architect (retired) & Murray Sharp, Quantity Surveyor

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1. Assumption by Manly Council & KPMG that Oval is 'low risk standard site'

Summary

It is not a fact, as asserted by Council and as reported by KPMG that "*there is limited below ground risk*" on the Manly Oval site. This site differs from a "standard Sydney site" in that the Manly foundation material comprises water-charged sands, whereas a "standard Sydney site" would likely consist of weathered shale, or residual clayey soils. Excavation in standard Sydney conditions is straightforward, with simple retaining wall solutions and few problems with managing ground water ingress. Excavation in water-charged sands such as in Manly requires retention of the full-face of the excavation, usually necessitating complex and expensive engineering solutions such as contiguous piles or diaphragm walls, with or without ground anchors depending on design, and continual pumping to keep the excavation dry.

Specific risks associated with such unusual foundation conditions include:

- the site falls in a potential acid sulfate soil zone, with the potential for costs to be incurred in the treatment of this material if found;
- ensuring the stability of the excavation and preventing localized soil collapse;
- determining and managing the potential water inflow and achieving an appropriate degree of water flow cut-off by the retaining wall. The risk, if this is not done carefully, is settlement of nearby foundations and infrastructure, and damage to those built elements.
- accurately assessing uplift forces acting on the car park, including the potential increase in those forces over time due to expected sea-level rise from climate change, and the intermittent effects of local flooding events, and designing and constructing the car park to ensure it does not lift out of the ground due to buoyant forces acting on it.

These risks all have serious cost implications, both in mitigating the risk and getting the design "right", and in rectification in the event of their not being adequately considered in the design and construction.

However, the really serious risk is that the Council's cost estimate of **\$33.6M** is severely understated.

It is understood that Council's estimate covers the design, construction and project management of the car park, including for

access and exit ramps, services adjustments and Manly Oval reinstatement.

The industry standard reference guide for building and construction cost estimating is Rawlinsons Australian Construction Handbook, now in its 32nd Edition. The Introduction to the 31st Edition, which was relevant to 2013, the year of Council's estimate, reads (in part):

"This is the thirty-first edition of the Rawlinsons Australian Construction Handbook which, since its inception, has achieved a reputation as the leading authority on the various aspects of construction costs in Australia. This Handbook is used by those involved in the various disciplines of the construction industry and is recognized as an authoritative text in the courts for cases relating to disputes regarding construction costs."

By comparison with Council's estimate, Rawlinsons 2013 (Edition 31) advises a cost estimate range between \$50,800 and \$54,800 per car space (for 2-level underground car park construction in Sydney)¹. Adding allowances for the items specifically excluded from Rawlinsons' figures (ramps, oval reinstatement, lifts, unusual site conditions²) returns an adjusted median figure of **\$43.8M** construction cost only (see attachment for cost build up). Adding for professional fees at the median rate suggested by Rawlinsons, and for contingency at the same percentage rate used by Council (6%), even though KPMG's report states the rates used by Council are at the lower end of typical ranges³, gives a total cost estimate of **\$51.1M**. This is **\$15.9M** or more than **50% higher than Council's estimate**.

Council has not given any reason or justification for proposing a cost estimate so far under that suggested by the industry standard, Rawlinsons.

Further, 3 separate references have assessed the cost of constructing underground parking (2013 escalated values in brackets⁴) at:

- "about \$50,000 per space"⁵ (about \$50,000 in 2013 \$\$\$ - c.f. Rawlinsons estimate for Adelaide 2013 of \$48,800 to \$52,600 per space)

¹ Rawlinsons Australian Construction Handbook 2013, Section 10.1.2.2

² ibid, preamble to Estimating Building Costs per Square Metre, Page 36

³ *Manly 2015 Manly Oval Car Park – KPMG Financial and Commercial Review of Manly Council Analysis*, Sections 5.2 & 5.3

⁴ Indices for time-based escalation and cost differences between cities sourced from Rawlinson

⁵ Adelaide City Council's Integrated Movement Strategy - PARKING – c.2012

- “approximately \$50,000 per space”⁶ (about \$52,000 in 2013 \$\$\$ - c.f. Rawlinsons estimate for Sydney 2013 of \$50,800 to \$54,800 per space);
- a range of “\$42,000 - \$45,200 per space” for Brisbane⁷ (a range of \$45,000 to \$48,000 in 2013 \$\$\$ - c.f. Rawlinsons estimate for Brisbane 2013 of \$44,800 to \$48,300).

It is obvious that these three separate estimates, given their almost perfect match in value and scope with Rawlinson, have all been drawn from Rawlinson, which begs the question: why does Manly Council refusal to do likewise, instead of developing a construction estimate that is only two-thirds of that advised by Rawlinson?

This is the single greatest risk besetting this project, as the **likelihood** of the outturn cost being about \$15M greater than Council’s estimate is **very high**, while the **consequences** of this risk eventuating are **major**: inability of the car park to cover outgoings, resulting in significant, unplanned financial burden on Council and ratepayers; damage to Council’s reputation; potential inability for Council to procure funding for the full sum and for the full 50-year period at the favourable interest rate of 5%.

Detailed response

Council has asserted that the cost of the car park will be \$33.6M, and that this includes all the risks associated with the site, as well as the cost of the elements external to the car park itself, including the entry and exit ramps in Sydney Road. Presumably, it also includes the cost of lifts within the car park, and the cost of reinstating the first-class sporting field on the roof, and the cost of complying with the fire egress requirements of the Building Code of Australia, which, on the basis of the sketches available, appears extremely problematic.

The actual construction cost estimate within the \$33.6M is \$30.4M with the remainder being separate amounts for Professional Fees (4.5%) and contingency (6%). The \$30.4M construction estimate purportedly includes the Sydney Rd access and egress ramps and all other costs. On the basis of 760 car spaces, Council’s construction cost estimate is equivalent to \$40,000 per car space.

The industry standard reference guide for building and construction cost estimating is Rawlinsons Australian Construction Handbook, now in its 32nd Edition.

