

Submission
No 7

PARRAMATTA
CITY COUNCIL

**PARRAMATTA CITY COUNCIL'S
SUBMISSION TO THE
NSW PARLIAMENT
LEGISLATIVE ASSEMBLY**

INQUIRY INTO THE JOINT USE AND
CO-LOCATION OF PUBLIC BUILDINGS

CIVIC PLACE - PARRAMATTA

JULY 2004



1.0 INTRODUCTION

This draft paper has been prepared in response to the letter received from Mr Kevin Greene, MP, Chair of the NSW Government Legislative Assembly Standing Committee on Public Works dated 23 June 2004 (see copy attached).

The Standing Committee on Public Works is commencing an inquiry into the Joint Use and Co-location of Public Buildings, to look into the design, regulatory arrangements, and cost implications of the joint use and co-location of state and local government public buildings.

In particular, the Committee will examine:

- Options for retrofitting and adaptive reuse of existing state and local government public buildings;
- Options for the design and construction of new buildings with joint uses, having regard to environmental and community life cycle issues;
- Issues arising from co-location of state and local government public buildings with private buildings; and
- Any other related matter.

The Standing Committee has requested a submission from Parramatta City Council (Council) in response to these opportunities.

In light of Council's current commitment to the Civic Place Project, this paper outlines initiatives currently in place and planned by Council that may present opportunities for joint use and co-location with the NSW Government on the Civic Place site.

Opportunities in the wider local government area (LGA) have not been addressed in this report.

2.0 CIVIC PLACE

2.1 Background

The City of Parramatta is located in the heart of Western Sydney and is a place of significant national and colonial heritage. Parramatta is a major centre of government, employment, commerce, culture, recreation, transport, entertainment, education and community services for the area's 1.5 million residents and 90,000 workers in the local government area (LGA).

The Civic Place Master Plan envisions a billion dollar development of the prominent Civic Place Site in the heart of Parramatta Town Centre. The area covered by the Civic Place Master Plan currently incorporates a mixture of retail and commercial uses and is traversed by major pedestrian routes linking the railway station to commercial and retail precincts in the North and South and local schools to the East. The site is the nucleus of local government for the Parramatta area and a centre of community activities and facilities, containing Council's administrative building, Council Chambers and library buildings.

The site is an optimal location for a mixed use development of residential accommodation and commercial offices, with significant retail opportunities over several levels relating to perimeter streets and around public and private open spaces.

2.2 Civic Place Master Plan

The Civic Place Master Plan, unveiled by the NSW Premier, Mr Bob Carr on 26 October 2002, has been prepared by the NSW Government Architect on behalf of Council. It applies to the land bounded by Church Street Mall, Macquarie Street, Charles Street, Hassall Street, Station Street, Parkes Street, Valentine Street and Fitzwilliam Street. The Civic Place Master Plan was adopted by Parramatta Council in May 2003 and come into effect in June 2003.

The purpose of the Civic Place Master Plan is to provide a framework for the Civic Place Site that will guide the development of private and public land, including public domain areas and public facilities and services.

