

Draft Project Development Deed - Green Square Town Centre Integrated Community Facility and School

File No: S100177.012

Summary

Advocating for the provision of school facilities for the rapidly growing population of Green Square has been a very high priority for the City. It has also been the subject of much community feedback and of planning for vital social infrastructure. This advocacy has emphasised the need for schools which are well located and accessible for families by walking, cycling and public transport for a community with high population density.

In December 2017, Council resolved to delegate authority to the Chief Executive Officer to enter into a binding legal agreement with the NSW Department of Education in the form of a draft project development deed for a major project to deliver a new 600-place primary school, integrated with community facilities, in the Green Square town centre.

The draft deed is a legally binding commitment to work closely with the Department of Education to ensure the new community facility and school meets the needs of the whole community, providing facilities that can be used by students during the week and by community groups on the weekends and at night. The agreement is an outcome of a Memorandum of Understanding, approved by Council in August 2017, to investigate joint use projects between the City and the Department of Education. Other projects progressed under the Memorandum of Understanding include Alexandria Park Community School and the Inner Sydney High School.

The City and the Department of Education have reviewed the draft project development deed considered by Council in December 2017 to address areas needing resolution and to update key milestone dates due to the delay in NSW Treasury funding for the school component of the project. Full funding for the school was announced in the June 2021 NSW Government budget. This report seeks approval of the revised draft deed as these changes constitute a substantial change to the previous draft approved by Council. The draft deed is shown at Confidential Attachment C.

The key changes to the draft project development deed which was approved by Council in December 2017 are contained in Confidential Attachment E to the subject report and summarised below:

1. Changes to key milestone dates to reflect the delay in funding of the school component of the project.
2. Change to reflect planning delegation has been approved by the Minister for Planning.
3. Inclusion of a process to address any substantial changes resulting from the development application.
4. Inclusion of a table setting out the percentage breakdown for the project costs for the entirety of the project.

5. Inclusion of the Building Management Statement as an appendix to the Project Deed. Note approval of this is also being sought from Council.
6. Change to the minimum standards to provide a minimum of 100 places for out-of-school-hours-care.
7. Inclusion of co-branding requirements and approach to media and communications, and Community Engagement Plan as an appendix.

Since Council endorsement of the previous draft deed in December 2017, the City and the Department of Education have been progressing the project, completing the following:

- Geotech Investigations
- Site Remediation Development Application Approval
- Concept Design
- Competitive Design Competition
- Design Development

The integrated community facility and school will be in an ideal, central location in the Green Square Community and Cultural Precinct, which was the former South Sydney Hospital site. It will deliver the Stage 2 development of the hospital site, which currently houses the Naomi Wing Rehabilitation Building and a local community hall. Stage 1 delivered a wide range of high quality facilities, including the Waranara Early Education Centre, Joynton Avenue Creative Centre, Banga Community Shed, Matron Ruby Grant Park, playgrounds, public art and the Green Infrastructure Centre.

The project will be jointly funded by the City and the NSW Government with both parties sharing costs on the basis of pro-rata usage. The project will include a multi-storey, vertical school, primarily above the ground floor level, with the ownership of the building above the ground level to be transferred to the Department of Education following completion of construction. The ground floor will be owned by the City and will include facilities designed for both school and community use, such as a community hall, a multi-purpose court, a courtyard and multi-purpose spaces suitable for a range of uses, including youth and other age groups, rehearsal, performance and complementary activities.

The provisions of the draft project development deed will ensure that design excellence and high standards of sustainability are achieved.

Both the construction and program delivery phases of the project will deliver value for money outcomes through shared use arrangements to maximise usage of public assets, aligned with peak demand periods for educational and community needs.

Construction of the new integrated community facility and school will commence following the demolition of the Naomi Wing Rehabilitation Building and existing community hall and remediation of the site. The draft deed contains major milestones for the delivery of the project, through to the proposed opening date of the school and community facility.

Key program dates for the early stages of the project include:

Lodge State Significant Development Application – late-2021

Demolition and remediation of site – late 2021 – early-2022

Start main works – mid-2022

Recommendation

It is resolved that:

- (A) Council note the previous approval in December 2017 to enter into a Project Development Deed with the NSW Department of Education, the changes since made, and the need to approve an amended Deed;
- (B) Council approve a Project Development Deed with the NSW Department of Education for the Green Square Town Centre Integrated Community Facility and School substantially on the terms contained in Confidential Attachment C to the subject report;
- (C) authority be delegated to the Chief Executive Officer to negotiate, finalise and execute the Project Development Deed with the NSW Department of Education for the Green Square Town Centre Integrated Community Facility and School, noting that the final Deed must be substantially in accordance with the document contained at Confidential Attachment C to the subject report; and
- (D) Council note that if the terms contemplated by (B) above are changed, Council approval will be required for those changes.

