

Aquatic Centre Developments

Comparison Table

Considerations	Council Development Tannum Sands	ZenDev Facility Boyne Island	Analysis/Commentary
Project Maturity	<ul style="list-style-type: none"> • Concept Design complete • Development Application in Progress • Plans to commence Detailed Design • \$15M secured (in-principle) Funding • Final Investment Decision Required 	<ul style="list-style-type: none"> • Development Approved (with conditions) • Design maturity unknown (estimated at Concept Design). • Funding required to proceed unconfirmed. • Timeframes for construction uncertain 	<ul style="list-style-type: none"> • ZenDev propose development as a D&C. This procurement model offers less control over design, quality and outcomes. • Councils planned procurement approach is Design, then Construct (separate contracts). Key advantages to Council include greater control over the design quality and delivery schedule and will likely result in competitive construction pricing outcomes.
Influence over Scope, Design and Quality	<ul style="list-style-type: none"> • Full Control 	<ul style="list-style-type: none"> • Limited – this may be able to be mitigated through agreement 	<ul style="list-style-type: none"> • ZenDev will lead, oversee and manage D&C contract.
Influence over selection of Contractor	<ul style="list-style-type: none"> • Full Control 	<ul style="list-style-type: none"> • No Control – this may be able to be mitigated through agreement 	<ul style="list-style-type: none"> • ZenDev will select and manage Contractor
Cost of Construction / Cost to Purchase	<p>Construction</p> <ul style="list-style-type: none"> • \$20.3M estimated Construction Costs • No land purchase costs 	<p>Purchase</p> <ul style="list-style-type: none"> • Construction costs not disclosed • Estimate purchase price of \$25M pending market valuation at time 	<ul style="list-style-type: none"> • As at December 2022, Council Life of Project (LoP) Cost estimated at \$23.54M • ZenDev proposal has option for Council to purchase at predetermined future dates
Capital Funding	<ul style="list-style-type: none"> • \$15M - Australian Labor Government election commitment • Potential to secure shortfall – approx. \$8.5M from State programs • Potential to self fund shortfall • Potential to descope so no shortfall 	<ul style="list-style-type: none"> • No evidence to confirm funding has been secured for construction. • Federal Funding is at Risk for this option, currently indicators are that it would not meet the original intention of the election commitment 	<ul style="list-style-type: none"> • ZenDev has provided no evidence to demonstrate capital funding is secured for construction. A Letter of Intent from a potential Investment Partner has been shared but no dollar value disclosed. • Federal Government has indicated reallocating \$15M towards acquisition of a private development to be ineligible as it is inconsistent with the original scope of the election commitment. • Original scope of election commitment is a Council development (aquatic centre) at Tannum Sands. • Council is unlikely to secure State Government funding for a private developer proposal.

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Avenues to secure additional Funding	<ul style="list-style-type: none"> • Yes – State Government Funding Programs 	<ul style="list-style-type: none"> • Private Public Partnership (PPP) 	<ul style="list-style-type: none"> • In addition to infrastructure funding programs, Council can also target programs that have economic, educational, social and nationally significant event objectives (e.g. Education and talent development, Olympic 2032) to secure the balance of funding. • If ZenDev is unable to secure private investment for their development, consideration may be given towards a PPP arrangement. • Council does not have a PPP policy or corporate standard. To ensure appropriateness of the PPP process Council will need to consider adopting the Queensland State Government’s PPP guidelines to assess and manage the consideration of delivering an infrastructure project via a PPP arrangement.
Cost to Lease and Operate	<ul style="list-style-type: none"> • Lease Fee Not Applicable • \$668,000 1st YR OpEx (include community services obligation est.) • Depreciation not included 	<ul style="list-style-type: none"> • \$1.5M pa Lease Cost • 605,000 1st YR OpEx • Depreciation not included 	<ul style="list-style-type: none"> • ZenDev has not disclosed construction cost, depreciation cannot be calculated and not factored into the operating cost shown. To ensure the comparison is as fair as it can be, it is excluded on both sides. • If Council were to proceed with ZenDev then the assumption here is that we would negotiate (and have control) of what facilities were built to ensure that we could contain our depreciation costs to the same level as if we were building the facility. • ZenDev option has Council paying an annual lease fee commencing at \$1.5M with an annual increase of 4% each year (pending market rent review). • Under the Schedule of Maintenance Responsibilities, Council is responsible for all general repairs and maintenance as well as end of life replacement of assets (chemical dosing equipment, components of buildings, furniture, fitting and permanent fixtures, irrigation system and retaining walls). • Operating cost for both facilities is based on an outsource management model. Council currently operates its Gladstone Aquatic Centre and Mount Larcom Pool under this method. • Both options present new OpEx cost to Council of around the \$600-\$700k. • ZenDev’s lease fee and operating cost present a major financial risk to Council. • Both facilities will have an estimated 3% annual increase to operating costs. • Operating cost for Council’s facility is anticipated to increase to around \$600 - 700K.

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Responsibility for Maintenance	<ul style="list-style-type: none"> Council 	<ul style="list-style-type: none"> Council 	<ul style="list-style-type: none"> ZenDev's maintenance responsibilities are limited to unrepairable capital equipment (e.g. mechanical (AC) and carpark) and the defect and liability period associated with construction. As ZenDev have not disclosed the cost of construction, Council is unable to determine an OpEx budget for maintenance (of building, plant and equipment).