

Business Plan (s3.59)
Local Government Act 1995
East Fremantle Oval Facility Operator



"A facility for people of all ages and interests with a community at its heart".

(June 2023)

Town of East Fremantle

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Executive Summary

This Business Plan has been prepared as per the requirements of section 3.59 of *Local Government Act 1995* for a Major Trading Undertaking. The Town of East Fremantle (Town) has undertaken a tender process to lease and appoint a Facility Operator for the East Fremantle Oval Precinct (**EFOP**).

In accordance with section 3.57 & 3.58 a notice was placed in the West Australian newspaper on Saturday 16 July 2022 inviting tenders for the lease and facility management services for EFOP, with tenders closing 26th August 2022.

The proposed Operator (Belgravia Health & Leisure Group Pty Ltd (ACN 005 087 463) as trustee for the Belgravia Leisure Unit Trust ("Belgravia Leisure") – preferred tenderer) will have a range of responsibilities to deliver the outcomes the Town of East Fremantle is seeking to achieve from the redevelopment of the East Fremantle Oval Precinct. One of the most important outcomes is to maximise community use of the entire precinct. The Operator will be required to build a positive relationship with the East Fremantle community through the provision of services and programs that meet the needs of the community.

Responsibilities will include but not be limited to:

- **Pre-Opening Services**
 - Design Development and Integration
 - Facility Strategic and Operational Planning
 - Sub Lease and License Development
- **Precinct Operation Services**
 - Precinct Partnership Management
 - Health Club Operations
 - Community Programs
 - Marketing
 - Risk and Safety Planning
 - Customer Service
- **Facility Management Services**
 - Management and maintenance of the Oval, Bowls Greens and Croquet Lawns
 - Cleaning
 - Ground Maintenance
 - Recycling and Waste Management
- **Asset Maintenance Services**
- **Performance Monitoring and Reporting**

Belgravia Leisure now partners with more than 70 local and state Government authorities, employs more than 5,500 staff and manages 220+ venues across Australia and New Zealand. Further information on Belgravia Leisure can be found on their website www.belgravialeisure.com.au

The Project

The redevelopment of the EFOP is being actioned as a priority major project for the Town of East Fremantle to achieve the following objectives:

- To build social connectedness and cohesion among our community.
- To build a space where East Fremantle residents can gather, share and celebrate occasions/milestones – to share a meal, a coffee, to start conversations and host functions.
- To maximise the opportunities for local residents to pursue a healthy and active lifestyle through a range of sporting and leisure pursuits and for personal development for all ages and abilities.

- To host a place where people can develop and impart skills, and to fulfil their potential in their chosen sport/activity.

The proposed co-location of the existing sports clubs (Football, Bowls & Croquet) will also provide efficient operating synergies through the creation of a central administration function and result in optimising the use of the shared facilities on site, ultimately assisting with each club's long-term sustainability.

The precinct will provide the following new community initiatives to further activate the site;

- Outdoor ½ hard court (basketball).
- Outdoor All-access playground.
- Enclosed dog exercise area.
- Skate Zone.
- Improved community facilities including the oval tenant facilities as well as other amenities available to hire for the community (e.g. meeting rooms).
- Health Club facilities
- A licenced Bar & Function space & associated services
- Café

A key element to the long-term success will be the partnerships that the Operator forms with the existing key precinct partners being the East Fremantle Football Club, East Fremantle Bowls Club and East Fremantle Croquet Club.

The Business Plan is available from the Town's website www.eastfremantle.wa.gov.au. Alternatively you can request a copy by telephone (08) 9339 9339 or via email admin@eastfremantle.wa.gov.au.

Any person wishing to make a submission on matters contained in the Business Plan is to address the submission to the Chief Executive Officer, Town of East Fremantle, PO Box 1097, East Fremantle WA 6959, by the close of business on **7 August 2023**.

Purpose

Proposal to enter into a Lease and Major Trading Undertaking for the provision of facility management services for the East Fremantle Oval Precinct buildings and surrounding area.

The Major Trading Undertaking is the Operator's management and operation of the EFOP on the Town's behalf, with a view to producing a profit for the Town (where applicable).

The Operator will be incentivised to maximise the performance of the EFOP by sharing:

- (a) in any profit achieved over and above an agreed performance benchmark; and
- (b) in any deficit that exceeds an agreed performance benchmark.

This Business Plan has been prepared in order to satisfy the requirements of Section 3.58 & 3.59 of the *Local Government Act 1995* in respect to the leasing and operations (management) of the EFOP.

The Business Plan outlines:

1. Proposed services and future management arrangements for the precinct;
2. Financial details of the Project;
3. Adherence to the Town's Strategic Community Plan; and
4. Information on the Town's ability to manage the project.

This Plan has been based on the detailed EF Oval Redevelopment Business Plan which contains confidential (commercial) information not for public release, and the Tender submission received by the preferred tenderer (Belgravia Leisure) <https://belgravialeisure.com.au/>

The community is asked to provide comment on the specific aspects listed above, via a submission process.

The Project

The outsourcing of the facility management services for the EFOP to the Operator.

The Operator's responsibilities will include but not be limited to:

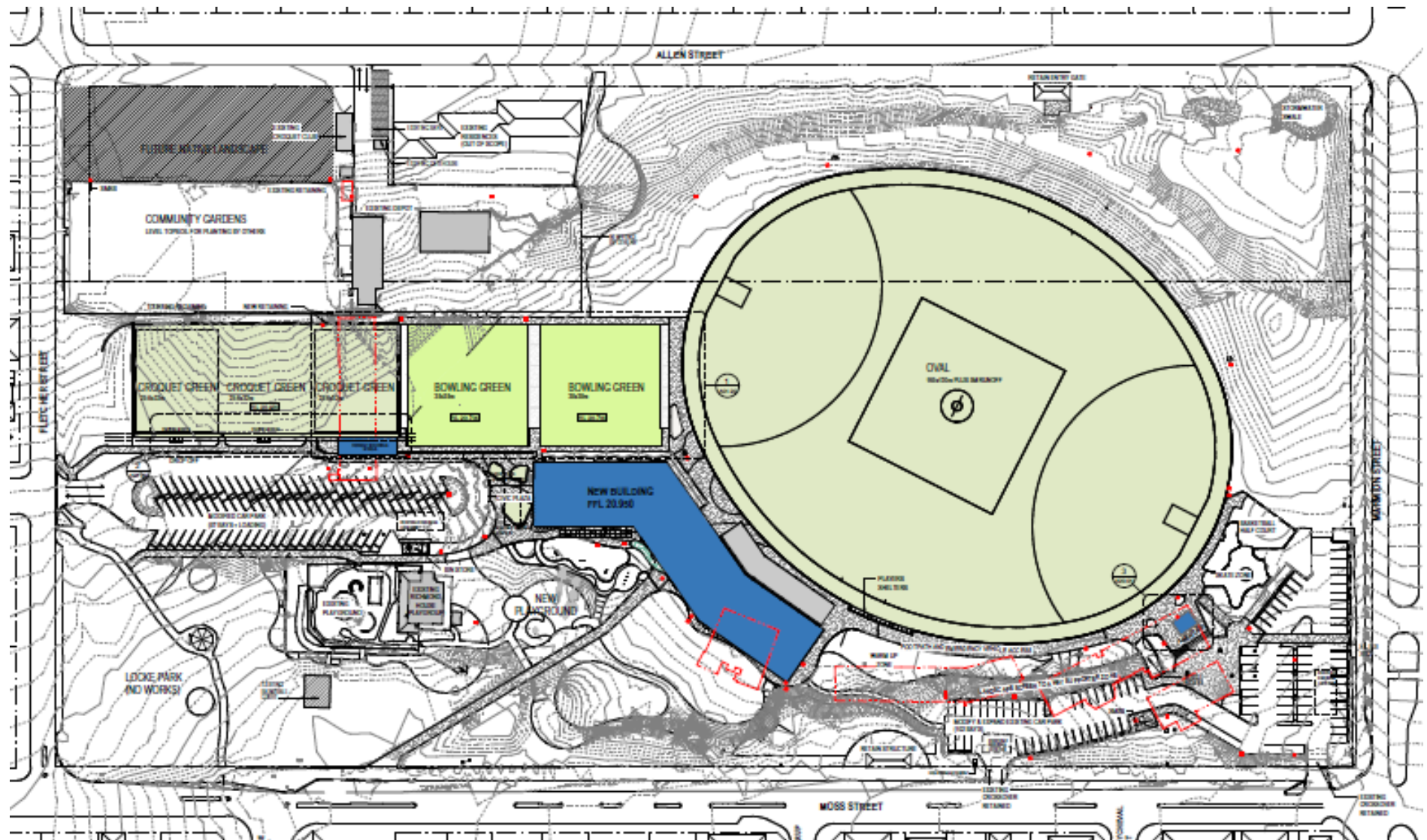
- **Pre-Opening Services**
 - Assist with Internal Design Development and Integration
 - Facility Strategic and Operational Planning
 - Sub Lease and License Development
- **Precinct Operation Services**
 - Precinct Partnership Management
 - Health Club Operations
 - Community Programs
 - Marketing
 - Risk and Safety Planning
 - Customer Service
- **Facility Management Services**
 - Management and maintenance of the Oval, Bowls Greens and Croquet Lawns
 - Cleaning
 - General Ground Maintenance (surrounds)
 - Recycling and Waste Management
- **Asset Maintenance Services**
- **Performance Monitoring and Reporting**

