

13 CORA LYNN RESERVE COMMUNITY PAVILION STATE LOAN

FILE REFERENCE INT1886005

RESPONSIBLE GENERAL MANAGER Carol Jeffs

AUTHOR Kristen Jackson

RECOMMENDATION

Council approves the acceptance of the loan under the State Government Community Sport Infrastructure Loan Scheme to only accept only the part of the state loan to build the new change rooms, canteen, and public toilets.

Attachments

Nil.

EXECUTIVE SUMMARY

This report presents the background regarding a successful loan Council has received under the State Government Community Sport Infrastructure Loan Scheme for the construction of a new community pavilion at Cora Lynn Reserve.

The loan amount being offered through the scheme is \$4,226,700. The loan will be repaid over 15 years and the interest rate will be 50% of a low interest rate. At an interest rate of 1.6%, the annual repayment amount becomes \$317,505.36. Total interest paid over the 15 year period of the loan is \$535,880.06, giving a total loan repayment of \$4,762,580.06.

The final details and conditions of the loan will be advised by the State Government in the coming weeks.

The community/social space proposed in the new building is well above what Council would normally fund under Council's Recreation Reserve Facility Standards Policy (April 2012). The clubs using Cora Lynn Reserve who will use the community pavilion have agreed in writing to contribute a total of \$5,000 annually to the loan repayments of the community/social rooms are included in the new building.

Council is requested to approve the acceptance of the loan under the State Government Community Sport Infrastructure Loan Scheme to only accept only the part of the state loan to build only the new change rooms, canteen, public toilets. With a second stage extension for the social rooms when other funding can be sourced in the future.

BACKGROUND

In July 2018, the State Government released a new program called the Community Sport Infrastructure Loan Scheme. Applications under the scheme closed on 31 August 2018.

Cardinia Shire Council submitted applications for three projects:

- Cora Lynn Reserve Community Pavilion.
- Koo Wee Rup Bowls clubhouse.
- Bunyip Recreation Reserve community auditorium extension.

On 26 October 2018, Council received a letter informing it that the application for a loan for the Cora Lynn Reserve Community Pavilion had been successful. Council then received confirmed on Monday 29 October that the applications for the loans for the other two project had been unsuccessful.

Currently there are three separate buildings at Cora Lynn Reserve which provide the function of social rooms, change rooms for users of the oval and canteen facilities.

The scope of the new Cora Lynn Reserve Community Pavilion funded by the loan application is:

- 2 x change rooms (45m² each) with 2 x unisex amenities (25m² each)
- 1 x accessible change room (8m²)
- Umpires rooms with unisex facilities (30m²)
- Storage for tenant groups (20m²)
- Cleaner store room (5m²)
- Meeting room/office (20m²)
- First aid/massage (15m²)
- Gym (25m²)
- Spectator cover (75m²)
- Timekeepers/score (8m²)
- Canteen (30m²)
- Community/social room to seat 200 people banquet style (220m²)
- Public toilets - male and female (20m² each)
- Accessible toilet (5m²)

Cora Lynn Recreation Reserve is Crown Land 'owned' by the Department of Environment, Land, Water, and Planning (DELWP) and managed by a community Committee of Management appointed under the Crown Land Reserves Act.

Cora Lynn Reserve is currently used by the Cora Lynn Football Club, Cora Lynn Netball Club and Cora Lynn Show Jumping Club. The reserve is proposed to be used by the Cora Lynn Junior Football Club in the future as they are relocating from Pakenham Upper Reserve.

POLICY IMPLICATIONS

The development of the new Cora Lynn Reserve Community Pavilion needs to be developed in accordance with Council's Recreation Reserve Facility Standards Policy (April 2012). The purpose of this policy is to provide a consistent and equitable approach to the development of new recreation reserve facilities to meet current and future community needs.

This policy sets out the facility components for each sport Council will fund as part of the development of a new or redeveloped facility.

The components and areas outlined in the scope for the new Cora Lynn Community Pavilion are consistent with this Policy with the exception of the area of the community/social room. Under the policy Council funds the following social space areas for the following sports for a District or Municipal level facility:

- Football/cricket - 90m²

Council's current Policy does not include standards for the provision of Equestrian facilities.

The existing netball pavilion at Cora Lynn Reserve which was constructed in 2015 includes a social space of 48 m², including kitchenette.

