



BINARY DEPOT – HEADS OF AGREEMENT

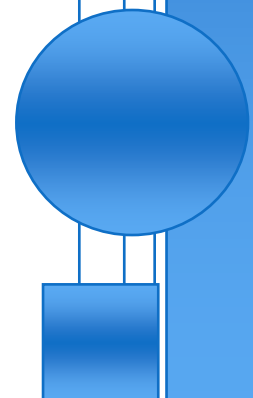
Town of Mosman Park and Town of Cottesloe

This document establishes the principles prior to further discussion and negotiation in pursuit of an agreement on the possible establishment of Town of Cottesloe depot operations from a portion of the Town of Mosman Park's McCabe Street Depot.

M.MacPherson

2/03/2018

Version 2.2



BINARY DEPOT – HEADS OF AGREEMENT

Town of Mosman Park and Town of Cottesloe

INTRODUCTION:

The purpose of this document is to provide a guideline prior to further discussion being undertaken between the Towns of Mosman Park and Cottesloe to lease a portion of depot land from one to the other, along with reasonable amenity, in exchange for compensation and any ongoing maintenance costs.

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1 OBJECTIVES AND INTERESTS:

The objective for both parties is to reach a mutually beneficial agreement for in a cooperative manner, taking into account each parties' interests and desired outcomes. This collaborative approach will be done so that each party can meet their interests by going through an agreed process before respective positions are reached in an agreement. Fundamentally, interests common to both parties include:

- There is clear delineation of storage, amenity and management of shared areas for both parties
- There is clear processes for dispute resolution, extensions to the agreement and minor implications that might arise throughout

Each parties' respective interests are as follows:

A. Town of Cottesloe:

The Town of Cottesloe [ToC] aims to secure a portion of land for a long term tenure to relocate from their current operational premises in Fremantle to one closer, permitting better response and efficiency. This land has been identified at the Town of Mosman Park [ToMP] Depot.

Interests/ requirements include:

- Bulk storage
- Amenity and workspace for supervisory staff
- Overnight, secure vehicle parking
- Shelter
- Assistance from the ToMP in administering the depot – accepting deliveries and inspections etc.

B. Town of Mosman Park:

The Town of Mosman Park [ToMP] will only enter into an agreement that meets the following interests:

- All costs associated with a formal agreement, in both documentation and capital costs to establish are met by Cottesloe
- The ToMP is compensated to an acceptable, fair, level relative to the land value, and community opinion

- ToMP's current operations or future plans are not to be negatively affected or prevented by any agreement or its operation.

2 UNDERTAKINGS:

A. Town of Cottesloe:

As part of an agreement, the ToC would sufficiently compensate the ToMP in exchange for the lease area including associated services such as Wifi internet etc. should they be provided throughout the agreement. This will also be required to be met for public utility connection through the Town's accounts through the use of sub-meters and such. ToC will also be responsible for the costs associated with the legal agreement, any lease documentation and surveys required, as part of the agreement.

ToC will be responsible for the arrangement of buildings and structures compliant with all acts, regulations and policies, and their satisfactory maintenance throughout the life of the agreement. This will also include all required insurances.

Any infrastructure directly and solely for the purposes of the depot area of TOC, will also be maintained by the TOC for the life of the agreement; and be dealt with according to the final agreement at the end of any agreement – i.e. removal, reinstatement, gifting etc.

B. Town of Mosman Park:

As part of an agreement, the ToMP will supply adequate available land for the use of the Town of Cottesloe on a medium to long term basis. The ToMP also intends to supply Depot Control to the ToC for a determined estimate period during the agreement – for example average of 1 hour per week for purposes inclusive of the role, such as inspections and receipt of goods/ deliveries.

The ToMP will also make available its facilities, such as the internal toilet and kitchenette, between defined work hours on the basis that contribution for cleaning be proportioned to those using the rest rooms. The ToMP will meet the incidentals, such as power and water costs, for these, on the basis of fair and reasonable use. Furthermore, the ToMP would be willing to integrate security systems, should this be beneficial to both parties, and any monitoring costs into the future were also broken down accordingly. Further, the ToMP has a Wifi network providing internet connectivity at the Depot site, and would be willing to provide access at an agreed cost relative to anticipated

consumption in an effort to save further capital infrastructure cost to ToC. Finally, ToMP would also be willing to waive any of its direct fees [excluding statutory fees] associated with any applications or licences as part of the agreement, and meet any consultation costs with communication with the residents.

ToMP would permit use of asphalt hardstand on McCabe Street for staff parking, assuming a low number of cars during working hours if required. ToMP will also maintain perimeter fencing, including any gates following installation, and maintain and water the verge.

ToMP will make available over-flow storage on a temporary basis to the ToC for projects, and special circumstances, and this storage will be charged on a nominal weekly rate. Also ToMP would offer materials on site for purchase at cost [subject to availability and allocated intended use] – this would also extend to any consumables for plant, equipment and office.

ToMP will make available by booking, its breakout alfresco area, seating and other amenities for Cottesloe Staff use when not previously allocated or booked.