The Operator's performance in delivering the services will be measured against key performance indicators (**KPIs**) established for the following key objectives:

- ensuring all obligations in the Operator's agreements with Precinct Partners are met at all times and relationships between the parties are based on openness, transparency, honesty and trust during the term of the Operator Agreement;
- continually seeking to identify and cater for the changing needs within the community and to improve the quality and range of programs, services and customer service offered at the EFOP;
- achieving and maintaining a high standard of performance in the provision of the Operator's services in the EFOP, including cleanliness and maintenance, health and safety and customer service;
- maximising accessibility and benefits of the EFOP to the community;
- operating the EFOP in a way which minimises the cost to the Town, provides value for money services and programs and is open and transparent; and
- fulfils the Town's obligations under all applicable legislation and minimises negative impact on local residents.

The Town will own all improvements comprising the EFOP and all of the appliances, fixtures, fittings, equipment, furniture and furnishings in the EFOP (other than those items of personal property which are leased by the Town from third parties or leased by the Operator from third parties).

East Fremantle Oval Precinct Plan



Land Description

The subject site comprises two Crown lots having a total area of 8.43ha bound by Fletcher Street, Allen Street, Marmion Street and Moss Street, with the land held in ownership by the State of Western Australia and vested to the Town of East Fremantle as a Class (A) Reserve.

Further details of the lot include:

- Lot 6229 on Diagram 1243 in Qualified Certificate of Crown Land Title Volume LR3017 Folio 75
- Lot 6229 on Plan 3286 in Qualified Certificate of Crown Land Title Volume LR3017 Folio 75

Background

The Town of East Fremantle (the “Town”) in partnership with the Western Australian State Government (the “State”), East Fremantle Football Club (“EFFC”), the East Fremantle Bowls Club (“EFBC” or “Bowls”), the East Fremantle Croquet Club (“EFCC” or “Croquet”) and other local community groups are jointly developing a new integrated community, sport and leisure Precinct, on the East Fremantle Oval site, in the Town of East Fremantle, Western Australia.

The Town previously considered a number of submissions received in relation to the Business Plan (Major Land Transaction) for EFOP Redevelopment and approved the project at an Ordinary Meeting of Council 20th April 2021. Precinct redevelopment works commenced on Monday 28th November 2022, and is currently due for completion by the end of March 2024.

The Lease (peppercorn rent) and Operator Agreements will be for an Initial Period of five (5) years, plus extension options for a further five years, providing a maximum period of ten (10) years. The renewal of the term of Operator Agreement and Lease for a further 5 years is at the absolute discretion of the Town.

Council’s solicitors were engaged to prepare the Lease and Operator Services Agreement for the EFOP that were distributed with the tender documentation (RFT01-2022/23).

In accordance with section 3.57 & 3.58 a notice was placed in the West Australian newspaper on Saturday 16 July 2022 inviting tenders (RFT01) for the lease and facility (Operator) management services for EFOP, with tenders closing 26th August 2022.

The tenders received were assessed against quantity and qualitative criteria a tender assessment panel, followed by two (2) tender interviews, one with the tender assessment panel, and another with full council.

Council at its meeting held on 13th December 2022 resolved as follows;

That Council:

1. ***nominate Belgravia Leisure as the preferred tenderer for RFT 01-2022/23 East Fremantle Oval Precinct Facility Manager, to allow the following process***
 - (a) ***compliance with s3.59 of Local Government Act 1995, including advertising a business plan for the major trading undertaking for at least a 6 week period.***
 - (b) ***receiving a Comprehensive Credit Rating Report on Belgravia Leisure to the satisfaction of the Chief Executive Officer.***
2. ***subject to 1 above authorise the CEO to finalise a contract with Belgravia Leisure within the defined parameters of the tender, or if required, to enter into negotiations with the second preferred Respondent.***
3. ***subject to 2 above, authorise the Mayor and Chief Executive Officer to sign and affix the Town's Common Seal to the contract for RFT01 01-2022/23 East Fremantle Oval Precinct Facility Manager and any other related documents.***

Lease

A lease has been drafted by Council's solicitors to provide tenure for the facility operator. Based on the market engagement undertaken, the following has been recommended:

- Proposed Lessee (Belgravia Health & Leisure Group Pty Ltd ACN 005 087 463)
- An initial 5 year lease agreement with extension options at the discretion of the Town of a further 5 years (Lease).
- Lease amount payable on demand \$1.00pa.
- Operator responsible for outgoings (Power, Water, Rates & Taxes)
- Appropriate key performance indicators have been linked to the Operator agreement to ensure high levels of facility maintenance and upkeep, protection of interests of the tenant clubs and community service obligations.
- The Operator requires a lease to be able to apply for and hold the liquor licence for the premises.
- This Lease will terminate automatically on termination of the Operator Agreement, and vice versa.

Proposed Sublease & Licenses

Tenant license and sub-lease agreements will be established for the key sporting club and community tenants (EFFC, Bowls, Croquet and Playgroup). The Operator as tenant of the Lease will grant the subleases and licences to the sporting clubs and community tenants. The Town's solicitors will prepare the sub-lease and license agreements with the Clubs and community organisations in conjunction with the Operator.

