

Attachment B

**2017 Council Report - Project Development
Deed - Green Square Town Centre
Integrated Community Facility and School**

GREEN SQUARE TOWN CENTRE INTEGRATED COMMUNITY FACILITY AND SCHOOL – PROJECT DEVELOPMENT DEED

FILE NO: S100177.012

SUMMARY

This report seeks approval to enter into a binding legal agreement with the Department of Education for a major project to deliver a new 600-place primary school, integrated with community facilities, in the heart of Green Square.

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 Stage 2 of development in this location, noting that the Stage 1 development on this site is effectively complete by December 2017. Stage 1 delivers a wide range of high quality facilities, including child care, arts and cultural centre, community shed, park, playgrounds, public art and green infrastructure.

It is intended that the project will be jointly funded by the City and the NSW Government, and will include a multi-storey, vertical school, primarily above the ground floor level, with the ownership of the building above the ground floor to be transferred to the Department of Education following completion of construction. The ground floor will continue to be owned by the City and will include additional 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.

The provisions of the project development deed will ensure that design excellence and high standards of sustainability are achieved. An initial design has been developed in order to test the viability of the project. Details of the initial design are provided with this report for demonstration purposes only. The initial design will be further refined by both parties to inform a competitive design process to determine the final shape and form of the Green Square Town Centre Integrated School and Community Facility.

The project is expected to set a benchmark for high-quality inner city school developments across Sydney, which are integrated from the outset, with shared use for local communities.

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. The agreement will be the first major outcome from a Memorandum of Understanding, approved by Council in August 2017, to investigate joint use projects between the City and the Department of Education.

Under the agreement, the City will transfer to the Department of Education ownership of the airspace in which the vertical school will be constructed and owned by the Department of Education. The ground floor facilities will be owned by the City, with both parties sharing costs on the basis of pro-rata usage.

Construction will commence following completion of the new Gunyama Park Aquatic and Recreation Centre in late 2019, the relocation of the existing hydrotherapy pool in the Naomi Wing Rehabilitation Building, and the demolition of the existing community hall.

This will enable the construction of the new integrated community facility and school. The draft Deed contains major milestones for the delivery of the project, through to the proposed opening date of the school and community facility in 2023.

The Green Square Town Centre Integrated School and Community Facility will fulfil the objectives of Stage 2 of the master plan for the former South Sydney Hospital site, which was endorsed by Council in May 2013, in terms of the provision of a community hall and multi-purpose spaces, as well as the development brief and design principles for the public domain. This master plan is not a statutory master plan, and was produced to enable the community to understand what the City as the landowner had envisaged for the site. The introduction of a school on the site was not contemplated at the time of preparing the master plan, however use for a school is consistent with the desire to ensure necessary community facilities for the growing Green Square community are provided on this site. Additionally, the building envelope of the new project is marginally larger than that contemplated under the master plan. This is necessary to ensure the school can meet the required standards for outdoor space within the development, including vital ancillary programs such as out-of-school-hour-care. Medical and community health services were proposed to be provided in the master plan and will be provided elsewhere in the Green Square Town Centre; this represents a separate project.

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 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. This project proposal meets this objective, with the added benefit of maximising joint use of public assets for the whole community.

RECOMMENDATION

It is resolved that:

- (A) Council approve entering into a Project Development Deed for Green Square Town Centre Integrated School and Community Facility substantially on the terms contained in confidential Attachment C to the subject report;
- (B) Council approve the future transfer of an airspace lot containing a school generally in the location indicated in the initial design concept for \$0 to the Department of Education;
- (C) authority be delegated to the Chief Executive Officer to negotiate, finalise and execute the Project Development Deed for Green Square Town Centre Integrated School and Community Facility, noting that the final Deed must not depart substantially from the terms contained at confidential Attachment C to the subject report;
- (D) authority be delegated to the Chief Executive Officer to negotiate, finalise and execute any documents required to create and transfer the airspace lot to the Department of Education; and

- (E) Council endorse the departure from the landowner Master Plan, adopted by Council on 28 July 2013, for the former South Sydney Hospital Site to the extent that the Green Square Town Centre Integrated School and Community Facility includes a use not nominated in the Master Plan and will occupy a slightly larger building envelope.