Attachments

- Attachment A.** Council Resolution – 11 December 2017
- Attachment B.** 2017 Council Report – Project Development Deed – Green Square Town Centre Integrated Community Facility and School
- Attachment C.** Draft Project Development Deed - Green Square Town Centre Integrated Community Facility and School (Confidential)
- Attachment D.** Green Square Town Centre Integrated Community Facility and School Concept Design (Confidential)
- Attachment E.** Key changes to the Project Development Deed (Confidential)
- Attachment F.** 2017 Preliminary Cost Estimate and Cost Apportionment for Green Square Integrated Community Facility and School (Confidential)

Background

1. The Green Square urban renewal area represents one of Australia's largest urban development initiatives. In overall terms, Green Square represents \$13 billion of private development and will be home to an estimated population of 61,000 residents by 2030.
2. A recent survey by the City Futures Research Centre at the University of NSW revealed that 70 per cent of residents plan to remain in Green Square for a number of years. This is a higher proportion than for the City of Sydney local area as a whole, where 54 per cent are not planning on moving out of the City in the next 5 years. This accords with the City's forecast that Green Square will be an area where services are needed for all age groups and family types.
3. In March 2015, the City endorsed the Green Square Infrastructure Strategy and Plan. This document outlined the social, built environment and transport needs for the community of Green Square and identified local schools as a high priority.
4. Many other social planning assessments and consultation processes have identified local schools as an important requirement for this growing community. An example is the health impact assessment for Green Square, completed by the Health Equity and Research Development Unit of the University of NSW, which considered child development needs and recommends the provision of local schools.
5. Concurrently, the Department of Education has identified that the number of students in NSW schools is set to increase by 21 per cent by 2031, with 80 per cent of this growth to occur in Sydney. The Department's School Assets Strategic Plan details the urgent need for the development of new school infrastructure across NSW, particularly in Sydney, in response to growing school populations.
6. The Schools Assets Strategic Plan proposes shared use of school and community as one of the core strategies for meeting demand economically.
7. In August 2017, Council approved a Memorandum of Understanding to investigate potential joint use projects with the Department of Education. This Memorandum of Understanding supported the development of a joint use project for the Green Square town centre in response to the identified need for local and accessible schools in Green Square. The project development deed is a product of the Memorandum of Understanding and seeks to deliver an innovative, integrated and value for money facility. Other projects progressed under the Memorandum of Understanding include Alexandria Park Community School and the Inner Sydney High School.
8. The integrated community facility and school will be in an ideal, central location in the Green Square Community and Cultural Precinct, which was the former South Sydney Hospital site. It will deliver the Stage 2 development of the hospital site. Stage 1 delivered a wide range of high quality facilities, including the Waranara Early Education Centre, Joynton Avenue Creative Centre, Banga Community Shed, Matron Ruby Grant Park, playgrounds, public art and the Green Infrastructure Centre.

9. It is intended that the project will be jointly funded by the City and the NSW Government, with both parties sharing costs on the basis of pro-rata usage. The project will include a multi-storey, vertical school, primarily above the ground floor level, with the ownership of the building above the ground level to be transferred to the Department of Education following completion of construction. The ground floor will be owned by the City and will include facilities designed for both school and community use, such as a community hall, open space and multi-purpose spaces suitable for a range of uses, including youth, other age groups, rehearsal, performance and complementary activities.
10. The provisions of the draft project development deed will ensure that design excellence and high standards of sustainability are achieved. A Competitive Design Process has already been undertaken in line with the Sydney Local Environmental Plan 2012, the City's Competitive Design Policy 2013 and the Draft Government Architect's Design Excellence Guidelines. The competition resulted in a winning scheme by BVN, who have been engaged to provide architectural services and design development. A selection of concept drawings is included at Attachment D.
11. Planning authority has been delegated by the Minister for Planning to the City of Sydney as required under the draft Deed. The process for considering the development application for this project will be the same as other City of Sydney projects in the Green Square Town Centre where the City has been proponent and assessor, such as the Green Square Library. The Central Sydney Planning Committee will be the consent authority.
12. The City's planning unit will engage an independent planner to undertake the assessment and provide a planning report with a cover signed by the Director City Planning, Development and Transport. The project development deed establishes a legally binding arrangement for the City and the Department of Education to work closely to ensure the new community facility and school meet the needs of the whole community, providing facilities that can be used by students during the week and by community groups on the weekends and at night.

Key changes to the draft project development deed

13. Key legal changes to the draft deed from that previously approved by Council in December 2017 are summarised in Confidential Attachment E to the subject report.

Key Implications

Strategic Alignment - Sustainable Sydney 2030

14. Sustainable Sydney 2030 is a vision for the sustainable development of the City to 2030 and beyond. It includes 10 strategic directions to guide the future of the City, as well as 10 targets against which to measure progress. This report is aligned with the following strategic directions and objectives:
 - (a) Direction 2 provides a road map for the City to become A Leading Environmental Performer - The Green Square Town Centre Integrated School and Community Facility will seek to achieve a high level of sustainability, including a Green Star Building rating and connection to recycled water and solar energy.