Entity	Sub-Lease	License	Term
EFFC	<ul style="list-style-type: none"> • Admin space • Locker rooms. • EFFC changerooms. • EFFC gym • Storage 	<ul style="list-style-type: none"> • Oval • Function room 	<p>5+5 Years</p> <p>With extensions guaranteed up to a further 10 years</p>
Bowls	<ul style="list-style-type: none"> • Admin space • Storage 	<ul style="list-style-type: none"> • Function room • Bowling greens 	5+5 Years

	<ul style="list-style-type: none"> • Bowls kitchenette 		With extensions guaranteed up to a further 10 years
Croquet	<ul style="list-style-type: none"> • Admin space • Storage • Croquet kitchenette 	<ul style="list-style-type: none"> • Croquet Greens • Function room 	<p>5+5 Years</p> <p>With extensions guaranteed up to a further 10 years (either under a new sublease with a new Operator or under a new lease direct with the Town)</p>
Playgroup	<p>Portion of Sumption Green House</p> <ul style="list-style-type: none"> • Internal playgroup space. • Storage • Playgroup playground 	Sumption Green House – Kitchen	<p>5+5 Years</p> <p>With extensions guaranteed up to a further 10 years (either under a new sublease with a new Operator or under a new lease direct with the Town)</p>
Early Childhood Nursing (CASH)	<p>Portion of Sumption Green House</p> <ul style="list-style-type: none"> • Internal Nursing area 	Sumption Green House - Kitchen	<p>5+5 Years</p> <p>With extensions guaranteed up to a further 10 years (either under a new sublease with a new Operator or under a new lease direct with the Town)</p>

* CAHS will develop the sub-lease agreement through the State Government and submit to the Town's lawyers for review and edit.

Sublease terms

- Subtenants - East Fremantle Football Club, East Fremantle Bowling Club, East Fremantle Croquet Club, East Fremantle Playgroup, Child and Adolescent Service (CAHS) Early Childhood Nursing Services and the operator of community garden.
- An initial 5-year (less one day) term with extension options of a further 5 years (less one day). Guaranteed further terms up to total tenure for 20 years (see below the discussion of the provisions to be incorporated in each sublease).
- Sublease amount payable on demand \$1.00pa.
- Responsible for outgoings – Nil other than EFFC responsible for cleaning costs of football changerooms
- Upon termination or non-renewal of the Headlease, the balance of any remaining term (max 20 years), will continue. Refer below for more details.

Extended Headlease, new headlease or termination or non-renewal of the Headlease

Whilst it is proposed that the clubs will be offered a 20 year term in line with all other community sports groups, as the Headlease with the Operator is only for a maximum term of 10 years, it is not

possible to grant a term for 10 or more years. Therefore, to address this issue each sublease will include the following additional provisions:

- if the Town extends the term of the Headlease to the Operator, the Operator must extend the sublease for the same extended term (less one day);
- if the Town enters into a new headlease with a new operator, the Town must cause that new operator to grant a new sublease for the same term (less one day) to that club, subject to Ministerial consent;
- if the Town does not enter into a new headlease with a new operator, the Town must grant a new lease to the club for a term equal to 20 years less any cumulative terms already granted to the club under the previous subleases; and
- the cumulative terms granted to the club under the sublease from the Operator, any new sublease granted by a new operator and any new lease granted by the Town will not exceed 20 years.

Proposed Operator Agreement

An initial term five (5) years with an option for a further five (5) years at the discretion of the Town. The term of the Operator Agreement will match the term of the proposed Lease to the Operator.

Conditions Precedent

The commencement of the Operating Services (and the obligation on the Town to pay the Management Fee and the Corporate Overhead Charge) and the commencement of the Lease is subject to and conditional upon each of the following conditions being satisfied or deemed satisfied on or before the Conditions Precedent Satisfaction Date:

- (a) the Town complying with its obligations in accordance with section 3.58 and section 3.59 of the Local Government Act and resolving to proceed with the Lease to the Operator;
- (b) the construction of the EFOP buildings and improvements achieving practical completion;
- (c) the Minister for Lands consenting to the Lease being granted to the Operator;
- (d) the Operator entering into the subleases and licences (if applicable) with East Fremantle Football Club, East Fremantle Bowling Club, East Fremantle Croquet Club, East Freo Playgroup Inc. and the sublessee of the Community Gardens on terms acceptable to the Town;
- (e) the Minister for Lands consenting to each sublease and licence granted to each the above clubs or community organisations;
- (f) the Operator completing and the Town approving each of the initial plans for the operation of the EFOP (“Operating Phase Plans”); and
- (g) the Town and the Operator reaching agreement on the formula for calculating the Food and Beverage Payment to be paid to East Fremantle Football Club (“EFFC”) and East Fremantle Bowling Club (“EFBC”) where applicable.

The Town may waive one or more the conditions precedent in its sole and absolute discretion.

Local Employment target

A KPI of 50% local employment (within the Town of East Fremantle) has been agreed to by Belgravia Leisure in their tender submission..

Bank Guarantee (Clause 31)

The Operator must contemporaneously with the execution of the Operator Agreement or at such later date agreed between the Town and the Operator, deliver to the Town a Bank Guarantee to the value of \$180,000.

This Bank Guarantee is a monetary security for the performance of the Operator's obligations under the Operator Agreement and Lease.

In the event that the Operator becomes insolvent or the Operator fails to remedy a default under the Operator Agreement or Lease, the Operator may call on that Bank Guarantee by demanding that the Bank pay to the Town such amount (up to the amount secured by the Bank Guarantee) as is due and payable by the Operator to the Town under the Lease or Operator Agreement.

Event of Default

The Town may, pursuant to the Bank Guarantee, demand that the bank pay to the Town such amount of the sum guaranteed under the Bank Guarantee that in the reasonable opinion of the Town may be due to the Town as a result of the Event of Default on the part of the Operator.

Termination

In addition to standard termination provisions (Clause 22) for breach of contract, the Operator Agreement provides the Town with the ability to terminate the Operator Agreement if the Operator's financial performance for the first three successive financial years (including the Preliminary Period) is below Belgravia Leisure's tendered performance for the same period.

Previous Consultation

The Town has undertaken an extensive consultation process regarding this project.

Previous investigations and reports published include:

- Masterplan: East Fremantle Oval Precinct (2008)
- East Fremantle Oval Redevelopment: Stakeholder Communication and Consultation Plan (2013).
- East Fremantle Oval Precinct Redevelopment: Opportunities and Constraints Report (2013)
- East Fremantle Oval Recreation Precinct: Community Reference Group (2014)
- Recreation and Community Facilities Plan (2016)
- East Fremantle Oval Precinct Revitalisation: Shape Our Future (2018) – Vision Plan.
- East Fremantle Oval Precinct – Investment Logic Mapping (ILM) Workshop Report (2019)

A full summary of the consultation undertaken can be found on the Town's website.

Compliance with s3.59 Local Government Act 1995

As per the requirements set out under Section 3.59 of the *Local Government Act 1995* this Business Plan for a major trading undertaking has been prepared for the provision of facility management services for the East Fremantle Oval Precinct.

The business plan is to include an overall assessment of the major trading undertaking or major land transaction and is to include details of —

- (a) its expected effect on the provision of facilities and services by the local government; and*
- (b) its expected effect on other persons providing facilities and services in the district; and*
- (c) its expected financial effect on the local government; and*
- (d) its expected effect on matters referred to in the local government's current plan prepared under section 5.56; and*
- (e) the ability of the local government to manage the undertaking or the performance of the transaction; and*
- (f) any other matter prescribed for the purposes of this subsection.*

The Act sets out the Town's requirements to advertise the business plan as outlined below (as per s3.59(4)):

(4) The local government is to —

a) give Statewide public notice stating that —

- i. the local government proposes to commence the major trading undertaking or enter into the major land transaction described in the notice or into a land transaction that is preparatory to that major land transaction; and*
- ii. a copy of the business plan may be inspected or obtained at any place specified in the notice; and*
- iii. submissions about the proposed undertaking or transaction may be made to the local government before a day to be specified in the notice, being a day that is not less than 6 weeks after the notice is given;*

AND

- b) make a copy of the business plan available for public inspection in accordance with the notice.*
- c) publish a copy of the business plan on the local government's official website*

(5) After the advertising period has closed, Council will be required to consider any submissions made and may then decide, with absolute majority required, to proceed with the ongoing undertakings and transactions proposed. Any future undertakings and transactions will be required to not significantly differ from what was proposed in the advertised Business Plan.