⁶ Leichhardt Municipal Council’s Report Dec ’11 re: Merton St Rozelle proposed car park

⁷ Feb 2008 article in *Policy* magazine by Christian Seibert, a Melbourne economist, published Winter 2008

By comparison with Council's estimate, Section 10.1.2.2 of Rawlinsons 2013 (Edition 31) advises a cost estimate range of between \$50,800 and \$54,800 per car space (for construction in Sydney). Rawlinson notes that this estimate:

- Includes landscaping to top of deck (Rawlinsons Section 10.1.2);
- Excludes lifts (Rawlinsons Section 10.1.2);
- Excludes external works not immediately adjacent to the building (Rawlinsons Preamble to Section 1, 7th dot point);
- Excludes professional fees (Rawlinsons Preamble to Section 1, 7th dot point), as does Council's base estimate;
- Includes 2.5% contingency allowance (Rawlinsons Elemental Cost of Buildings, Section 10).

Rawlinson also notes "*Costs given should be adjusted to take account of such factors as ... foundation problems*" (Rawlinson Preamble to Section 1, 2nd dot point).

The extra-over cost of replacing a first-class sporting field and first-grade cricket square compared with basic landscaping to top of roof, is estimated at \$0.3M. This is presumably included in Council's estimate.

The cost of providing 3 lifts is estimated at \$0.435M. This is presumably included in Council's estimate. The actual number of lifts could vary between 2 and 4, subject to detail design.

The cost of the Sydney Road access and egress ramps is estimated at \$2M. This is assumed to be included in Council's estimate.

Rawlinsons' estimate includes for "average" difficulty excavation. It would not have included the cost of diaphragm wall construction, but would likely have included for mid-range difficulty excavation (e.g. clay or weathered shale). The extra-over cost of constructing the diaphragm wall retaining structure, including the differential (reduced) cost for excavating sand instead of clay, is estimated at \$1.9M.

The reduction for removing the 2.5% contingency (for direct comparison with Council's base cost) is \$1,320 per car space (-\$1,003,200 in total).

The net effect of the various additions and reductions is an increase of \$4,800 per car space, to a mean figure of \$57,600 per car space. This represents an additional \$17,600 per car space, or \$13.4M, on top of the figures estimated by Council.

Applying Rawlinsons recommended percentage allowance for professional fees (10.75%) and Council's estimate of contingency (6%) to the additional construction cost estimate produces the best estimate of final outturn cost. Table 1 summarises these figures.

Total estimate, based on Rawlinsons guide, plus elements excluded from Rawlinsons guide:

Item	Build-up	Amount
Base Cost	760 spaces @ \$52,800 ea ⁸	\$40,128,000
Extra over landscaping for first class sporting ground and cricket square	Item (estimate)	\$300,000
Lifts (Retail, hydraulic, 20 pax)	3 No @ \$145,000 ea ⁹	\$435,000
Entry and exit ramps in Sydney Rd	Item (estimate)	\$2,000,000
Cost of diaphragm wall construction (assumed 2/3 perimeter of car park only), (median value)	Item (estimate)	\$2,800,000
Saving from excavating sand instead of clay	100,000 m3 @ \$9.00 (differential cost) ¹⁰	<\$900,000>
Saving from removing 2.5% contingency allowance in standard Rawlinsons estimate	760 spaces at 2.5% of \$52,800 ea	<\$1,003,200>
Sub total		\$43,759,800
Contingency allowance	@ 6% (as per Council estimate)	\$2,625,588
Professional fees	@ 10.75% ¹¹	\$4,704,180
TOTAL		\$51,089,568

Table 1: Cost estimate summary

⁸ Rawlinsons Australian Construction Handbook, Edition 31 Section 10.1.2.2 - median value

⁹ Rawlinsons Australian Construction Handbook, Edition 29 Detailed Prices, P. 633 + indexation

¹⁰: ibid, Detailed Prices, P.212

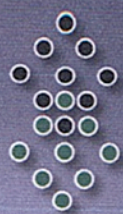
¹¹ ibid, Building Planning, Administration & Management, P 827 – Parking Station multi storey – median percentage

The Rawlinsons total is \$51.1M, compared with Council's estimate of \$33.6M.

There is a real risk that the basic elements of the project have not been considered, or not considered adequately, in Council's estimate. Without full visibility of Council's estimate, it is impossible to understand the reasons for the enormous difference between the two estimates. It is inconceivable that the viability of a project would be assessed on a cost estimate that is one third less than a comparable estimate based on Rawlinsons Guide, without very good reasons for doing so. No such reasons have been provided.

Footnote: At a meeting of the experts organised by the Chamber of Commerce held on 7th May, 2014 – Garry Neville of Cardno confirmed the oval site was not a low risk site and that the design had not been sufficiently advanced to develop the solutions, or likely additional costs, at this stage.

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Rawlinsons

AUSTRALIAN
CONSTRUCTION
HANDBOOK

EDITION

31

2013

ESTIMATING - BUILDING COSTS PER SQUARE METRE

Per. \$	Syd. \$				Adel. \$	Bris. \$	Mel. \$	Per. \$	Syd. \$
		9.0	OFFICES						
		9.3	PARKING (cont'd)	PER					
		9.3.3	FULLY UNDERGROUND, two levels including additional excavation and structural costs, ramps, fire sprinklers, mechanical ventilation, lift service. No roof over, as within building	...	sqm	1495-1610	1155-1245	1475-1590	1705-1840 1645-1775
		9.4	ARCADES - ground level arcades, shops and lift entry lobbies, fully enclosed with high standard finishes and services, excluding shop fit-out	...	sqm	3020-3255	2670-2875	2995-3225	3480-3755 3375-3640
		9.5	RENOVATIONS						
25-670	520-565		Refer Refurbishing and Recycling, pages 695 to 724	...	Note				
50-170	150-170								
		10.0	PARKING						
		10.1	UNDERGROUND						
		10.1.1	- Below offices, etc. refer 9.3	...	Note				
3-1370	1080-1145	10.1.2	- Reinforced concrete construction including deck over, mechanical ventilation, fire sprinklers, landscaping to top of deck; minimal facilities, no lifts						
15-270	215-270	10.1.2.1	- One level	...	sqm	1525-1645	1400-1510	1505-1625	1725-1860 1590-1710
				...	car	48800- 52600	44800- 48300	48200- 52000	55200- 59500 50800- 54800
		10.1.2.2	- Two levels	...	sqm	1525-1645	1365-1470	1490-1605	1725-1860 1590-1710
3-2920	2370-2545			...	car	48800- 52600	44800- 48300	47700- 51400	55200- 59500 50800- 54800
10-395	330-395	10.2	OPEN PARKING AREAS, including bitumen paving, stormwater drainage, minimal lighting, and some landscaping	...	sqm	81-87	88-95	82-89	77-83 79-85
15-160	85-160			...	car	2915-3130	3170-3420	2950-3205	2770-2990 2855-3075
		10.3	PARKING STATIONS						
		10.3.1	2 - 3 STOREY - reinforced concrete construction open sides, minimal toilet facilities; no lifts, ventilation or fire sprinklers						
		10.3.1.1	- Ground + one level	...	sqm	490-525	510-550	465-505	445-475 450-485
				...	car	14200- 15300	14700- 15900	13500- 14600	12800- 13800 13100- 14100
		10.3.1.2	- Ground + two levels	...	sqm	640-690	625-675	590-635	595-645 545-585
5-645	570-615			...	car	17900- 19300	17500- 18900	16500- 17800	16700- 18000 15200- 16400