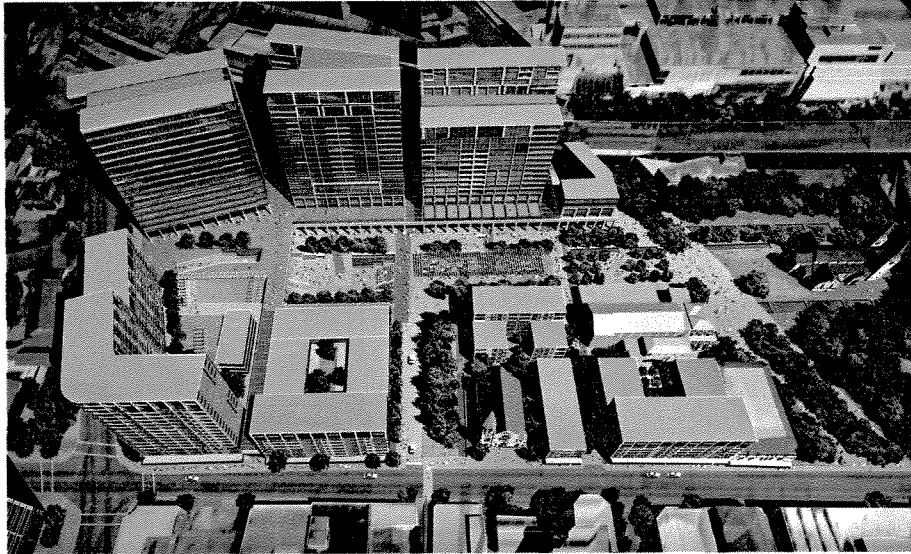
The Civic Place Master Plan aims to balance social, economic and environmental considerations in order to achieve a sustainable development proposal that will contribute to the city's overall economic robustness, fulfil a ceremonial and civic role, provide community facilities and services and establish best practice urban design, environmental management and government leadership.

The Master Plan contemplates rejuvenation of the Civic Place site with the staged development of approximately:

- Commercial Office– 60,000m²
- Retail Podium– 35,000m²
- Residential Apartments– 60,000m²
- Underground Car parking – 2,500 spaces

Including Council's commitments of

- Library and other community facilities – 6,800m²
- Council facilities – 8,700m²



2.3 Council's Project Objectives

Council aims to achieve, amongst other things, the following objectives in relation to the Project:

- position Parramatta as the centre for investment, recreation, education and employment in Western Sydney;
- create a gateway identity development in accordance with the Civic Place Master Plan;
- deliver new Council and community facilities, strengthening the civic focus of the site;
- create high quality civic spaces and innovative living and work environments through exceptional design solutions, providing convenient public transport/ vehicle/ pedestrian access;
- comply with (or exceed) the aims of the regional and local planning provisions for the City Centre;
- create an economically feasible mix of land uses which responds to the site's location and consumer and investor expectations;
- provide a catalyst for better urban design in the Parramatta area;
- maintain an on-going role in the Project;
- maximise Council's return at the lowest possible risk;
- conserve and celebrate environmental, social and cultural heritage; and
- implement and encourage development which is environmentally sustainable and in accordance with Council's Sustainable Development Guidelines.

2.4 Development Status

Parramatta City Council is in a similar position to a number of Council's across NSW, in that it has significant land holdings, as opposed to cash reserves and does not have the internal expertise in project management in relation to developments of the magnitude of Civic Place.

Council considered however that an opportunity existed to utilise some of Council's land holdings in Civic Place, to enter into a development agreement with a Private Sector Partner to fund and develop the site. This also enabled Council to share the development and delivery risk of the project. Further, in exchange for Council providing development rights across the site to the Private Sector Partner, Council is seeking new Community and Council Facilities (see Section 4.0 below).

A Public Private Partnership (PPP) between Council and the Private Sector Partner is anticipated with the *Local Government Act 1993* process underway to achieve this.

Expressions of Interest ('EOI') were sought from the private sector to partner Council.

Four (4) potential partners have now been short listed by Council and are to receive invitations to submit detailed design and financial proposals. The Civic Place team are currently finalising Requests for Proposals ('RFP') and will formalise invitations to submit detailed proposals for consideration.

It is anticipated that the development partner will be engaged by February 2005 and staged development will commence in mid 2005, with anticipated staged completion in 2009/10.

With the exception of Council and Community facilities, the appointed Development Partner will generally determine the timing and scope of development on the site, all within the established planning controls and Civic Place Master Plan.

Notwithstanding the fact that opportunities for joint use and co-location of Public Buildings are more likely within proposed Council and Community facilities, this Government initiative will be communicated to short listed Proponents for their consideration.

3.0 NSW GOVERNEMENT AGENCIES

As part of the plan to revitalise Parramatta, rejuvenating the city centre, improving the local lifestyle and delivering 6,000 jobs to Sydney's second CBD, the NSW Government announced in 2002, that it had a strategy for a 'whole of government' approach to consolidating departments and agencies into new A grade premises in Parramatta - achieving efficiency, improved workplace performance and greater coordination between currently disparate office locations.