The expected effect on the provision of facilities and services by the Town - 3.59(3)(a)

The Town currently does not own or provide a community facility/building that is available for general community use. This proposal will provide a purpose-built/multi-purpose community

building, associated facilities, and parkland. Therefore, increasing the provision of community facilities and services available within the Town.

In addition to housing the existing sports clubs, the proposal will also provide;

- Outdoor ½ hard court (basketball).
- Outdoor All-access playground.
- Enclosed dog exercise area.
- Skate Zone.
- Improved community facilities including the oval tenant facilities as well as other amenities available to hire for the community (e.g. meeting rooms).
- Health Club facilities
- A licenced Bar & Function space & associated services
- Café

More specifically the preferred tenderer (Belgravia Leisure) has stated they will establish EFOP as a creative and cultural hub and reinforce Perth and Western Australia's prominent cultural identity. Below is an indicative list of the type of performances and events that could be provided:

- Traditional and cultural dance performances
- Indigenous performances
- Comedy festivals
- Jazz festivals
- Writer festivals
- Poetry slams
- Live theatrical and music performances
- School holiday children's pantomimes shows
- School dance concerts
- Seniors concerts
- Conferences/Seminars
- Sporting competitions
- Public art exhibitions
- Council events such as Expos (job, community sport etc)
- Mayoral functions, citizenship ceremonies,
- business networking forums, staff engagements,

Fitness activities

- Personal Training
- Pilates
- Be Active 6 week Challenge
- Coaching Zone
- Higher State
- Partners in Health
- Sports Ability
- Take Charge Program
- Healthy hearts program
- National disability insurance Scheme provider

Belgravia Leisure now partners with more than 70 local and state Government authorities, employs more than 5,500 staff and manages 220+ venues across Australia and New Zealand.

Examples of potential programs that could be offered from the EFOP facilities are set out below.

GROUP FITNESS STUDIO

TIME/DAY	MON	TUE	WED	THU	FRI	SAT	SUN
6:00AM	Body Attack	Body Pump	Body Attack	Yoga	Body Attack		
8:30AM						Body Pump	
9:30AM	Body Pump	Yoga	Body Attack	Body Pump	Body Attack	Pilates	Body Attack
10:30AM	Yoga	Circuit (Gym)	Core	Circuit (Gym)	Body Balance	Body Attack	Yoga
5:30PM	Body Attack	Body Attack	Pilates	Body Combat	Yoga		
6:30PM	Body Balance		Body Attack	Pilates			

CYCLE STUDIO

TIME/DAY	MON	TUE	WED	THU	FRI	SAT	SUN
6:00AM	RPM	SPRINT	RPM	SPRINT	RPM	SPRINT	
7:00AM	RPM	SPRINT	RPM	SPRINT	RPM	RPM	RPM
8:00AM						SPRINT	SPRINT
9:30AM	RPM	SPRINT	RPM	SPRINT	RPM		
5:30PM					SPRINT	RPM	SPRINT
6:00PM	RPM	SPRINT	RPM	SPRINT	RPM		
7:00PM	RPM	SPRINT	RPM	SPRINT			

 VIRTUAL



COACHING ZONE

TIME/DAY	MON	TUE	WED	THU	FRI	SAT
5:30AM	AFTERBURN	STRONG	LEAN	ENDURANCE	HIIT	
6:30AM	AFTERBURN		STRONG		HIIT	
7:00AM						SHRED
8:00AM						BOXING
9:15AM	AFTERBURN		ENERGISE		LEAN	
5:15PM	ADRENALINE	STRONG	LEAN	AFTERBURN		
6:15PM	ADRENALINE	STRONG	LEAN	AFTERBURN		

HIGHER STATE - REFORMER PILATES

TIME/DAY	MON	TUE	WED	THU	FRI	SAT	SUN
6:00AM	BEGINNER REFORMER		INTERMEDIATE REFORMER		INTERMEDIATE REFORMER		
7:00AM		ADVANCED REFORMER		ADVANCED REFORMER			
8:00AM						BEGINNER REFORMER	INTERMEDIATE REFORMER
8:30AM	BEGINNER REFORMER		BEGINNER REFORMER				
9:00AM						ADVANCED REFORMER	BEGINNER REFORMER
9:30AM	INTERMEDIATE REFORMER	BEGINNER REFORMER	INTERMEDIATE REFORMER	BEGINNER REFORMER	INTERMEDIATE REFORMER		
10:00AM						INTERMEDIATE REFORMER	
11:00AM							INTERMEDIATE REFORMER
12:00PM						BEGINNER REFORMER	
4:00PM	BEGINNER REFORMER		BEGINNER REFORMER		BEGINNER REFORMER		
5:00PM	INTERMEDIATE REFORMER	ADVANCED REFORMER	INTERMEDIATE REFORMER	BEGINNER REFORMER			
6:00PM		BEGINNER REFORMER		INTERMEDIATE REFORMER			

DRAFT PRECINCT EVENTS CALENDAR

	July	August	September	October	November	December	January	February	March	April	May	June
Health & Wellbeing	Tour de France Event	Be Active 6WC	World Wellness Weekend Women's Health Week Les Mills Launch	Take Charge Children's Day World Heart Day	Seniors Week World Diabetes Day Be Active 6WC	Group Fitness Feature		Be Active 6WC	Group Fitness Feature	World Health Day	Heart Week Exercise Right Week Be Active 6WC	Group Fitness Feature Wellness Day Men's Health Week
Stadium/Sport	Term 3 Winter Competition Registration		Term 4 Summer Competition Registration		School Holiday Program release		Term 1 Summer Competition Registration			Term 2 Winter Competition Registration		
Grasslands	Breakfast Warmer Coffee and Food Deal	Ladies High Tea	Summer Functions Awareness AFL Grand final Footy Special – Beer & Meal deal (Friday/ Sunday Session) Father's Day Event / Bookings	Octoberfest Event	World Cup Event Christmas Bookings	Grass Lands Gigs Christmas Bookings	Twilight F&B Deals	Twilight F&B Deals			Wedding / Christmas Parties Package Mother's Day – Event / Bookings Wedding Expo (Perth)	Wedding / Parties Package
Community	Schools	School Program		School Program				School Program		School Program		
		Book now for Summer		Book now for 2023				Book now for Winter 2023		Book now for Spring 2023		
	Corporate				Christmas Parties			Corporate Events			Corporate Events	
	Functions	Wedding Packages	Birthdays Parties Book now for summer					Wedding Packages	Birthdays Parties Summer all year round			Wedding Packages
Belgravia Foundation			Fundraising Toolkit All In	MHeLP Mental Health First Aid Training Take Charge AEP (staff)		Christmas Donation Drive						
Access & Inclusion	Local Champions Campaign		Community Network Forums – Celebrations Campaign	World Mental Health Day		International Day of People with a Disability			Harmony Day		IDAHOBIT Day	
	NAIDOC Week							Community Network Forums – Celebrations Campaign		Reconciliation Week		

The expected effect on other persons providing facilities and services in the district - 3.59(3)(b)

It is not anticipated that the proposed facilities and services will have any significant adverse impact on other persons who provide services and facilities within the Town

Although there were some existing commercial tenants who were providing services and facilities from the East Fremantle Oval prior to the commencement of the EFOP redevelopment project, these commercial tenants were holding over under occupancy agreements that had already expired and their tenancies have since been terminated in order to allow demolition of the existing buildings and the construction phase of the EFOP redevelopment.