NOTE - ADD - INCREASED COSTS
 - COUNTRY LOADINGS
 - REFER PAGE 36 FOR NOTES ON USE OF THESE COSTS
 - REFER PAGES 96 AND 97 FOR DETAILED ELEMENTAL BREAKDOWN OF ABOVE PARKING COSTS



Legend

Environmentally Sensitive Area

LGA Boundary
(Equals Mean High Water Mark
except where indicated otherwise)

Scale 1:8000 Geographic Names of Australia (GNA)

0 400 800 metres

Map printed and published by the Planning, Design and Environment Group, Council of the City of Manly

This map is a representation of the information available to the Council at the time of its preparation. It is not a guarantee of accuracy and is not to be used for any purpose other than that for which it was prepared.

ENVIRONMENTAL PLANNING AND ASSESSMENT ACT, 1979

MANLY
LOCAL ENVIRONMENTAL PLAN 1988
(Amendment No. 34 - Exempt and Complying Development)
Environmentally Sensitive Area



Drawn by
Date 28.11.89
Planning
Council File No. 714.148
Shed No. 10.10.2009



Checked in accordance with the
Environmental Planning and Assessment Act, 1979
And Regulations
21.12.2003
Date
General Manager



Planning Map 4 of 5 Sheets

Legend

Works for which Planning Instrument Applies

Class 1 - Any works

Class 2 - Works below the ground surface;

- Works by which the water table is likely to be lowered

Class 3

- Works beyond 1 metre below the natural ground surface;

- Works by which the water table is likely to be lowered beyond 1 metre below the natural surface;

Class 4

- Works beyond 2 metres below the natural ground surface;

- Works by which the water table is likely to be lowered beyond 2 metres below the natural surface;

Class 5

- Works within 500 metres of adjacent class 1, 2, 3 or 4 land which are likely to lower the water table below 1 metre in class 1, 2, 3 or 4 land.

Drawn by: RLE

Date: 29.11.99

Planning Officer: Nikki Harmer

Council File: T15/169

Dept. File:

Govt. Gazette of: 10.03.2000

Certified in accordance with the Environmental Planning & Assessment Act, 1979, and Regulation.

General Manager

21.02.2000

Date

Environmental Planning and Assessment Act, 1979.

Manly

Local Environmental Plan 1988

(Amendment No. 34

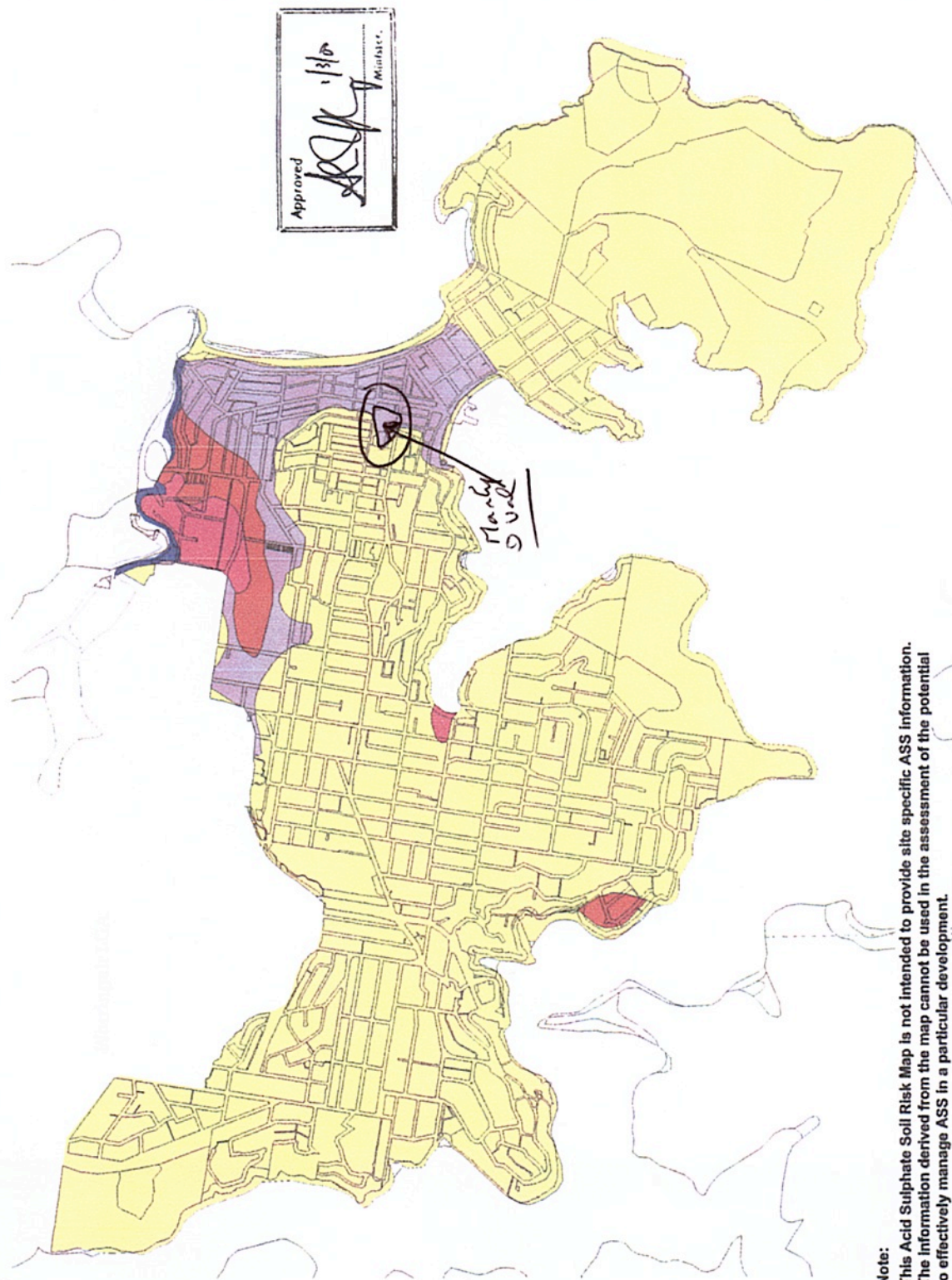
Exempt and Complying Development)

