

Public Meeting
Minutes of meeting held on 2 February 2014 at 3.00pm
Manly Village Public School

1. **Apologies:** Clrs Jean Hay & Alan Le Surf; Judy Lambert, John Humphrey.
2. **Preliminaries**

Clr Candy Bingham, President of *Good for Manly* welcomed the more than 400 people in attendance.

Ground rules for meeting:

- everyone is entitled to an opinion and will be treated with respect;
- the focus is on issues; no personal comments please;
- we are only focusing on the Manly 2015 Plan
- there will be a questions/comments opportunity after the Speakers have spoken;
- mobile phones off please.

Clr Bingham said that the *Manly 2015 Plan* was put on exhibition in 2011. There has been a lack of transparency both to the Councillors and the Community. *Good for Manly* has organised this Public Meeting to allow a factual discussion and debate on what Council is proposing.

3. **Video. A three-minute video was shown produced by Good For Manly. This can be viewed at: http://www.youtube.com/watch?v=QZ30sqRq-6E&feature=share&list=UUiBW8aFU_-ZfdGaHh8eIKOg**

4. **Speaker 1: Jeremy Bingham**

Topic: Why this Plan is Flawed

Jeremy is a former Lord Mayor of Sydney and has had 48 years experience as a solicitor in Local Government law and practice. He played a pivotal role in the refurbishment of the QVB Building and the Capitol Theatre.

Local Councils exist for one reason and that is to serve the local community. Councils act as custodians of our amenities and funds. We all agree with the concept of a vision for the future but Council's 2015 Plan is based on destruction. Manly Council's Plan involves destruction of:

- the iconic Manly Oval, The Village Green;
- the healthy state of Council's finances;
- Manly Village itself.

The Internal Rate of Return (IRR) is estimated to be 1.6% - a very thin (theoretical) figure. If assumptions are incorrect this IRR will be wrong.

The independent reports were not independent. Private enterprise will not touch this project because of the low IRR and the huge risk.

Councils cannot go broke because ratepayers **have** to meet Council debt. Ratepayer's liability is unlimited.

Councillors have not been part of the decision-making process and when Precincts asked for financial details they were not provided.

Whistler Street carpark is in a prime position with respect to proximity to Manly CBD. It can easily be updated and it is above ground which is far better than below ground. Why pull down the 18 year old Library building when Feiko Bouman made provision to enlarge it in the future, by adding 2 more storeys.

The Oval carpark would be flood prone. What if the underground carpark floods? Would damaged cars be covered by insurance. Would Council be liable?

The Sydney Road entrance to the carpark will be ugly. The Village Green will be lost because the carpark would have to be raised to allow for ventilation and services. The carpark will be too far from Manly's CBD

instead locals will drive to Stocklands or the Mall. Only tourists will park there and this will mean more tourist shops and bars.

Other low-cost options exist that don't involve \$80m capital expenditure of the Council's current Plan.

5. Speaker 2: Peter Greentree

Topic: Funding 2015 & the Financial Implications and Risks

Peter has worked in the banking and asset management industries for over 30 years and has held senior management positions in both global and local organisations including Commonwealth Bank, Deutsche Asset Management and Challenger Ltd.

The three independent reports, KPMG, Bitzios and HillPDA will be referred to. Peter and Bruce Kitson, a forensic accountant, have carried out a detailed analysis of these reports. The following is a summary of their findings.

The key variables impacting on the Oval carpark return are:

- revenue (paying vehicles times \$ per stay);
- construction and operating costs;
- funding costs.

The following figures show the changes in KPMG's current report:

During consultation	Before	Now	Change
Return	12.9%	6.6%	Down
Cost of funds	5.0%	5.0%	Same
Paying vehicles	600/day	353/day	Down
\$ per stay	\$15	\$14	Down
Revenue (pa)	\$3.3m	\$1.8m	Down
Cost	\$36m	\$32m	Down

KPMG has now significantly lowered the return to ratepayer (from 12.9% to 6.6%).

KPMG stated that given Manly Council's cost of funds is 5% the project potentially exceeds the required rate of return BUT KPMG has not independently verified the inputs. KPMG also does not comment on whether the project is financially viable or not and whether a 1.6% "profit" is acceptable.

A large increase in parking fees would be required for a 6.6% return. But would an increase in parking fees result in an increase in traffic?