ATTACHMENTS

Attachment A: Artist's impression of Green Square Town Centre Integrated Community Facility and School, showing daytime and evening activation.

Attachment B: Summary details of existing landowner Master Plan for the former South Sydney Hospital Site, adopted by Council in May 2013.

Attachment C: Project Development Deed for Green Square Town Centre Integrated School and Community Facility (draft legal document) (Confidential).

Attachment D: Initial design concept (Confidential).

Attachment E: Summary of preliminary cost estimates and apportionment of costs (Confidential).

(As Attachments C, D and E are confidential, they will be circulated separately from the Business Paper and to Councillors and relevant senior staff only.)

BACKGROUND

1. Green Square 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. Based on Census 2016 data, the population has grown to 26,657, an increase of over 11,000 people in the last five years.
2. A recent survey by the City Futures Research Centre at UNSW revealed that 70 per cent of residents plan to remain in Green Square for a number of 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. Other social planning assessments and consultation processes have identified local schools as an important requirement for this growing community. An example is the recent health impact assessment for Green Square, completed by the Health Equity and Research Development Unit of UNSW, 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 metropolitan Sydney. The release of 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. In part, this responded to a range of redevelopment projects for existing schools that have been announced within the City of Sydney.
8. This Memorandum of Understanding also 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 the first major product of the Memorandum of Understanding and seeks to deliver an innovative, integrated and value for money facility.
9. The proposed project development 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.
10. The Green Square Town Centre Integrated School and Community Facility will be located on the northern half of the former South Sydney Hospital site on Joynton Avenue in Zetland, which currently houses the Naomi Wing Rehabilitation Building, hydrotherapy pool and a local community hall.

SITE MASTERPLAN

11. The Green Square Town Centre Integrated School and Community Facility will fulfil the objectives of Stage 2 of the master plan (site layout) for the former South Sydney Hospital site, which was endorsed by Council in May 2013, in terms of the provision of a community hall and multi-purpose spaces, as well as the development brief and design principles for the public domain. This master plan is not a statutory master plan, and was produced to enable the community to understand what the City as the landowner had envisaged for the site.
12. The introduction of a school on the site was not contemplated at the time of preparing the master plan, however use for a school is consistent with the desire to ensure necessary community facilities for the growing Green Square community are provided on this site. Additionally, the building envelope of the new project is marginally larger than that contemplated under the master plan. This is necessary to ensure the school can meet the required standards for outdoor space within the development, including vital ancillary programs such as out-of-school-hour-care. Medical and community health services were proposed to be provided in the master plan and will be provided elsewhere in the Green Square Town Centre; this represents a separate project.

KEY IMPLICATIONS

Strategic Alignment - Sustainable Sydney 2030 Vision

13. *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 *Sustainable Sydney 2030* strategic directions and objectives:
 - (a) Direction 2 - 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 a network of 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 also the first 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

- 14. 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

- 15. 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

- 16. 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

- 17. 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.

BUDGET IMPLICATIONS

- 18. 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 the preliminary cost estimate.

19. The preliminary cost estimates for this project are confidential at this stage, as the project will be the subject of an open 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.
20. The City will be providing a net subsidy to the Department of Education of approximately \$1 million. This made of the transfer of a stratum, worth \$4.95 million, by the City to the Department of Education and the Department contributing around \$4 million of the capital cost of the shared community facilities, which will be owned by the City.
21. The ongoing operational costs to the City for the site will be similar to the operating costs if the City had developed the site by itself as per the 2013 master plan.

RELEVANT LEGISLATION

22. 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.
23. Attachments C, D and E 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.
24. 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

25. The draft Deed contains major milestones for the delivery of the project, through to the proposed opening date of the school and community facility at the start of the 2023 academic year. Construction works on the site cannot commence until after the transfer of the existing hydrotherapy facility to the Gunyama Park Aquatic and Recreation Centre. This is forecast for early 2020.
26. The Deed is proposed to be finalised in late 2017 / early 2018, to provide certainty for the community and for the next steps in the realisation of this important educational and community facility for Green Square.

PUBLIC CONSULTATION

27. 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.

28. 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 Deed contains specific provisions for community consultation in the next stages of the development and delivery of the project.

KIM WOODBURY

Chief Operating Officer

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