Acid Sulphate Soils

Planning Map 5 of 5 sheets



Scale 1:25 000



Note:

This Acid Sulphate Soil Risk Map is not intended to provide site specific ASS information. The information derived from the map cannot be used in the assessment of the potential to effectively manage ASS in a particular development.

When using the Acid Sulphate Soil Risk Map, the following must always be kept in mind:

- 1) Extreme variations in the nature and distribution of ASS can be expected.
- 2) Depth to the ASS layer can be highly variable.

Disclaimer:

This map has been compiled from various sources and the publisher and/or contributors accept no responsibility for any injury, loss, or damage arising from its use, errors or omissions therein. While all care is taken to ensure a high degree of accuracy, users are invited to notify of map discrepancies. © Manly Council + © Surveyor General's Department 1999. All rights reserved. No part of this plan may be reproduced without written permission from the General Manager. PO Box 82, Manly 1555. Produced by Manly Council's Planning, Design and Environment Group, November 1999.

2. Inconsistencies in Financial Modelling & Information

Revenue Predictions:

Reports were commissioned by Manly Council from:

- Bitzios, being the Manly Oval Car Park Demand Forecasting study;
- HillPDA being Manly 2015 Masterplan Economic Assessment; and
- KPMG being Manly 2015: Manly Oval Car Park – KPMG Financial & Commercial Review of Manly Council Analysis.
- Cardno Flood Study
- GK Geotech Report
- WT Partnership, Quantity Surveyors

On page 2 of their report KPMG refers to the documentation provided by Manly Council, which they relied upon. These were:

- Manly 2015: Presentation to Little Manly Precinct, 17 March 2011;
- Manly Oval Underground car park Budget Estimate Rev. 2, WT Partnership, 21 October 2013;
- Skidata 11-2012 10-2013 by month day evening fractions, Manly Council, November 2013; and
- Manly Oval Car Park Demand Forecasting Study, Bitzios Consulting, November 2013.

Of all the reports commissioned, only the Bitzios report was made available to KPMG. In particular, HillPDA nor site studies were not.

Manly Council has provided the independent experts with:

- Ground conditions & construction risk
- Traffic data for Whistler St
- Growth in Manly CBD floor space
- Required rate of return

These are the 4 critical variables required to forecast the Manly Oval Car Park return. None have been independently verified.

Table 2 on Page 7 of the KPMG report sets out the revenue assumptions. They have assumed a car park with a capacity of 760 car spaces. In the first year they have assumed 1,178 cars parking per day of which 353 cars per day stay longer than 2 hours and pay for parking. The first 2 hours are free for all car parkers.

Manly residents who purchase a Residents' Card may park for up to 3 hours free. The average revenue paid per stay for paying car parkers was assumed to be \$14 resulting in annual revenue of \$1,805,784.

KPMG state that the daily patronage of 1178 cars is based on information provided in the Manly Oval Car Park Demand Forecasting Study. On Page 14 of the Bitzios report it shows the average patronage for 2013 in a medium scenario of 1130 spaces on a Thursday and 1197 spaces on a Saturday. [Their survey was limited to questionnaires distributed on Thursday 10 October 2013 and Saturday 12 October 2013].

An average of 1178 seems high as it is likely that the Thursday and Saturday would have higher patronage than the other days of the week. The Ski data report provided sufficient information to determine that approximately 30% of total vehicles entering the existing Whistler Street car park contribute to revenue (that is 70% stay for less than 2 hours). KPMG further state that the SKI data report provided the average revenue per stay currently being paid for the existing Whistler Street car park, including casual and contract users, equated to approximately \$14 per stay.

"Given that this is the most detailed and accurate revenue information that we have for the car parking in Manly we have adopted this rate for the purpose of our analysis." KPMG.

At the meeting of Manly Council held on 5 August 2013 a report was tabled on an audit of the usage of Council's existing four car parks, including Whistler Street, (copy attached). The revenue for the 12 months ending June 2013 for Whistler Street was \$1,128,589. This compares with the figure of \$1,805,784 as used by KPMG, which represents an increase of \$677,195.

This was raised with the General Manager and he had asserted that the figures as tabled at Manly Council only contained revenue for casual car parkers and did not include revenue from permanent and contract car parkers. However he has just recently (on 5 May 2014) retracted from that position and confirmed that the revenue was correct and inclusive of all revenue. We have asked that all car parking figures be reviewed (revenue and numbers of users) so that

the definitive position is known. Until that occurs there is a question over the validity of the data used by KPMG with respect to the first year. As this is the basis for escalating for future years this differential increases in each subsequent year.

The KPMG report does not give a detailed analysis of operating costs. It is expected that the costs of operating an underground car park would exceed the operating cost for the above ground car park at Whistler Street which were \$401,643 in year ending June 2013. KPMG state that they have escalated the revenue based on an increase in the average daily patronage and on this basis the average daily turnover has been escalated by 3.5% per annum.

This is based on the uplift in retail and commercial Gross Floor Area in the Manly Business Centre as set out in the Bitzios report.