- (b) Direction 4 - A City for Walking and Cycling - The Green Square Town Centre Integrated School and Community Facility will primarily be accessible by walking, cycling and public transport. The Green Square town centre will be connected to local and regional cycleways. The public domain in the town centre has been designed to prioritise and enhance pedestrian activity.
- (c) Direction 5 - A Lively and Engaging City Centre - The establishment of the Green Square Town Centre Integrated School and Community Facility will add an important new facet for the Green Square town centre. The project will, in turn, add vitality for public life and local business.
- (d) Direction 6 - Vibrant Local Communities and Economies - There is extensive evidence supporting the importance of schools as a fundamental building block for local communities. The Green Square Town Centre Integrated School and Community Facility will make a significant contribution to placemaking and social inclusion in Green Square.
- (e) Direction 7 - A Cultural and Creative City - The Green Square Town Centre Integrated School and Community Facility will complete the range of services to be located on the former South Sydney Hospital site, now known as the Green Square Community and Cultural Precinct. The precinct includes a number of historical buildings, which have been refurbished to become community facilities, such as the Joynton Avenue Creative Centre, Waranara Early Education Centre, Banga Community Shed, Green Infrastructure Centre, Matron Ruby Grant Park, affordable housing, public art and play spaces.
- (f) Direction 10 - Implementation through Effective Governance and Partnerships - The Green Square Town Centre Integrated School and Community Facility will be an exemplar for joint use projects between local government and the Department of Education. The project reflects the specific circumstances of inner city service development and the benefits of shared use of facilities, where this is well-managed and delivers value for money. The project is a major outcome from the Memorandum of Understanding with the Department of Education for potential Joint Use Projects with the City of Sydney, which was approved by Council in August 2017.

Organisational Impact

- 15. The development will be project managed by the Department of Education. This represents the most efficient method for delivering a project for which the largest component is an educational facility. This minimises the organisational impact for the City.

Risks

- 16. The project development deed specifically addresses potential risks of the development. This includes apportionment of costs, responsibilities for each party, demolition, site remediation, design approval, insurances and dispute processes.

Social / Cultural / Community

- 17. The development meets a range of social and community objectives, as set out in the Green Square Infrastructure Strategy and Plan, which was considered by Council in March 2015.

Environmental

18. The project development deed makes provision for the Green Square Town Centre Integrated Community Facility and School to achieve a high level of sustainability, including a Green Star Building rating, compliance with the City's environmentally sustainable design guidelines and connection to recycled water and solar energy.

Economic

19. The establishment of the Green Square Town Centre Integrated School and Community Facility will add an important new facet for the Green Square town centre. The project will, in turn, add vitality for public life and local business.

Financial Implications

20. The City's long-term financial plan makes provision for a capital project for a Stage 2 development on the former South Sydney Hospital site, now known as the Green Square Community and Cultural Precinct. The budget provision in the long-term financial plan is sufficient to cover the City's capital contribution to the project based on preliminary cost estimates.
21. The preliminary cost estimates for this project (contained within the Deed – Confidential Attachment C) are confidential at this stage, as the project will be the subject of a tendering process. Cost estimates are deemed to be commercially sensitive. However, the critical consideration is that the proposed cost sharing arrangements have been assessed to deliver significant outcomes for both parties in terms of value for money.
22. The ongoing operational costs to the City for the site will be similar if the City had developed the site by itself to deliver a community facility.

Relevant Legislation

23. Local Government Act 1993 (NSW). In accordance with section 377(1)(h), the decision to surrender or dispose of land must be made by Council.
24. Local Government Act 1993 - Section 10A provides that a council may close to the public so much of its meeting as comprises the discussion of information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.
25. Attachments C, D, E and F contain confidential commercial information which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom the City is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
26. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

Critical Dates / Time Frames

27. The draft project development deed contains major milestones for the delivery of the project, through to the proposed opening date of the school and community facility.
28. Key program dates for the early stages of the project include:
 - (a) Lodge State Significant Development Application – late 2021
 - (b) Demolition and remediation of site – late 2021 – early 2022
 - (c) Start main works – mid-2022.

Options

29. Options for the redevelopment of the Stage 2 land on the former South Sydney Hospital site and provision of community facilities were considered by the City. The joint development and shared use option with the Department of Education is considered the best value for the City of Sydney community which provides the benefits outlined throughout this report.

Public Consultation

30. The City has consulted extensively in the development of Green Square. The demand for adequate school services has been a consistent theme in every channel of feedback and communication. This includes the desire for school facilities which are well located for the new population of Green Square and are accessible for families by walking and cycling.
31. An awareness of this community demand for local school services, together with social infrastructure planning for Green Square, has underpinned negotiations with the Department of Education for this project. The draft project development deed contains specific provisions for community consultation in the next stages of the development and delivery of the project.

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