The expected financial effect on the Town - 3.59(3)(c)

Operating Costs

Historically the Town expended on average around \$120,000 pa on maintenance costs for the current facility and surrounds. These costs will no longer be incurred under this proposal, as the Operator will be directly responsible for such costs and will pay these costs from the revenue generated from the operation of the EFOP. If the amount of revenue collected by the Operator is insufficient to meet these costs, the Operator must meet any shortfall (with any reimbursement from the Town to be made in the end of financial year reconciliation).

- All operating precinct expenses will be the responsibility of the Operator, with the Operators responsibilities and expenses to include:
 - Oval maintenance
 - Grounds and building maintenance
 - Utilities
 - Building and Precinct insurances
 - Rates
 - Cleaning contracts.
 - Event bookings.
 - Marketing
 - OHS
 - Security
 - Administration offices.
 - Media provisions and arrangements
 - Revenue generation.
 - Management of site buildings.
 - Revenue collection.
 - Fund raising.
 - Food and beverage operation/facilities.
 - Car parking.
 - Venue partnerships and sponsorship (excluding club sponsorships).
 - Commercial tenancies and contracts.
 - Management report.
 - Contract Management

- Only specific Club expenses will be the responsibility of the individual Clubs such as:

- Direct Club Operating Expenses (ie employee wages, Directors fees (if any) development programs, functions, cleaning of the changerooms by EFFC)
- Membership costs to be affiliated with State representatives (e.g. EFFC fees to the WA Football Commission or Croquet license fees to Croquet West).
- Match days costs not associated with facilities (i.e umpires) and food and beverage expenses

The Operator must provide an Establishment Plan for year 1, and it must include as a minimum

- the Transition Plan;
- planned performance and improvement activities as they relate to the operation and management of the EFOP;
- planned performance and improvement activities for the delivery of the EFOP Programs for the Preliminary Period;
- the initial annual budget;
- the Annual Marketing Plan for the Preliminary Period;
- forecasted visitation for the EFOP for the Preliminary Period;
- the Human Resources Plan for the Preliminary Period;
- the Precinct Partners Management Plan for the Preliminary Period;
- the Customer Service Plan;
- the Training Plan;
- the Sustainability Management Plan;
- the Precinct Activation Plan; and
- anything else reasonably required by the Town.

Thereafter, an Annual Business Plan is to be produced and approved by the Town each year.

An Annual Business Plan is to be prepared and submitted in accordance with the Operator Agreement, and must include the following information:

- planned performance and improvement activities as they relate to the operation and management of the EFOP;
- planned performance and improvement activities for the delivery of the EFOP Programs for the following Year;
- the Annual Marketing Plan for the following Year;
- forecasted visitation for the EFOP for the following Year;
- the annual revenue and expenditure budget for the EFOP for the following Year (which, if a Projected Budget was submitted in the previous Year, must be based on the Projected Budget for that relevant Year or if it departs from that Projected Budget, must include a detailed explanation for such departure);
- the Projected Budget for the next three Years;
- the Human Resources Plan for the following Year;
- the Precinct Partners Management Plan for the following Year
- the Customer Service Plan;
- the Training Plan;
- the Sustainability Management Plan;
- the Precinct Activation Plan
- anything else reasonably required by the Town.

In accordance with the Operator Agreement, all future EFOP Operating Budgets and fee & charges are to be approved by the Town annually.

If the Town does not approve an increase to the EFOP Fees and Charges within 20 Business Days of the review, the Parties will be deemed to be in Dispute and the Dispute must be resolved in accordance with the Expert Determination Process, provided such increase must not be more than the current EFOP Fees and Charges increased by 10%.

Insurances

The Operator shall procure and maintain the following insurances as a minimum:

- Public Liability: \$20,000,000 for each and every occurrence, not in aggregate
- Professional Indemnity: \$10,000,000
- Workers Compensation

The building will be insured by the Town and the cost for such insurance will be treated as an expense of the EFOP to be paid by the Operator from the revenue generated by the EFOP.

Proposed F & B Payment to clubs – Food & Beverage

To incentivise EFFC and EFBC to drive as much revenue as possible through the EFOP food and beverage facilities (which will be managed and operated by the Operator on the Town’s behalf), it is proposed that a food and beverage payment (“F&B Payment”) (Net Profit) will be paid to EFFC and EFBC based on a percentage of food and beverage revenue throughput generated by the respective club (e.g. club events, match days and member purchases). Revenue through club purchases on days other than club events and match days would be traced using a swipe card that recognises purchases made by members of that club, and any transaction not using a member card on days other than club events and match days would be excluded from club generated revenue.

The F & B payment would be paid quarterly in arrears and will only be paid if an operating surplus is generated from the Food and Beverage Facilities for that quarter.

If paid, each F&B Payment would be treated as an operating expense of the EFOP and deducted before the end year financial reconciliation.

There is a mechanism in the Operator Agreement for the Town and Operator to reach agreement on the formula for calculating the F&B payment to be made to EFFC and EFBC (where applicable) This must be done before the Operator services (post-opening) and Lease can commence.

For illustrative purposes only, a potential example of how F & B Payment model would work is set out below using Year 1 of the Belgravia Cash Flow Model, and assuming 10% of gross Café revenue that is attributable to Clubs only (excludes general sales):

Gross Food and Beverage Revenue attributable to Clubs	\$404,220
Less Cost of Goods (33%)	-\$133,393
Less Cost of Sales (40%)	<u>-\$161,688</u>
Net Profit Food and Beverage (27% of gross sales)	<u>\$109,139</u>

F & B Payments

EFFC (assuming 70% of total club turnover)	\$ 76,397
EFBC (assuming 30% of total club turnover)	\$ 32,742

*The above example is a hypothetical example only and does not necessarily reflect the final formula that will be adopted by the Town and Operator.

Please note that the above example is provided for illustrative purposes only and does not necessarily reflect the final formula adopted by the Town and the Operator. The final formula adopted by the Town and Operator may differ from the example noted above.

Naming Rights

It is proposed that any possible commercial opportunity to sell the naming rights for the precinct to offset costs will be explored, potentially on a dual naming basis.

Proposed Payment to Sinking fund

The Town will hold a sinking fund in a reserve account to meet capital and structural repairs and replacement for the EFOP buildings and facilities.

The commencing sinking fund contribution is expressed as a percentage of construction cost of the EFOP (this will be reviewed annually by reference to CPI) and is approximately \$275,000 as at the commencement of the Operator Agreement ("Sinking Fund Contribution").

The Sinking Fund Contribution is paid annually in arrears after the end of each financial year in whole (or in part) but only if there is an operating surplus for that year (i.e. after deducting the combined Management Fee and Corporate Overhead Charge, the F&B Payments where applicable and all other operating expenses of the EFOP).

Financial Details

It is proposed that there will be no charge for the lease of the building and surrounds (The Depot and TOEF residential units have been excluded from the premises subject to the Lease).

Proposed Operator Fee

In consideration for the Operator performing its obligations under the proposed Operator Agreement, the Management Fee and Corporate Overhead Charge will be paid to the Operator in accordance with the terms of the Operator Agreement.

The agreement has been structured to provide for a Preliminary period to allow for a full financial year of operations, prior to setting fixed budgets.

Preliminary Period means that period of the Term commencing at midnight on the day preceding the Lease Commencement Date and expiring at midnight on the second occurring 30 June.