On page 10 of the Bitzios report it states *"The parking demand forecast for 2033 has been based on the assumption that the current Manly CBD commercial GFA of 111,124 m² would increase by 46,783m² (42%) to a total of 157,907m²."* There is no reference or any details supplied to support this. Further 3.5% per annum is not the equivalent of a total increase of 42% over 20 years. The survey conducted by HillPDA established that there was 67,034 m² of retail and commercial floor space which is much lower than the 111,124m² quoted by Bitzios

Manly Oval Car Park Our Findings and Conclusions

- There remains downside risk to the KPMG 6.6% return
- A 48.5% increase in parking fees is required
- The actual return could be below the Council's cost of funds if everything does not go to plan
- The opportunity cost of demolishing Whistler St cannot be ignored
- The Oval Car Park will not cover Manly 2015 loan repayments for at least 10 years
- The Oval Car Park could cost Council \$10m - \$15m in cash over the first 10 years of operation
- It is unlikely Council can fully protect rate payers from interest rate rises for the duration of the borrowings
- A large proportion of Council's free cash flow is forecast to be committed to debt repayment not asset maintenance and services

Revenue per year

	Increase			Bitzios			Hill PDA			KPMG			3.50% per annum	
	KPMG	KPMG	Total	Bitzios	Increase	Total	Bitzios	Increase	Total	Bitzios	escalation	42% in 20 years	25% in 20 Years	
Revenue in	1,128,589													
year 2	1,128,589	39,501	1,168,090	1,128,589	24,948	1,153,537	1,128,589	1,128,589	1,128,589	1,128,589				
year 3	1,168,090	40,883	1,208,973	1,128,589	24,224	1,177,761	1,128,589	14849,855	1,143,439	1,143,439				
year 4	1,208,973	42,314	1,251,287	1,153,537	24,733	1,202,494	1,143,439	15045,248	1,158,484	1,158,484				
year 5	1,251,287	43,795	1,295,082	1,177,761	24,733	1,227,746	1,158,484	15243,212	1,173,727	1,173,727				
year 6	1,295,082	45,328	1,340,410	1,202,494	25,252	1,227,746	1,173,727	15443,78	1,189,171	1,189,171				
year 7	1,340,410	46,914	1,387,324	1,227,746	25,783	1,253,529	1,189,171	15646,988	1,204,818	1,204,818				
year 8	1,387,324	48,556	1,435,880	1,253,529	26,324	1,279,853	1,204,818	15852,87	1,220,671	1,220,671				
year 9	1,435,880	50,256	1,486,136	1,279,853	26,877	1,306,730	1,220,671	16061,46	1,236,732	1,236,732				
year 10	1,486,136	52,015	1,538,151	1,306,730	27,441	1,334,171	1,236,732	16272,795	1,253,005	1,253,005				
year 11	1,538,151	53,835	1,591,986	1,334,171	28,018	1,362,189	1,253,005	16486,911	1,269,492	1,269,492				
year 12	1,591,986	55,720	1,647,706	1,362,189	28,606	1,390,795	1,269,492	16703,844	1,286,196	1,286,196				
year 13	1,647,706	57,670	1,705,375	1,390,795	29,207	1,420,002	1,286,196	16923,631	1,303,120	1,303,120				
year 14	1,705,375	59,688	1,765,064	1,420,002	29,820	1,449,822	1,303,120	17146,31	1,320,266	1,320,266				
year 15	1,765,064	61,777	1,826,841	1,449,822	30,446	1,480,268	1,320,266	17371,92	1,337,638	1,337,638				
year 16	1,826,841	63,939	1,890,780	1,480,268	31,086	1,511,354	1,337,638	17600,498	1,355,238	1,355,238				
year 17	1,890,780	66,177	1,956,958	1,511,354	31,738	1,543,092	1,355,238	17832,083	1,373,070	1,373,070				
year 18	1,956,958	68,494	2,025,451	1,543,092	32,405	1,575,497	1,373,070	18066,716	1,391,137	1,391,137				
year 19	2,025,451	70,891	2,096,342	1,575,497	33,085	1,608,582	1,391,137	18304,436	1,409,442	1,409,442				
year 20	2,096,342	73,372	2,169,714	1,608,582	33,780	1,642,363	1,409,442	18545,284	1,427,987	1,427,987				
Total			30,787,549	1,642,363	34,490	1,676,852	1,427,987	18789,301	1,446,776	1,446,776				
						27,725,226			25,628,999					
difference						3,062,323			5,158,550					

TO: Planning and Strategy Committee - 5 August 2013
REPORT: Environmental Services Division Report No. 23
SUBJECT: Report on Audit of Usage of Council's Existing Four Car Parks
FILE NO: MC/13/65436

SUMMARY

Council at its Ordinary Meeting 13 May 2013 resolved:

"The General Manager provide a detailed report on the current usage of the Council's four public car parks, based over a 12 month period, including: the percentage of capacity used per month, annual maintenance costs, what percentage of parkers stay less than two hours, and profit/loss generated for each individual car park."

REPORT

The information provided in this report is for the period 1 July 2012 to 30 June 2013.

	Whistler	Pacific Waves	Peninsula	Manly National
Capacity	342	153	289	220
Annual Throughput	405,319	192,590	556,746	105,120
Annual Daily Average Turnover of Parking	3.25	3.45	5.28	1.31
Annual Total Casual Parking Under 2 hours	285,594	143,907	444,645	53,323
As a Percentage of Annual Total	70%	75%	80%	51%
Total Revenue	\$ 1,128,589.00	\$ 538,957.00	\$ 1,104,088.00	\$ 593,766.00
Costs				
Maintenance	\$ 38,070.00	\$ 46,785.00	\$ 50,408.00	\$ 24,451.00
Direct and Indirect staff Costs	\$ 363,573.00	\$ 218,524.00	\$ 271,990.00	\$ 143,379.00
	\$ 401,643.00	\$ 265,309.00	\$ 322,398.00	\$ 167,830.00
Income	\$ 726,946.00	\$ 273,648.00	\$ 781,690.00	\$ 425,936.00
Average Occupancy				
Weekend (Oct - April)	97%	100%	99%	95%
Weekday (Oct - April)	88%	96%	92%	85%
Weekend (May - Sept)	80%	92%	85%	72%
Weekday (May - Sept)	68%	78%	82%	70%

RECOMMENDATION

THAT the report be received and noted.

ATTACHMENTS

There are no attachments for this report

PS05082013ESD_3.DOC

***** End of Environmental Services Division Report No. 23 *****

3. MANLY COUNCIL'S CLAIM – Limited Negative Community Response

Overview

Manly Council has done an excellent job promoting elements of the Manly 2015 Plan with the production of brochures, videos, presentations and meetings.