RELEVANCE TO COUNCIL PLAN

The development of the new Cora Lynn Reserve Community Pavilion relates to the following sections of the Council Plan:

Our Environment

- Develop new and existing, parks, gardens and reserves in a sustainable manner
- Provide accessible facilities to meet identified community needs

Our People

- Support children, young people, families, older adults and people with disabilities by providing a range of accessible facilities and services
- Provide active and passive recreational facilities to meet the needs of our residents; and
- Increase opportunities for participation in a range of sport and leisure activities.

Our Governance

- Make financial decisions that achieve the objectives of Council and long-term financial sustainability.

CONSULTATION/COMMUNICATION

Consultation with the Cora Lynn Reserve Committee of Management and the reserve users groups regarding the proposed development of the new pavilion commenced in April 2018. Since then, communication and consultation has been regular and the Committee of Management and reserve users groups have been involved in:

- discussions regarding the scope of the project,
- providing comment on the initial concept design when the project was a staged project, with the change rooms as stage 1 and canteen and social rooms as stage 2;
- providing comment on the initial concept design when the project scope was constructing all three components (change rooms, canteen and social rooms) at once;
- providing letters of support for the loan application and
- discussion regarding the loan application being successful and removal of existing buildings and financial contributions to loan repayments of user groups.

Consultation with DELWP has also been undertaken regarding this project. DELWP provided a letter of support for the construction of the new community pavilion as part of the loan application.

Formal approval of DELWP will be required once the detail design plans for the new community pavilion are prepared.

The Cora Lynn Reserve Committee of Management and user groups understand that the existing change rooms and canteen will be demolished either to make way for the new build or after the new building is constructed. This will depend on the final location of the new community pavilion.

FINANCIAL AND RESOURCE IMPLICATIONS

As part of the loan application a Design Concept and cost plan was prepared for the new Cora Lynn Reserve Community Pavilion. The cost estimate prepared was \$4,726,700.

The loan amount applied for, and which has been successful, is \$4,226,700.

Council has \$1,000,000 allocated in the 2018/19 approved capital works budget for the Cora Lynn pavilion (\$50k carryover for design and \$950k 2018/19 new allocation). \$500,000 of this funding will be used as Council's contribution to the project as outlined in the loan application. The remaining \$500,000 should be kept in reserve in case the project cost is higher when the fully designed community pavilion is put to market tender.

A 15 year loan repayment period was requested in the loan application Council submitted.

In addition to accessing a low-interest rate through the scheme, Council will also receive an interest rate subsidy. The letter from Minister John Eren confirmed that Council will be eligible to receive a 50 per cent interest subsidy, effectively halving the interest payable on the loan. The specific details of this subsidy will be confirmed when the loan agreement is finalised. The letter also advised that the terms of loan as approved by the Treasurer will be communicated to Council by the Department of Sport and Recreation in the following weeks.

An officer from the State Department of Sport and Recreation has advised that the subsidised interest rate is likely to be approximately 1.6% per annum. At an interest rate of 1.6%, the annual repayment amount becomes \$317,505.36. Total interest paid over the 15 year period of the loan is \$535,880.06, giving a total loan repayment amount of \$4,762,580.06.

As detailed in the Policy section of this report, the size of the community/social space is well above what Council would normally fund. Therefore, as part of the discussions regarding the successful loan application, the four clubs have agreed to make financial contributions to the loan repayments of \$5,000 if the loan includes the community/social space.

Once Council have resolved to accept the loan, written agreement via signed letter will be sought with each user group before the loan agreement between Council and the State Government is signed.

With the scope of the community pavilion reduced to Council's Finance Department have advised that the last SRP was showing a borrowing / rate revenue indicator of 88.0% for 2018/19 and 80.8% in 2019/20. Adding this \$4.2m loan to the 2018/19 Budget model would increase the 2019/20 indicator to 85.5% as well as increasing the years beyond.

CONCLUSION

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The final details and conditions of the loan will be advised by the State Government in the coming weeks.

The community/social space proposed in the new building is well above what Council would normally fund under Council's Recreation Reserve Facility Standards Policy (April 2012). The clubs using Cora Lynn Reserve who will use the community pavilion have agreed in writing to contribute a total of \$5,000 annually to the loan repayments.

Council is requested to approve the acceptance of the loan under the State Government Community Sport Infrastructure Loan Scheme to only accept only the part of the state loan to build only the new change rooms, canteen, public toilets. With a second stage extension for the social rooms when other funding can be sourced.