Pre-Opening Service Fee means the provision of all services required to be carried out by the Operator prior to the opening of the EFOP for:

- (a) the design, development and integration of the EFOP;
- (b) strategic planning for the EFOP;
- (c) the development, negotiation and finalisation of the Subleases and the Licences and the preparation of the Precinct Partners Priority Usage Policy;
- (d) applying for and obtaining all necessary licences, permits and certificates required for the operation of the EFOP during the Term;
- (e) the development and preparation of all necessary Operating Phase Plans; and
- (f) the marketing of the EFOP.

The Operator will be paid a Pre-Opening Service Fee of \$245,522 plus GST to recover costs for services provided by the Operator prior to the opening of the EFOP.

In addition to the Pre-Opening Service Fee, the Town must give not less than 3 months' notice of the Town's nominated date for the Lease Commencement Date and the opening of the EFOP and then pay to the Operator a Monthly Mobilisation Fee in the sum of \$7,500 per month over that three month period. The Monthly Mobilisation Fee will compensate the Operator for all mobilisation activities such as the hiring and training of staff and the marketing of the EFOP for events hire and membership (ensuring that the EFOP is read to open on the nominated Lease Commencement Date).

Operator Fee Structure

The proposed fee structure payable to the Operator (inclusive of all corporate overhead charges) is based on 6% of total revenue of the EFOP.

The proposed fee will comprise a Management Fee and a Corporate Overhead Charge.

The Management Fee is consideration for the costs incurred by the Operator in preparing the various documents that make up the Annual Business Plan, its monthly and annual reporting obligations and its attendances at meetings with the Town.

For the Preliminary Period, the Management Fee will be 2% of the forecasted revenue in the Initial Budget plus GST subject to final adjustment after the End of Preliminary Period Financial Reconciliation.

For all other financial years during the Term, the Management Fee will be 2% of the forecasted revenue in the Approved Budget (being the Annual Budget approved by the Town) plus GST subject to final adjustment after the End of Year Financial Reconciliation.

The Corporate Overhead Charge is consideration for the following head office expenses incurred by the Operator (comprising finance and payroll, human resources management, occupational health and safety, insurance premiums under group policy of insurance and other administrative functions performed by the Operator's head office).

For the Preliminary Period, the Corporate Overhead Charge will be 4% of the forecasted revenue in the Initial Budget plus GST subject to final adjustment after the End of Preliminary Period Financial Reconciliation.

For all other financial years, the Corporate Overhead Charge will be 4% of the forecasted revenue in the Approved Budget plus GST subject to final adjustment after the End of Year Financial Reconciliation.

For every financial year (other than the Preliminary Period), the Management Fee and Corporate Overhead Charge will be paid in equal quarterly instalments in advance, with the first instalment payable on 1 July and each subsequent instalment payable every 3 months thereafter.

Each instalment of the Management Fee and Corporate Overhead Charge will be treated as an expense incurred in the operation and management of the EFOP and the Operator is entitled to deduct each instalment from the revenue collected by the Operator as and when they fall due under the Operator Agreement.

End of Year Adjustment

There will be a final adjustment at the End of Year Financial Reconciliation (based on the actual revenue achieved for the year).

The Actual Reconciled Management Fee will be 2% of the actual revenue of the EFOP recorded in the End of Preliminary Period Financial Reconciliation or End of Year Financial Reconciliation (as applicable).

The Actual Reconciled Corporate Overhead Charge Amount will be 4% of the actual revenue of the EFOP recorded in the End of Preliminary Period Financial Reconciliation or End of Year Financial Reconciliation (as applicable).

If the actual revenue of the EFOP recorded in the financial year is more than the forecasted revenue for the same period:

- the Management Fee paid by the Town will be less than the Actual Reconciled Management Fee Amount;
- the Corporate Overhead Charge paid by the Town will be less than the Actual Reconciled Corporate Overhead Charge Amount; and
- the Town must pay the difference to the Operator within 20 Business Days after the End of Year Financial Reconciliation.

If the actual revenue of the EFOP recorded in the financial year is less than the forecasted revenue for the same period:

- the Management Fee paid by the Town will be more than the Actual Reconciled Management Fee Amount;
- the Corporate Overhead Charge paid by the Town will be more than the Actual Reconciled Corporate Overhead Charge Amount; and
- the Operator must pay the difference to the Town within 20 Business Days after the End of Year Financial Reconciliation.

Tendered Performance and Performance Benchmarks

The Operator's entitlement to share in any surplus or contribute to any deficit of the EFOP will depend upon how the EFOP performs when measured against:

- (a) the tendered budget prepared by Belgravia Leisure for the Preliminary Period (in the case of the Preliminary Period); and
- (b) the agreed performance benchmark for that financial year (for all years other than the Preliminary Period).

Tendered Performance

In the Preliminary Period, the Operator's performance will be assessed against the budget tendered by Belgravia Leisure for the Preliminary Period (**Tendered Budget**).

The Tendered Budget shows a small deficit for the Preliminary Period (**Tendered Deficit**).

If the actual financial performance of the EFOP for the Preliminary Period results in a deficit (**Actual Deficit**), then:

- (a) if the Actual Deficit is greater than the Tendered Deficit, the Town will only be responsible for the Tendered Deficit while the Operator will be responsible for the difference between the Actual Deficit and the Tendered Deficit (capped at an amount equal to the combined Management Fee and Corporate Overhead Charge for that Year);
- (b) if the Actual Deficit is less than the Tendered Deficit, the Town will be responsible for the whole of that Actual Deficit.

If the actual financial performance of the EFOP for the Preliminary Period results in a surplus (**Actual Surplus**), then the Operator must pay the Sinking Fund Contribution and if, after payment of the Sinking Fund Contribution, there is still a surplus (**Adjusted Surplus**), the Operator is entitled to the whole of that Adjusted Surplus (capped at an amount equal to the combined Management Fee and Corporate Overhead Charge for that Year), with the Town receiving anything remaining after deducting the Operator's proportion of the Adjusted Surplus.

Performance Benchmarks

Within 10 Business Days of the End of Year Financial Reconciliation being agreed or determined in accordance with Agreement, the Operator must submit for the Town's approval a Performance Benchmark for the next Year (being the Year immediately following the Year just completed ("Future Year").

In preparing the Performance Benchmark, the Operator must have due regard to and be informed by the Approved Budget for that same Year and the financial performance of the EFOP in the preceding financial year (**Preceding Year Performance**) in terms of:

- (a) whether the Performance Benchmark will be a Forecast Deficit or a Forecast Surplus; and
- (b) the amount of that Forecast Deficit or Forecast Surplus (as applicable) that should be adopted as the Performance Benchmark.

In proposing a Performance Benchmark for the Future Year, the Operator must justify to the Town any material departure from the Approved Budget for that Future Year or the Preceding Year Performance.

A material departure will include:

- (a) a Performance Benchmark that is a Forecast Deficit where the Preceding Year Performance was an Actual Surplus;
- (b) a Performance Benchmark that is a Forecast Deficit where the Approved Budget for the same Future Year shows a Forecast Surplus;
- (c) a Performance Benchmark that varies by more than 10% from either the Forecast Surplus or Forecast Deficit forecast in the Approved Budget for the same Future Year; and
- (d) a Performance Benchmark that varies by more than 10% from either the Actual Deficit or Actual Surplus achieved in the Preceding Year Performance.

To further incentivise the Operator to achieve the agreed Performance Benchmark, the Operator Agreement provides that:

- (a) where the Performance Benchmark is not achieved, up to a maximum of 100% of the Operator's combined Management Fee and Corporate Overhead Charge is at risk; and
- (b) where the Performance Benchmark is exceeded, a bonus payment equivalent to a maximum of 100% of the Operator's combined Management Fee and Corporate Overhead Charge will be paid to the Operator.