KPMG states that all construction costs are at the lower end of Industry standards but what about the risk? Have associated road works been factored in? What about costs of relocating the Rugby and Tennis Clubs? The storm water costs have been removed from the analysis. The final return to ratepayers could be much lower.

Bitzios's traffic study assumes the Manly CBD footprint will expand by 42% over the next 20 years. That would be the equivalent floor area to three Stocklands! Where would or could this expansion take place in Manly?

HillPDA, on the other hand concludes only a 30% increase in CBD space would be required over 20 years. Why this discrepancy between Bitzios and HillPDA? KPMG has adopted Bitzios' findings into its financial analysis.

It would take 15 years for the Oval carpark to be fully utilised. Critical variables have not been scrutinised.

Manly Council has provided the independent experts with:

- ground conditions and construction risk;
- traffic data for Whistler Street;
- growth in Manly CBD floor space;

- required rate of return.

The above 4 critical variables are required to forecast the Manly Oval carpark return. None have been independently verified.

A 6.6% return could mean that the Council's financial position could be \$2.6m per annum worse off by demolishing Whistler Street.

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 Street cannot be ignored;
- the Oval carpark will not cover Manly 2015 loan repayments for at least 10 years;
- the Oval carpark could cost Council \$10m - \$15m in cash over the first 10 years of operation;
- it is unlikely Council can fully protect ratepayers 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.

(A copy of Peter Greentree's slides are available on the Good For Manly Website under News)

6. Speaker 3: Michael Peters

Topic: The Community Consultation Process

Michael is the Chair of Balgowlah Heights Precinct.

Public assets are owned by us and we bear the financial risk.

There are 12 Precincts in Manly. 9 are active and 2 are dormant and 1 is in the process of being started up again. Each Precinct covers around 1500 households. Precincts have sent concerns to Council and have had no meaningful responses from Council. The strength of the Precincts lies in the Community. The Community can vote 11 times per year at the Precinct meetings and every 4 years at the Local Council elections.

7. Speaker 4: Rob Burgess

Topic: Revitalising the Manly Village

Rob was the Chief Planner for Manly Council from 1972 to 1984. In Melbourne he is known as Mr Laneways because of his work in revitalising the laneways down there.

Rob has 2 principal areas of concern:

- retaining Manly's Village character which is about places, people and lifestyle and
- the Council is not a developer.

In Manly we have the harbour, the beach, the Corso and the the iconic Manly Oval - our unique Village Green. Any changes to these icons requires very careful consideration and skilful design.

From the information made available this "care" has not been taken with the Oval. The historic Oval is proposed to be replaced with a 760 space 2 level carpark which will inevitably be partly above ground because of cost, water table, vehicular ramps and ventilation reasons. There will need to be several exhaust stacks and dewatering of the site will be a continual issue as the structure will be below the water table and obstructing the creek which runs through the site.

This is not an "average" building site as it is constrained by flooding, water table, heavy traffic and utility services. There are many unfactored issues that will add cost to the Plan.

The carpark will be remote from the centre of Manly and pedestrian access will be difficult crossing 6 lanes of traffic and without cover for the majority of the walk. And what about the elderly and physically impaired?

Public Meeting 220214

The Oval carpark, at its furthest point, will be 600 paces from the CBD. Whistler Street carpark is 230 paces with no roads to cross.

An alternative to the demolition of the Whistler Street carpark and Library, as proposed, is to refurbish the Market Lane area which could be achieved for \$6 to \$8million. This would achieve at no risk to Council expanded community open space, extend the Library by 2 levels and provide an upgraded facade and access for the carpark, preserving the iconic Oval. The laneways could be the heart of Manly for the residents. Could have an open air cinema. The 50 proposed apartments would mean noise curfews and there would be no open air cinema or other night time activities such as food markets.

Feiko Bouman, the architect of the award winning building, allowed for an additional 2 floors and activation of the ground level. He also provided ideas for the upgrade of the carpark facade. Feiko has expressed concern that Council would demolish this award winning and well-used building so early in its economic life and he has questioned publicly the key proposals in Council's Plan.

Manly Council is not a developer. KPMG states that it is too risky for a developer but not too risky for the Council. In other words it is OK for the ratepayers to be saddled with a \$80m debt of marginal feasibility.