This strategy has been demonstrated by the completion of the Police Centre, the upgrading of the Parramatta Transport Interchange currently underway, the proposed Sydney Water head office relocation to an office tower at the corner of Smith and Darcy Streets (completion by 2006) and the proposed development of a justice hub on the former Parramatta Hospital site. The first stage of the justice hub, the Children's Court has gained development approval.

The commitment of the State Government to upgrading major transport facilities in Parramatta effectively creating a transport hub in Western Sydney has provided the Parramatta CBD with the ability to compete with other CBDs, in particular the City and North Sydney for commercial tenants. Businesses, can relocate or invest in Parramatta knowing that there was reliable public transport for staff, there was a large pool of employment in Western Sydney and that there is accessible and affordable commercial letting space.

The NSW Government commitment to consolidating a number of State Agencies into the Parramatta CBD provides the Civic Place project with an opportunity to attract high quality developers to the project by improving the financial viability of the overall development, and providing commercial certainty to a development partner.

Further, it offers an opportunity for State Government to consolidate its space requirements into new, high quality accommodation in Parramatta, using its space requirements to contribute to the successful urban renewal of the Civic Place precinct.

As such, Parramatta Council has been undertaking discussions with the NSW Department of Commerce over an extended period in relation to a potential lease pre-commitment of 26,000sqm on the Civic Place site. The Department of Commerce have been acting in the role of the coordinating agency, whereby they would secure the space for Government and sublet the space out to a number of other Government Agencies who would then occupy the space.

However, no firm commitment from the Department of Commerce to date has been forthcoming. Council is ready to release a Request for Proposals (RFP) to the market to seek a development partner for the project at the end of July 04. It appears unlikely that a commitment from Government over this space will be achieved in time for inclusion into the RFP and hence will limit the commercial advantages that such a pre-commitment would otherwise bring to the development. This lack of assurance is likely now to delay the release of the RFP until a government commitment can be clarified.

Sydney Water Site

The Sydney Water site, known as 1 Smith Street, Parramatta, comprises approximately 3204 square metres.

Sydney Water proposes to construct its head office on the Sydney Water Site and has a tenancy requirement of approximately 22,000m² nett lettable area (NLA).

Sydney Water proposes to develop the Sydney Water Site through the selection of a developer and to enter into a long term lease for its new headquarters. At this stage, Sydney Water will conduct this process as a parallel process to the Council's RFP process.

The planning instruments that govern the development of the Civic Place Site (including Regional Environment Plan (REP) No 28, Amendment 6 approved in March 2003 and the Civic Place Master Plan) suggest that a building of up to 24 storeys with approximately 40,000m² FSR may be possible.

An FSR of 9:1 may apply to the Sydney Water Site (ie. 18 storeys and 24,000m² NLA). However, limiting the development to this size may detract from the overall development outcomes for the Civic Place Site. It may be possible to increase the size of the development to 24 storeys and 40,000m² FSR, with the co-operation of Council and any relevant consent authority, so that the FSR surplus to Sydney Water's needs forms part of the development opportunities for the Civic Place Site.

In addition to this development opportunity, there are a number of other interface issues being discussed between Council and Sydney Water, including:

- (a) Civic Place and public space amenity and enhancements;
- (b) pedestrian access and links;
- (c) retail areas;
- (d) car parking requirements;
- (e) vehicular access and egress and traffic management generally; and
- (f) ESD issues for Civic Place generally.

It is likely that agreement will be reached on the technical issues involved in the development and construction of the underground elements associated with the eastern end of Civic Place.

However, the opportunity remains for Sydney Water Corporation to develop their site as part of the Civic Place development, by the Civic Place developer. Should they be developed jointly, it has been estimated that approximately \$5 million worth of project cost savings to the combined development would accrue, and the construction interface issues would not arise. Further, as Civic Place is more advanced in its procurement process, Sydney Water Corporation could save significant development time by joining with Civic Place.