Example 1: actual financial performance of EFOP falls short of Performance Benchmark

If:

- the Performance Benchmark for a Year forecasts a deficit of -\$50,000;
- the End of Year Financial Reconciliation results in an actual deficit of -\$250,000; and
- the combined Management Fee and Corporate Overhead Charge for that Year is \$250,000,

then:

- the Operator must pay \$200,000 of that deficit from its own funds; and
- the Town only pays the forecast deficit of \$50,000.

Example 2: actual financial performance of EFOP exceeds Performance Benchmark

If:

- the Performance Benchmark for a Year forecasts a surplus of \$50,000;
- the End of Year Financial Reconciliation results in an actual surplus is \$400,000;
- the combined Management Fee and Corporate Overhead Charge for that Year is \$250,000,
- the Sinking Fund Contribution is \$275,000;

then:

- the Operator must pay the Sinking Fund Contribution of \$275,000;
- after payment of the Sinking Fund Contribution, there will be an adjusted surplus of \$125,000 (“Adjusted Surplus”);
- the Adjusted Surplus will be shared between the Town and the Operator as follows:
 - the Operator will retain \$75,000 as a bonus payment; and
 - the Operator must pay \$50,000 to the Town (which may be distributed as the Town sees fit).

Performance Report

The Town may review the Operator’s performance from time to time as against the KPIs and the Operator’s obligations under the Operator Agreement and prepare a performance report (“Performance Report”).

The Operator must provide all assistance reasonably required by the Town in conducting the review of the Operator’s performance and preparing the Performance Report.

Financial Improvement Strategy

If:

- (a) the Approved Budget forecast an operating surplus for the EFOP in a financial year and the end of year financial reconciliation for that financial year shows an actual deficit; or
- (b) the Approved Budget forecast a deficit (“Forecast Deficit) for the EFOP in a financial year and the end of year financial reconciliation for that financial year shows an actual deficit greater than the amount of the Forecast Deficit,

the Operator must prepare for the Town’s approval a report which details the Operator’s strategies for reducing expenditure on the management and operation of the EFOP and/or increasing revenue

collected by the Operator from the operation of the EFOP in the next financial year (“Financial Improvement Strategy”).

If the Town is satisfied with the Financial Improvement Strategy, the Operator must incorporate it into the next Annual Business Plan.

A financial projection has been provided in Appendix (B) for the five (5) years, which provides the following expected trading results (Excluding a transfer to the Sinking Fund of \$275k pa and loan repayments);

Year 1 \$ 8,792	Year 4 \$461,112
Year 2 \$425,734	Year 5 \$489,177
Year 3 \$436,996	

Total outflows after trading results, including annual transfer to “sinking fund” and loan repayments.

Year 1 -\$8,792	Year 4 -\$461,112
Year 2 -\$425,734	Year 5 -\$489,177
Year 3 -\$436,996	

In the event the facility is able to generate a profit (excluding Food & Beverage), any dividend provided to the Town will be used to offset the Treasury loan repayments mentioned above.

Please note that the above figures are a financial projection only across a forecast period and do not reflect the actual financial performance of the EFOP.

Environmentally Sustainable

Belgravia Leisure provided in their tender submission the following information in relation to Sustainability;

“In September 2021, Belgravia Leisure developed its second five-year sustainability plan. This plan focuses on key environmental initiatives, including waste minimisation and recycling, reduced corporate travel, reduced paper consumption and increasing our planet friendly purchases. Belgravia Leisure is investigating opportunities to become more energy efficient and reduce greenhouse gas emissions and water across our sites. Sustainability audits are conducted at sites we manage to assist in this process.

Our 5-Year Plan for Sustainability will complement Council’s environmental, social and economic framework, ensuring an organisational focus on green initiatives reflects the community’s goals and expectations.

Generically, our plan works to support Councils with the following environmental targets:

- 1. Lower greenhouse gas emissions – our Bayswater head office certified carbon neutral by June 2023*
- 2. Reduce our emissions from corporate travel by 50% by 2021*
- 3. Develop an emissions reduction strategy by December 2022 and in partnership with venue owners reduce, measure and manage carbon emissions on a site by site basis*
- 4. Reduce single use plastics using a staged approach. Eliminate single use plastic straws, plastic cutlery, and plastic bags by August 2019*
- 5. Water efficiency- reduce our use of potable water by 15% within 5 years*
- 6. Waste minimisation – reduce food waste, reduce packaging waste, have recycling stations at all sites. Utilise State based container deposit schemes*

7. *Green Team – lead behavioural change at site and educate others in our circle of influence. Obtain ISO14001 Environmental Management accreditation by June 2024*
8. *ESG (Environmental, Social and Governance) update our procurement policy to ensure all our suppliers and partners meet our ESG requirements*
9. *Sustainable cleaning - Ensure sustainable cleaning systems and processes are in place at venues*
10. *Reduce paper consumption by 50% by July 2021”*

In addition, the Operator Agreement requires the operator to develop a **Sustainability Management Plan** on an annual basis for the Town’s approval. This annual plan details the Operator’s initiatives and strategies to operate and maintain the EFOP in the most energy efficient and environmentally responsible manner and minimise the environmental impact of services provided by the Operator.

Facility Operating Costs

Given the proposed operating model, the facility will operate independently of the Town, and therefore the Town will not be directly responsible for any operating costs. However, the Town may be required to contribute to any operating deficit.

The expected effect on matters referred to in the local government’s current plan prepared under section 5.56 (Strategic Community Plan) - 3.59(3)(d)

Strategic Community Plan - Priority Area 1 (Social)

The East Fremantle Oval Precinct Redevelopment Project has been identified as a key priority by the community and council.

The achievement of this project will deliver on key Town priorities as expressed in our Strategic Community Plan under Priority Area 1 (Social) - **“A socially connected, inclusive and safe community”**

Objective 1.2 - Inviting open spaces, meeting places and recreational facilities.

Strategies

1.2.2 Provision of adequate recreational, sporting and social facilities.

1.2.3 Activate inviting open spaces that foster social connection.

This project will enhance the liveability of the Town and the quality of life of its people, reaffirming their connection to place. It will improve the desirability of the Town as a destination and location of choice, and will have flow-on positive effects that will factor into decision making for those persons choosing East Fremantle as the place in which they choose to live, raise a family, invest, operate a business, visit, work, retire, play and recreate.

As well as the project’s strong alignment to the Town’s strategic priorities, a community perception survey was also undertaken in 2018, and it identified seven priority areas that the community would like the Town to focus on. The third highest ranked priority was:

“For the Town to take action with the East Fremantle Oval Precinct”

The Town’s ability to manage the undertaking or the performance of the transaction - 3.59(3)(e)

All proposed agreements, leases, subleases and licences have been prepared by Jackson McDonald solicitors.

Facility Management (Day-to-day operations)

Based on a review of industry trends, previous project experience and benchmarking of the proposed facility, five main options were examined in relation to the overall governance and management of the redeveloped East Fremantle Oval, these being:

- Management by Local Government (Town of East Fremantle).
- Management by a locally appointed not for profit Trust established solely for the purpose of operating East Fremantle Oval.
- Management by an external management agency.
- Management by a consortium representing the key tenant club(s) or users.
- Management by key user (e.g. East Fremantle Football Club).

Based on the analysis and market sounding, the appointment of an external Operator on a fee service basis was identified as the preferred option by Council due to the following reasons:

- An ability to gain specialist management expertise and appoint an entity with a strong resource and knowledge base.
- Ability for the entity to also manage and operate the commercial components of the facility such as a health club and food and beverage service.
- Ability to link the entity's management fee to the performance of the facility, meaning that the external Operator has a driver to ensure its success.
- Strong interest in managing the precinct displayed during the market sounding process by experienced recreation facility operators.