It is for this reason that a fully-disclosed and rigorous analysis must be made available as emphasized by other speakers. This has not occurred.

My perusal of the limited material made available has shown that the figures for the Oval are based on "average" site conditions. In my experience the site is anything but average as significant additional costs will result from the following:

- high water table and dewatering;
- flooding;
- ground condition (underground creek);
- reinstatement costs of the Oval;
- expensive vehicular ramps;
- utility services relocation.

As part of the feasibility the value ascribed to the Whistler Street carpark and Library site was \$9.5m. However the Consultants then proposed a valuation based on "Highest and Best" use of \$16.9m by throwing Council's Code out the window. To achieve this higher value several additional floors, potentially 10 storeys, would be required to maximise the site. Imagine developers around Manly using this Council-sanctioned height as a precedent for other developments! This would inevitably lead to over-development in Manly and planning chaos.

Development is a highly skilled industry and it is folly for a Council with no appropriate expertise and experience to take on a project with a risk profile well above what a commercial developer would accept.

There are many aspects within the 2015 Plan which warrant support such as activated frontages and improvements to public spaces and circulation. However the fundamental issue is whether Whistler Street carpark and the Library should be demolished and redeveloped or refurbished. It makes no sense to demolish a community asset which is well-used and has a current value in the order of \$12m and an income of \$700,000 per annum and replace this with a debt in excess of \$80m with associated high risk.

8. Comments/Questions from the Floor

Clr Bingham invited Hugh Burns, Cathy Griffin, Barbara Aird and James Griffin, the Councillors present, on to the stage to take some questions.

Larry Mildwater said: that when the initial plans for the underground carpark were put forward many years ago, he was asked to comment. He said that it was impractical and the entrance from Sydney Road was dangerous.

Craig Whitting, former Councillor, said: that the previous Council stopped funding for the 2015 Plan because the majority of the Community did not want it. What's changed? Hugh Burns in reply said that since last July and now, over \$330,000 has been spent on the Plan. The problem is the 5 Liberals/4 others split in Council.

Gary Brown of Henroth said:, He has put in two objections on behalf of a group representing four major property owners in the Corso, but has not had a response as yet from Council. The KPMG Report is basically wrong. He said that he cannot find all the details of the Plan. Are 220 car spaces to be removed or not?

General feedback from the Floor:

- Should be reusing not demolishing.
- What if the KPMG estimates are wrong? It's a difficult site. If more realistic figures were used what would the financial viability be?
- Don't pull down the much-loved library.
- the Community doesn't want this Oval carpark even if the figures stack up. It will ruin the village feel of Manly.
- There's been a lack of transparency in the process. Consultation has been lacking.
- the Oval carpark is too far from Manly.
- the Oval carpark will take everything out of Manly. People will instead go to Stocklands or the Mall.
- the Oval carpark will destroy the historic Oval and surrounds
- Why are we supporting to attract more cars to Manly?
- Whistler Street carpark and Library are valuable assets – why replace them?
- This Plan is too risky and the number don't add up.

9. Response from Mike Baird

Mike Baird commented that there are many good parts to the Vision and we don't want to throw out everything BUT this cannot go ahead if it's not financially viable. The viability using current figures is marginal. Council at present is working on the viability. The Mayor, Jean Hay, has told him that she will not pursue it if it is not financially viable. Mike said that there's more work to be done.

Mr Baird will look at the Division of Local Government Report once it is available and he will articulate publicly if the project is not financially feasible.

10. Resolution of the Meeting

Resolution:

1. That this Meeting call upon the Mayor, Councillor Jean Hay, the General Manager Henry Wong, and all Councillors of Manly Council to -
 - a. Abandon all proposals to demolish the Library and the Whistler Street carpark and to construct a carpark under Manly Oval, and
 - b. Properly investigate, with full public disclosure and community consultation, alternative proposals for a viable Village Centre in the Market Lane triangle retaining existing infrastructure.
2. That this Meeting call upon the State Treasurer and our local Member of Parliament, Mike Baird, to support the above resolution in all ways within his power.

Moved: Jeremy Bingham
Seconded: Bruce Kitson

For: The vote was unanimous

9. Meeting Conclusion

Clr Bingham thanked everyone for their attendance and encouraged everyone to write to the Councillors voicing their concerns.

Meeting concluded at 4.45pm.