However, Council failed to respond to what is clearly a very high level of community opposition to the Manly Oval component of the Manly 2015 Plan. Their statement: *"do not consider there is rising community opposition based on correspondence to date ..."* clearly demonstrates this.

Council has chosen to simply ignore the hundreds of written submissions, extensive published Letters to the Editor in the Manly Daily, coverage in the Sydney Morning Herald, Resident Precinct resolutions, and a recent Public Meeting at which an estimated 400 locals attended. (You can view the Q & A session from that meeting here: <http://youtu.be/KZ6BmkkMz5s>)

Of the 54 Press Articles mentioned in Council's Communication Summary response, it was not reported that the majority of these were negative and against the Oval car park (see sample of quotes attached).

Council's quote that *"the trend shows an increase in media coverage from 2011 to 2014. This reflects public interest in the Manly 2015 topic"*, again falls short of mentioning the fact that the majority of this coverage was negative, and opposing the project.

Any requests for further information have been treated with contempt.

For example, the Combined Resident Precincts Group's first formal attempt in late Oct 2013, based on what little information was made available at the time, to have questions answered, was not responded to in any constructive way but pilloried by Council: *"Much of the information you have presented and the assertions you make are fundamentally flawed from Council's point of view. To this end, we do not concur with your conclusions or those of your attachments."* Council chose to ignore the questions raised and rather claimed that the Precincts were being 'political'. The Precincts vehemently denied and resented this claim, stating they were simply 'representing the views of their residents'.

The five information sessions held with a total of 99 people in 2013 were highly controlled events with very limited opportunity for the community to ask questions. A number of walk-outs were reported as residents became frustrated with the lack of consultation and opportunity to have questions answered at these events.

Finally, it would be fair to say that while Manly Council has certainly gone through the process of community communication this was not seen by the community as consultation and any negative feedback or questions raised were met with contempt by staff and the Mayor.

In recent months Council management has worked hard to bridge the gap in lack of meaningful communication, meeting with the Chamber of Commerce and Precinct groups, to name a few. Nonetheless the Precincts (who represent a large majority of the informed residents of Manly) have unanimously voted against the continuation of the Oval Car Park project. (copy attached)

Based on no significant improvement in critical financial information elicitation, the Combined Precincts met on 7 April 2014 and reluctantly passed the following unanimous resolutions by the 7 of the 9 active precincts :

- All Precincts support the upgrade of the Manly laneways in the CBD
- All Precincts have serious concern about the financial, geotech, and traffic flow viability of the proposed car park solution. At this time all Precincts oppose the Car park beneath Manly Oval as Council has not demonstrated to our satisfaction the viability of the project.
- All Precincts agree that the upgrade to the lane ways proceed first, followed by a car park solution in future years when it is required.
- All Precincts request a copy of the DLG (Department of Local Government) CapEx review and Council's response.

The Council has lost the trust of its community by not being open and transparent about this project. Important technical documents have been kept secret and reasonable requests for answers have been treated with contempt.

Quotes from Publicity re Manly 2015

\$80m Manly plan hits roadblock

(Sydney Morning Herald heading – 4 February 2014)

“I’m for Manly, not Mike Baird” Mayor and State Treasurer at odds

(Sydney Morning Herald, 4 February 2014)

“There’s no explanation for how on earth it’s gong to be funded”

(Manly Councillor Candy Bingham)- Sydney Morning Herald

Of course it is about revenue raising

(Debbie Newton)

Regardless of it being a money spinner or not the current road infrastructure cannot cope with any additional traffic in and out of Manly – building another carpark in Manly doesn’t make sense

(Terase Davidson)

My car flooded in Kangaroo Lane so good luck with the underground carpark. Parts of Manly are below sea level.

(Meg Joisce)

Can they guarantee no damage to St Andrews, that is one of the oldest churches in the area and they only just got the steeple stabilised

(Melissa Molenaar)

Under the Oval? How far above sea level is that???

(Jenni Green)

Council refuses to park its plans – Concern over development

(Manly Daily 30 January 2014)

Councillor loses Oval carpark bid

(Manly Daily 30 January 2014)

Manly2015 will be delivered in a financially sustainable way

(Mayor Jean Hay – Manly Daily 1 February 2014)

Will Manly2015 plans have Sting in the Tail?

(John Partridge – Manly Daily 25 January 2014)

Councillor Lashes Out – General Manager’s project work sparks Bingham fury

(Manly Daily – Saturday 18 January 2014)

Call for further analysis over carpark plans

(Clr C Bingham – Manly Daily 9 November 2013)

**CBD plan support pulled – Financial concerns over 2015 proposals
(Manly Chamber of Commerce – Manly Daily 25 October 2013)**

Council Expenses remain a concern
(Hugh Freeman – Manly Daily 19 October 2013)

This Council has to start looking at what the community wants, not what the council wants
(Scott Butler – Manly Daily 15 October 2013)

Every Government needs an opposition – this monopoly of block voting ensures that what the Liberal ticket wants, it gets.
(John Partridge – Manly Daily 19 October 2013)

The beautiful library is going to be demolished and the functional carpark reduced to already oversupplied apartments and shops, and the oval dug up for a new carpark
(Warren Deveson – Manly Daily, 21 August 2013)

Demolish Whistler St carpark and put 800 cars under Manly oval. What madness has afflicted council that it wants to spend huge amounts of money on projects which are not in the public interest and have neither economic nor aesthetic value?
(Anne Bradley – Manly Daily 20 September 2013)

“.. Jean Hay says a water polo pool can’t be dug “because it’s a flood plain there” – “But she is planning a two-storey deep carpark under the Manly Oval in an area much closer to the water table. I am somewhat confused.
(David Taylor – Manly Daily 26 September 2013)

“.. It’s about time the council acknowledged the opposition to the plan and looked at the alternatives again”
(Jack Steggall – Manly Daily 6 August 2013)

Bingham’s alternative plan “...what a straightforward and cost effective plan to rejuvenate the core of Manly. This has my vote, \$2m vs \$82m – a no-brainer”.
(David Taylor – Manly Daily 6 August 2013)

This solution would hopefully mean the end of Manly Council’s plan to plunge its ratepayers into \$92 million of debt
(Sue Sacker – Manly Daily 16th August 2013)

Manly doesn’t need a fancy plan for future
(Gregg Melrose – Manly Daily 15 June 2013)

Oval carpark saga a question of timing
(Denise Keen – Manly Daily 8 June 2013)

Is it any wonder people are concerned about the new plans for Manly?
(John Doyle – Manly Daily 7 June 2013)

“... a very costly campaign to justify a dreamtime underground carpark.”