It is anticipated that the cost of the management arrangement will be offset by the commercial activities undertaken from the food and beverage facilities and the rent received from any commercial tenants of the EFOP.

The Operator will be solely responsible to manage the day-to-day operations of the facility and the precinct, and to ensure that the facility is driving traffic to the area and is performing adequately.

Management Committee of Council

When considering responsibilities for the operations of the facility, two scenarios were considered. These included:

1. Direct responsibility and governance by the Town.
2. The Town facilitate the establishment of a Trust or similar entity such as a management committee. The Trust/Entity then has operational responsibility and governance over the facility, with the Town then having oversight of the Trust/Entity.

Subsequent legal advice provided to the Town in determining the appropriate structure was that a Committee as defined under Section 5.9(2)(c) of the *Local Government Act 1995*, would be the most suitable vehicle given the current circumstances.

Committee Structure

It is proposed that the Committee consists of the following personnel:

- One (1) Chairperson (independent)

- One (1) Operator representative (non-voting member)
- Two (2) Town of East Fremantle employees or elected members
- One (1) member from East Fremantle Football Club (EFFC)
- One (1) member from East Fremantle Bowls Club (EFBC)
- One (1) member from East Fremantle Croquet Club (EFCC)
- One (1) member from the East Freo Playgroup Inc.
- One (1) local resident

It is proposed that the Committee will adhere to the following guidelines:

- The Chairperson is to be an independent Committee representative (like the local resident). It is anticipated that the Chairperson will have previous experience acting in the role of a Chairperson or other senior office bearer role on a board or similar management committee with responsibility for governance and management of community facilities and who and can therefore provide valuable insight into overall governance and management of the EFOP. It is recognised that a small stipend may be required to be paid to the Chairperson for his or her services (subject to facility finances).
- The professional manager (or representative of the appointed Operator) will be a nonvoting member (ex-officio capacity) and has responsibility to facilitate the operation of the Committee.

Roles and responsibilities of the Committee and its Members would include:

- **Strategic Planning:** Advising and supporting the paid professional management, clubs and recreational participants on the future direction of the redeveloped East Fremantle Oval Precinct.
- **Management of Financial Resources:** Determining the allocation of resources within their authority. Securing additional resources through commercial sponsorship opportunities or other sources.
- **Enhancing the public image:** Of the EFOP site, its facilities and its activities.

Other matters - 3.59 (3)(f)

The Town is not aware of any other matters that are relevant to the proposed transaction in relation to the requirements of section 3.59 of the *Local Government Act 1995*.

Business Plan Access & Submissions

The Business Plan is available from the Town's website www.eastfremantle.wa.gov.au. Alternatively you can request a copy by telephone (08) 9339 9339 or via email admin@eastfremantle.wa.gov.au.

A hard copy of the Business Plan is available from the Town's Administration Centre at 135 Canning Highway, East Fremantle, WA, 6158.

Submissions related to this proposal are invited from members of the public. Any submissions received during the six-week advertising period will be considered by Council at a council meeting before Council makes a decision on whether to proceed with the Business Plan or not.

Any persons wishing to make a submission on matters contained in the Business Plan is to address the submission to the Chief Executive Officer, Town of East Fremantle, PO Box 1097, East Fremantle WA 6959, by the close of business on **7 August 2023**.

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Appendix (A) – Expected Cashflow

EAST FREMANTLE OVAL PRECINCT - SUMMARY							
	Year	Year	Year	Year	Year	Year	5 Year
	0	1	2	3	4	5	Total
Revenue							
Net F & B Revenue after Club Dividend	\$ -	\$ 375,430	\$ 394,202	\$ 413,912	\$ 434,607	\$ 456,338	\$ 2,074,489
Net Health Club Revenue	\$ -	\$ 534,023	\$ 1,028,253	\$ 1,070,830	\$ 1,108,592	\$ 1,150,444	\$ 4,892,142
Other Net Revenue	\$ -	-\$ 207,420	-\$ 217,791	-\$ 228,681	-\$ 240,115	-\$ 252,120	
Net Revenue	\$ -	\$ 702,033	\$ 1,204,664	\$ 1,256,061	\$ 1,303,085	\$ 1,354,661	\$ 5,820,504
Expenses							
Total Precinct Expenses	\$ 294,000	\$ 768,706	\$ 858,167	\$ 902,264	\$ 929,332	\$ 957,212	\$ 4,709,682
Profit/Loss	-\$ 294,000	-\$ 66,673	\$ 346,496	\$ 353,797	\$ 373,753	\$ 397,449	\$ 1,110,822

The above Cashflow Model was provided by Belgravia in their Tender.

Year 0 relates to Pre-Opening Services and a revised budget of \$245,222 has been received.

The net profit/loss position shown excludes:

1. The sinking fund contribution of \$275,000 per year from Year 3 (budgeted from year 3 as cash flow projections have assumed that there will be no cash flow surplus for sinking fund until at least year 3)
2. Contributions towards the Town's loan expenses of \$200,000 per year from Year 2
3. Distribution of any dividend of facility net profit to users

The net profit/loss position above does however include an indicative Food and Beverage payment to the East Fremantle Football Club and East Fremantle Bowling Club which is accounted for as an expense against the food and beverage business unit.

Given the above exclusions and the preferred food and beverage payment model, the following is an updated cash flow model:

EAST FREMANTLE OVAL PRECINCT - SUMMARY							
	Year	Year	Year	Year	Year	Year	5 Year
	0	1	2	3	4	5	Total
Revenue							
Net Food and Beverage Revenue after Club Payment	0	450,895	473,440	497,112	521,967	548,065	2,491,479
Net Health Club Revenue	0	534,023	1,028,253	1,070,830	1,108,592	1,150,444	4,892,142
Other Net Revenue	0	-\$ 207,420	-\$ 217,791	-\$ 228,681	-\$ 240,115	-\$ 252,120	-\$ 1,146,126
Net Revenue	0	777,498	1,283,902	1,339,261	1,390,445	1,446,388	6,237,494
Expenses							
Total Precinct Expenses	245,222	768,706	858,167	902,264	929,332	957,212	4,660,904
Trading Profit/(Loss)	-\$ 245,222	8,792	425,734	436,997	461,113	489,176	1,576,590
Less:							
Sinking Fund Contribution				-\$ 275,000	-\$ 275,000	-\$ 275,000	-\$ 825,000
Less recovery of Pre-Opening Service Fee (Year 0)		-\$ 8,792	-\$ 236,430				-\$ 245,222
Less Town Payment (including loan repayment contribution - average of \$200k pa) (should town payment be less than \$200k in any given year, the town will recoup the amount in out years)			-\$ 189,304	-\$ 161,997	-\$ 186,113	-\$ 214,176	-\$ 751,590
Amount Available for Distribution as a Precinct Dividend		0	0	-\$ 0	-\$ 0	0	

The following key points are highlighted:

- The Year 0 deficit of \$245,222 is the Town's contribution towards pre-opening services, and this expense has been included in the Town's 2023/24 Budget and funded from general revenue.

- Taking into account contributions to the sinking fund, and the Town's loan expenses, the facility will not be yielding a surplus profit. As such, there will be no dividend of profit to stakeholders within the first five (5) years.
- The order of priority for contributions are:
 1. Sinking fund contribution of \$275,000 (budgeted from year 3 as cash flow projections have assumed that there will be no cash flow surplus for sinking fund until at least year 3)
 2. Loan repayment contribution up to \$200,000 per year from year 2
 3. Dividend payment to others

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