Although approaches have been made to Sydney Water Corporation over a considerable period of time to have the Civic Place developer develop the SWC site, SWC have indicated they intend to develop their site independently.

What is apparent from the above, is that a better financial and development outcome could be achieved for both State and Local government, if an agreement could be reached between all parties to work together to redevelop the Parramatta CBD. What commenced as a joint vision for the rejuvenation of Parramatta CBD, between the Premier and Parramatta Council, appears to be unravelling somewhat, with State agencies choosing to “go it alone”.

For example, whilst there is every possibility, for example, that the same developer may be responsible for both the redevelopment of Civic Place and the Sydney Water site—adjacent sites. Government will miss out on \$5 million worth of savings, otherwise available if they were tendered together.

True partnerships need to be agreed between State and Local Government at the commencement of such visionary projects as Civic Place (possibly with the assistance with a Heads of Agreement document), that ensures that the best possible project outcome for Government (State and Local) is delivered as efficiently and cost effectively as possible.

4.0 COUNCIL & COMMUNITY FACILITIES

Parramatta City Council recognises that as part of ensuring that Parramatta is a strong and vibrant community, not only must the economic prosperity of the LGA be developed, but also the social and environmental. To this end, as part of the Civic Place Project, Council requires that a number of Community and Civic Facilities be built that will enhance the quality of life, social and intellectual capital of those that live and work in Parramatta.

There are strong synergies between NSW Governments policy objectives for developing stronger communities and the facility outcomes Council hope to realise from the Civic Place Development.

Specifically Council and Community Facilities planned to be built in Civic Place include:

- Council Chambers
- A library and technology access centre
- A child care centre, toy library and child care focus and support facility
- A community meeting and activity rooms
- A community display space
- A youth drop- in centre
- A seniors leisure and learning centre

The development of state-of-the art community facilities at Civic Place, provides the State Government with a fantastic opportunity to jointly use these facilities to provide direct services to the people of Parramatta, as well as providing their staff located in Parramatta with modern community facilities to enjoy.

For example, the location of a Childcare and Support service on Civic Place, provides a possible location for early childhood nurses, and other health and early intervention programmes to operate in the heart of Parramatta through agreed sharing of facilities.

Through cooperation between State and Local departments, it would be possible to develop comprehensive programmes that fully utilise all these facilities and government agencies. Through outreach programmes, it would be possible for a series of one stop shops to be established on Civic Place. For example, the Youth Drop-in Centre could provide skills training, career counselling, as well as recreation activities, if an agreement could be reached between Council and Department of Education.

Please note, that discussions have already been held with Sydney Water about the possibility of Sydney Water staff utilising Council's new facilities. At this juncture, Sydney Water has indicated that they are not considering utilising the Community Meeting and Activity Rooms, however would be interested in staff utilising the Child Care Centre.

5.0 CONCLUSION

Parramatta Council supports the NSW Governments initiative for Joint Use and Co-Location of Public Buildings. Not only are their obvious design and construction costs efficiencies to be realised, but significant on-going operational efficiencies (and therefore cost efficiencies) exist in providing facilities for community benefit.

As noted above there are a number of synergies that can be achieved through service provision, but also some very real and large financial savings that can be achieved by the different levels of government working together.

The financial savings alone that can be achieved by aligning the Sydney Water and Civic Place project, would appear to be incentive for Treasury support. However, it is important to note that Parramatta Council, as one of the advocates and community leaders in Parramatta has a strong vested interest in ensuring that the Civic Place project is sustainable, not only financially, but also environmental and social. It is submitted that the NSW Government should also take these sustainability indicators into consideration when considering joint uses and co-locations with Local Government.

What has also become apparent in development projects, like Civic Place where both the State and Local government have a significant interest in the outcome is that it is necessary for the role that each party, the commitments made, and the framework within which the project is to operate, to be documented and agreed at the outset. Otherwise cost and time delays are incurred, and possibly the outcome will be compromised.