(Mike Musgrove – Manly Daily 11 June 2013)

Same, same, but different

(David Taylor – Manly Daily 6 June 2013)

Carpark Rebuilding a focus of council's 2015 plan

(Clr Steve Pickering – Manly Daily 5 June 2013)

I find it impossible to believe that one of our councillors is not permitted to have access to the full report on the viability of Manly Council's 2015 Plan.

(Gay O'Connor – Manly Daily 5 June 2013)

“...Strongly object to the Manly Council plan to demolish the Whistler St car park and build a car park under Manly Oval”

(Kerry and Brian Ilsley – June 4 2013 Manly Daily)

Storm brewing on plans for town – Concerns over 2015 ideas – over 200 people attended a public meeting

(Manly Daily 4 June 2013)

Carpark plan opposed- Councillor leaflets on Whistler St sale

(Manly Daily – 30 May 2013)

Carpark costs a secret- Councillor refused feasibility report

(Manly Daily – 28 May 2013)

Based on the reporting inconsistencies... we are unfortunately unable to endorse the project at this time

Mark Stanley, President, Manly Chamber of Commerce

Storm brewing on plans for town – Concerns over 2015 ideas – over 200 people attended a public meeting

(Manly Daily 4 June 2013)

Carpark plan opposed- Councillor leaflets on Whistler St sale

(Manly Daily – 30 May 2013)

Carpark costs a secret- Councillor refused feasibility report

(Manly Daily – 28 May 2013)

Entitled to see Report

(Editorial – Manly Daily 28 May 2013)

Carpark Conundrum

(John D Wilson – Manly Daily 18 May 2013)

Why did Manly Council give a sense of urgency to its Manly 2015 plan by claiming the immediate need to demolish Whistler St carpark??
(Mike Cottee Fairlight – Manly Daily 18 May 2013)

“... Cr Hay, listen to your constituents.”
(John Partridge – 17 May 2013 Manly Daily)

Hold Community Poll over plans for Manly (Hugh Freeman – Manly Daily 27/5/13)

I have discussed with many people the proposal to demolish Whistler St carpark. Without exception the reaction is that it is a mad idea, or at any rate makes no sense.
(David Garrett Narraweena – Manly Daily 22 May 2013)

Consider the Retailers in Decision on carpark – why is council hell bent on killing the area? Retail is tough enough as it is.
(Stuart Bennie Palm Beach – Manly Daily 14 May 2013)

Speak out on keeping our iconic carpark
(Jack Tilburn Dee Why – Manly Daily 14 May 2013)

Always park there – just paint it
(Sally Kelemete Manly Daily 11 May 2013)

Keep it...very convenient
(Julie Shelley Manly Daily 11 May 2013)

Don't knock it down, just paint it green
(Peter Bottero Mona Vale – Manly Daily 11 May, 2013)

Retain and restore a much better option
(Ken Bertram Narrabeen Manly Daily 11 May 2013)

Save the Carpark – Prominent businessman John Humphrey warns demolishing the Whistler St carpark will kill the retail heart of Manly
(Manly Daily front page 9 May 2013)

Eyesore v convenience – Business owner worried by carpark plan
(Manly Daily 9 May 2013)

Plans for new carpark a waste for ratepayers
(Meg Morgan Fairlight Manly Daily 8 May 2013)

Push to save carpark – Quote in response by Clr Hay – This plan will do much for Manly – it will be something wonderful”
(Manly Daily 16 April, 2013)

This is not the time for reckless spending
(John Partridge Manly Daily 4 May 2013)

Libs show council dominance
(Manly Daily 17 October 2012)

From: Phil Young [mailto:philyoung48@gmail.com]

Sent: Monday, 14 April 2014 11:30 AM

To: Elizabeth La Peyre

Cc: Mike Baird; Christine Smith; Colin Wardle; Denise Keen; Dirk Nagel; e.shervington@bigpond.com; Gary O'Brien; Hania Norman; Katherine Owen; Libby Bubb; michael peters; P Ray Mathieson (Little Manly); Ross Trivett (ross.trivett@gmail.com); Sandy Hudspith; Terry le Roux

Subject: Combined Precincts Resolutions on the Manly 2015 Plan

Mayor, General Manager and Councillors,

On the 7th of April the current Chairs of the Combined Precincts met to consider our position on the 2015 Plan following the meeting of the last Precinct Executive where the General Manager answered a number of our questions. 7 of the 9 Precincts were represented and subsequently an 8th Precinct supported the resolutions below. One Precinct could not agree.

The key resolutions from our Combined Precinct Meeting on the Manly 2015 Plan are as follows:

- All Precincts support the upgrade of the Manly laneways in the CBD.
- All Precincts have serious concern about the financial, geotech, and traffic flow viability of the proposed car park solution. At this time all Precincts oppose the Car park beneath Manly Oval as Council has not demonstrated to our satisfaction the viability of the project.
- All Precincts agree that the upgrade to the lane ways proceed first, followed by a car park solution in future years when it is required.
- All Precincts request a copy of the DLG Capex review and Council's response.

I am sending a copy to all Precincts and our Local Member, Mike Baird.

We request that these resolutions be considered by Council and we look forward to Council's response.

Phil Young
Chair Combined Precincts
Chair Clontarf Precinct

4. Claim Regarding Poor Condition of Whistler Street car park

We challenge Council's claims that:

- i) Whistler Street car park is in poor condition
- ii) Requires \$5m to bring it up to current standards
- iii) There is no other site other than under the Oval in Manly where a new car park could be built.

I) The Whistler Street Car park complied with the regulations at the time of construction and, as with thousands of other buildings in NSW and around Australia which do not comply with the current standards, there is no obligation of the owner to upgrade the building to comply with the current standards.

In 1997 Feiko Bouman, the architect for the adjoining library building, identified improvements that could be implemented to bring the car park in to line with current standards, advice on which the council did not act, and has not acted for 16 years.

