

Capital Project Financing Plan

Boyne Tannum Aquatic Recreation Centre (BTARC)

Purpose

The purpose of the Capital Financing Plan is to identify strategies for funding the construction and operational cost of the Boyne Tannum Aquatic Recreation Centre (BTARC). This plan lists the approaches available for Council.

This plan will offer consideration of financing options that works best for Council to deliver the project.

Financial Modelling Assumptions

There are a number of different options Council could consider for this project. The recommended approach and funding mix will be finalised once there is greater certainty around the level of state and federal funding for the project.

Financial modelling has been completed on the management model approach that Council engages an external management provider to operate the facility. For the purposes of modelling the following assumptions have been applied:

- External capital (grant/ loan) is received in full beginning 2022/23 and 2023/24 (if applicable).
- Facility is operational from 2024/25.
- Rating period is over 2022/23 - 3030/31 (9 years) of Council's current Long-Term Financial Forecast (LTFF).
- Depreciation cost for new aquatic facility included in the LTFF modelling.
- Percentage rates increases are modelled under the following guidelines:
 - No change to minimums
 - Capping is not affected
 - No valuation change
 - Maximum increase in accordance with adopted financial risk appetite (2.5%).
 - Increase is assumed to be applied annually over the 9-year period.
 - Council's adopted annual rate increase of 1.7% (as per the LTFF) would need to increase to the annual rate projected to generate the funds required to undertake construction and operate the facility.
- Loan terms have been modelled as follows:
 - Fixed rate loan at an interest rate of 3.041% p.a (rate as at 28/02/2022, inclusive of 0.115% administration charge)
 - Period: 20 years
 - Loan taken out as at 01/07/2022.
- Modelling outcomes detail the likely percentage increase in rates as well as the estimated dollar impact on the average general residential rate over 2021/22.

Council engages an External Management Provider

Financing Option 1 – 50% Council Funded 50% Grant Funding

This option assumes that 50% of the capital cost will be secured from State/Australian government grants. Council will fund the remaining 50% from general revenue.

Design Options Single Stage Development	Expenditure (\$M)		Capital Funding (\$M)			Rate increase resulting from BTARC*	Additional \$ Impact on avg residential general rate**
	Annual OPEX	Total CAPEX	Grants	Rates	Loan		
4: Outdoor 50m Pool and Waterslides	0.4	24.1	12.1	12.1	N/A	0.34%	\$4.65
4A: Outdoor 25m Pool	0.4	17.2	8.6	8.6		0.26%	\$3.55

* Percentage increase additional to the average general rate increase of 1.7% (per 21/22 LTFF).

** Estimated dollar increase for the average residential general rate over 21/22 increase.

Financing Option 2 – 50% Grant Funding 50% Financed

This option assumes that 50% of the capital cost will be secured from State/Australian government grants. Council will fund the remaining 50% by financed (borrowings) capital over 20 years.

Design Options Single Stage Development	Expenditure (\$M)		Capital Funding (\$M)			Rate increase resulting from BTARC*	Additional \$ Impact on avg residential general rate**
	Annual OPEX	Total CAPEX	Grants	Rates	Loan		
4: Outdoor 50m Pool and Waterslides	0.4	24.1	12.1	N/A	12.1	0.22%	\$3.00
4A: Outdoor 25m Pool	0.4	17.2	8.6		8.6	0.18%	\$2.46

* Percentage increase additional to the average general rate increase of 1.7% (per 21/22 LTFF).

** Estimated dollar increase for the average residential general rate over 21/22 increase.

Financing Option 3 – 100% Council Funded

This option assumes that 100% of the capital cost will be from Council's general revenue.

Design Options Single Stage Development	Expenditure (\$M)		Capital Funding (\$M)			Rate increase resulting from BTARC*	Additional \$ Impact on avg residential general rate**
	Annual OPEX	Total CAPEX	Grants	Rates	Loan		
4: Outdoor 50m Pool and Waterslides	0.4	24.1	N/A	24.1	N/A	0.70%	\$9.59
4A: Outdoor 25m Pool	0.4	17.2		17.1		0.46%	\$6.30

* Percentage increase additional to the average general rate increase of 1.7% (per 21/22 LTFF).

** Estimated dollar increase for the average residential general rate over 21/22 increase.

Financing Option 4 – 100% External Grant Funding

This option assumes that 100% of the capital cost will be secured from State/Australian government grants.

Design Options Single Stage Development	Expenditure (\$M)		Capital Funding (\$M)			Rate increase resulting from BTARC*	Additional \$ Impact on avg residential general rate**
	Annual OPEX	Total CAPEX	Grants	Rates	Loan		
4: Outdoor 50m Pool and Waterslides	0.4	24.1	24.1	N/A	N/A	0.07%	\$0.95
4A: Outdoor 25m Pool	0.4	17.2	17.1			0.07%	\$0.95

* Percentage increase additional to the average general rate increase of 1.7% (per 21/22 LTFF).

** Estimated dollar increase for the average residential general rate over 21/22 increase.

Estimated operating budget for aquatic centre services with the addition of the Boyne Tannum Aquatic Recreation Centre (BTARC) facility

Tabled below is a high-level forecast of an annual operating budget for Council if the BTARC was already operational. The estimated annual operating budget for three (3) aquatic recreation facilities would be approx. \$1.4M.

Gladstone Aquatic Centre (GAC)	Mount Larcom Pool	Boyne Tannum Aquatic Recreation Centre (BTARC) - 50m Pool (Heated)
\$586,448.00 * (Includes \$176,000 for Depreciation)	\$168,543.00 * (Includes \$23,000 for Depreciation)	\$660,448.00 ^ (Includes \$250,000 for Depreciation)

* Based on 21/22 Actuals

^ Based on current Quantity Surveyor estimates of the concept design proposed.