It is only since the introduction of the Manly 2015 Plan that council has chosen to focus on the perceived deficiencies in the car park, and has undertaken minimum maintenance of the site.

Recent reports prepared by independent consultants commissioned by council listed the items that Council could implement (should it choose to satisfy the BCA) and had those items costed at \$5 million.

Reports prepared by two further independent professionals not commissioned by council, ratified in principle the list of items for fire, safety and disabled access but the cost of doing that work prepared by an independent professional practicing cost consultant is in the vicinity of \$½ million and not \$5 million. This advice was provided to Council at a formal council meeting but has not been acted upon. (Copy attached)

Council was aware of the recommendations for upgrading the building in the 1997 Bouman report, but reported in it's 2012/13 Financial Report that the building is condition 3 requiring no expenditure. The recent consultant reports introduced no additional new issues from those already included in the 1977 report, but council now estimates the cost of work required to be \$5 million. No explanation is offered for the change of assessment.

The General Manager in an article published in the Manly Daily suggested the building had a limited life and was in poor repair. Inspection and reporting by an independent professional, confirms that there are cracks in the first metre of the northern facade of the building as a result of exposure to weather, but that these cracks have successfully been treated with an epoxy grout by council and are now sealed and should no longer present a problem. The vast majority of the building is crack free with no signs of concrete cancer. Such a structure should have a further life of 40 years.

The following appeared in a further article in the Manly Daily 23/8/13.....

"Mr Wong said the Council might have to find a way to separate the two interconnected buildings and provide a separate exit for Library users" and "Evacuation procedures for the Library are being reviewed and may need to be modified". Inferring that the two linking doors between the car park and the library car park may be the cause of the problem and their demise would be a further impediment on the viability of the car park.

Nothing has happened since that announcement. An official escape diagram fixed to the wall of the Library shows that the Library is, and always was, designed to be independent of the car park for escape, and that modification to the car park is not required as the two link doors are fire-rated and are not escape doors.

Nonetheless these arguments appear to be building a case for justification for demolition of the car park.

Proper maintenance, and the implementation of the upgrade to ensure safe escape and fire safety to meet BCA requirements at a cost in the vicinity of \$500,000, would greatly extend the life of a very valuable existing asset which is currently providing a good profit and income stream for council, without exposing ratepayers to long term risk.

The car park operates at near capacity every day of the year and is used extensively by local residents who have made it quite clear they will not park under Manly Oval. Manly Oval is a tourist car park replacing a locals car park. Why?

Why Sell Whistler Street Site?

Contrary to Council's previous public statements that the new Oval car park would be self-funding ie "to be funded from loans secured by car park operations over 50 year life of the facility (see attached website & brochure references) Council is currently stating that the

website & brochure references) Council is currently stating that the new oval car park will be self funding with the sale of the Whistler Street site to help with the funding.

It is hard to understand the logic of demolishing an existing, central and highly used facility to build it again at significant additional cost further away.

No Other Site Available?

This simply is not true. Council has not actively researched other possibilities and there are two major redevelopment sites coming up in the future. The redevelopment of the Royal Far West site opposite the ocean front and the redevelopment of the Civic Club, not far from the Town Hall, are two cases in point.



Quantity Surveying Service
to the Building Industry

Candy Bingham
2014
Manly Councillor
C/- Council Chambers
Belgrave Street
Manly NSW 2095

5th May

Hi Candy

Re: Whistler St Carpark
BCA upgrade – Cost Plan / Budget Estimate

I have attached copy of Cost Plan in relation to the above.

Regards

Murray Sharp
Sharp & Assoc
Director

Quantity Surveyor
AQS (Affil)
Arbitrator
IAMA (Assoc)
Mediator
LEADR Panel of Mediators
Adjudicator
Accredited Adjudicator in relation to the 1999 Security of Payment Act

Sharp & Associates

Suite 1, 1 East Esplanade, Manly, 2095 Sydney, NSW, Australia

T 02 9977 0588 F 02 9976 2996 M 0418 271 067 E sharp1@bigpond.net.au

~ 62, 37-39 The Corso, Manly

Full Estimate Summary

Job Name :	<u>WHISTLER CAR PARK</u>	Job Description
Client's Name:		BCA/FIRE COMPLIANCE UPGRADE

Trd No.	Trade Description	Trade %	Cost/m2	Sub Total	Mark Up %	Trade Total
	SECOND FIRE ISOLATED EXIT STAIR ON THE NORTHERN SIDE OF THE EXISTING CARPARK	41.49		195,000		195,000
	EXISTING STAIR CONVERTED TO A FIRE ISOLATED STAIR	12.77		60,000		60,000
	MODIFICATION OF EXIT AREA AT GROUND LEVEL	10.64		50,000		50,000
	EXIT SIGNAGE	1.06		5,000		5,000
	LIGHTING	1.70		8,000		8,000
	EMERGENCY LIGHTING	10.64		50,000		50,000
	FIRE HOSE REELS	12.77		60,000		60,000
	GST - note may not be applicable	8.94		42,000		42,000
		100.00		470,000		470,000
Final Total : \$						470,000

In summary, the proposal is to spend approximately \$34 million on a new underground car park.

- The extra capacity will not be required for at least 10 years depending on the car parking numbers, which have yet to be verified.
- The existing car park and on street parking is expected to be sufficient.
- Revenue will be no greater than that which would be generated by the existing car park and operating costs would be greater.
- The debt will need to be serviced and repaid.
- The existing car park is expected to be sold for circa \$16 million which will leave debt of \$18 million on this project assuming that it can be built for the amount estimated. At the same time Council will be borrowing \$15.5 million to build a new Aquatic centre, \$1.5 million to build a water polo pool, and later \$15 million will be spent to upgrade the public spaces.
- From a risk management perspective it would be sensible to delay the decision on the car park to a time closer to when the extra capacity may be required. The ability of the Council to manage so many major projects at the same time must be in doubt, and there is no need to rush.
- The Royal Far West are proposing a major redevelopment of their site opposite the Ocean front and this will include an underground car park better located to the Manly CBD. There may be opportunities arising from this development to increase the underground public parking and these opportunities should be pursued before needlessly rushing in to this major project
- The majority of residents and ratepayers of Manly just don't want it!