C. Both Parties

Both parties seek to work together for mutual benefit, and as such will aim to adopt objective criteria in their agreement which is transparent and independent of personal input. Examples of which are:

- Link lease area value with an approved market rate
- Any services provided between parties should be at an 'at cost' plus a previously agreed percentage rate for labour, and at adopted schedule of rate for any plant. Both will include any overheads allocated.
- Permit open and free access during permitted times between depots

3 SCOPE OF THE AGREEMENT:

1. Inclusions:

- The area that the lease applies
- What may or may not be undertaken within the lease
- The terms and provisions within the lease relating to common use of facilities and compensation
- The terms and mechanisms of depot operational interactions expected with the agreement

- The mechanism to determine fair compensation

2. Exclusions:

- Integration of current operations – if any, should be subject to a separate agreement,
- Other operational opportunities discovered should form part of a new memorandum of understanding and not the lease agreement

4 DISPUTE RESOLUTION:

To overcome any disputes in the creation of the agreement, or during the agreement it would be proposed to process through the following steps:

1. Agree on the defined problem or issue,
2. Stipulate interests for each party, not defined positions
3. Using these interests, collaboratively work at options which address each party's concerns and; first, adopt an agreed set of criteria of which any disagreements can be checked against to arrive at a fair outcome. Should this fail, further exchange may occur till resolution, or the decision can be made to abandon pursuit of the agreement, or invite an independent mediator. The costs for this will be divided evenly, and recovered proportionally with the outcome. The same mechanism would apply with arbitration throughout the life of the agreement.

5 RISKS AND MITIGATION:

The below table forms a risk register that indicates a number of risks which might be encountered during the life, and during the development of the agreement, and how they may be mitigated:

Risk Identifier:	1	Risk Name:	Local Area Disaster
Consequence:	High	Risk Details:	A localised disaster that completely disables or prevents usual operations from occurring at the depot site. This might include prevention of access, catastrophic fire or similar.
Likelihood:	Low	Control Measure:	Unified, safe systems – contingencies will be present in lease provisions.
Control Level:	Moderate	Control Details:	Should one disaster occur that is deemed catastrophic in the local area, the ability to respond by the Town of Mosman Park and Cottesloe will be diminished. It will be imperative that both parties adopt a complimentary system to minimise this likelihood, and develop contingencies should this occur, so that each can continue to deliver service to both communities.
Risk Identifier:	2	Risk Name:	Political Disagreement
Consequence:	Moderate	Risk Details:	Disagreement at a political level between the agencies may

			stifle or affect ongoing agreements, or their implementation.
Likelihood:	Low	Control Measure:	Agreed terms within a lease agreement
Control Level:	Low	Control Details:	Agreeing to transparent and fair principles will separate these from problems, and allow an agreement to function amongst political uncertainty. Doing so will let this function as an operational issue, through procurement and contracts rather than a strategic issue.
Risk Identifier:	3	Risk Name:	Changes in statutory requirements
Consequence:	High	Risk Details:	Possibility of statutory changes which stipulate a requirement for either party to change their operations immediately. For example, the need for the Town to undertake security patrols.
Likelihood:	Low	Control Measure:	Clauses to be present in lease agreement – external factors outside the control of the parties – e.g. force majeure
Control Level:	Low	Control Details:	Similar contingents adopted for other disasters may be used in this occasion. This scenario is deemed unlikely.
Risk Identifier:	4	Risk Name:	Environmental Disaster
Consequence:	High	Risk Details:	An environmental issue that prevents the use of one party's depot that may not affect the other's usage. Example may include hazardous material spill, or asbestos being discovered.
Likelihood:	low	Control Measure:	Clauses to be present in lease agreement – external factors outside the control of the parties – e.g. force majeure
Control Level:	Moderate	Control Details:	Similar contingents adopted for other disasters may be used in this occasion. The agreement may also have provision for short term alternate accommodation should this occur for both parties.
Risk Identifier:	5	Risk Name:	Financial Fallout
Consequence:	High	Risk Details:	A financial fallout occur that prevents one or both parties from undertaking their portion of the agreement. Example includes ability to pay bills, meet requirements etc.
Likelihood:	Low	Control Measure:	Clauses to be present in lease agreement – solvency and ability to operate and transact.
Control Level:	High	Control Details:	The extent of this would be controlled on merits, and on a case by case basis. A grace period, interest free loans and in-kind service provision may be methods to address possible fallout.
Risk Identifier:	6	Risk Name:	Not Adhering to full terms of the contract
Consequence:	moderate	Risk Details:	Undertakings as per the contract not being adhered to.
Likelihood:	Low	Control Measure:	Agreed terms within a lease agreement – dispute resolution.
Control Level:	Low	Control Details:	A principle based memorandum of understanding, and an agreement which has focus on agreed processes will assist progressing any contractual disagreements

6 TERMS AND TIMELINE OF PARTNERSHIP:

To be viable, the ToMP would be prepared to enter into a long term agreement so that the ToC is able to establish sufficient return on investment.

It is therefore proposed that the term of the agreement be approximately 21 years; subject to State Government Approval.

The ToC's Lease with a commercial land provider expires November 2017, and it is envisaged that any agreement between ToC and ToMP should be formalised at least six months before the date so that transition may occur. The following timeline is thus proposed for an agreement and acceptable outcome to be reached, and should be pursued by both parties as much as possible. This can be found in appendix 1.

Base costs for the lease area shall be determined at a fair market rate from an independent value provider – either a certified property valuer or a real estate agent specialising in leasing of commercial property. This value shall be indexed annually by the Perth Metropolitan CPI, and reviewed fully every 4 years of the agreement. Other proposed lease costs include, but are not limited to, the following:

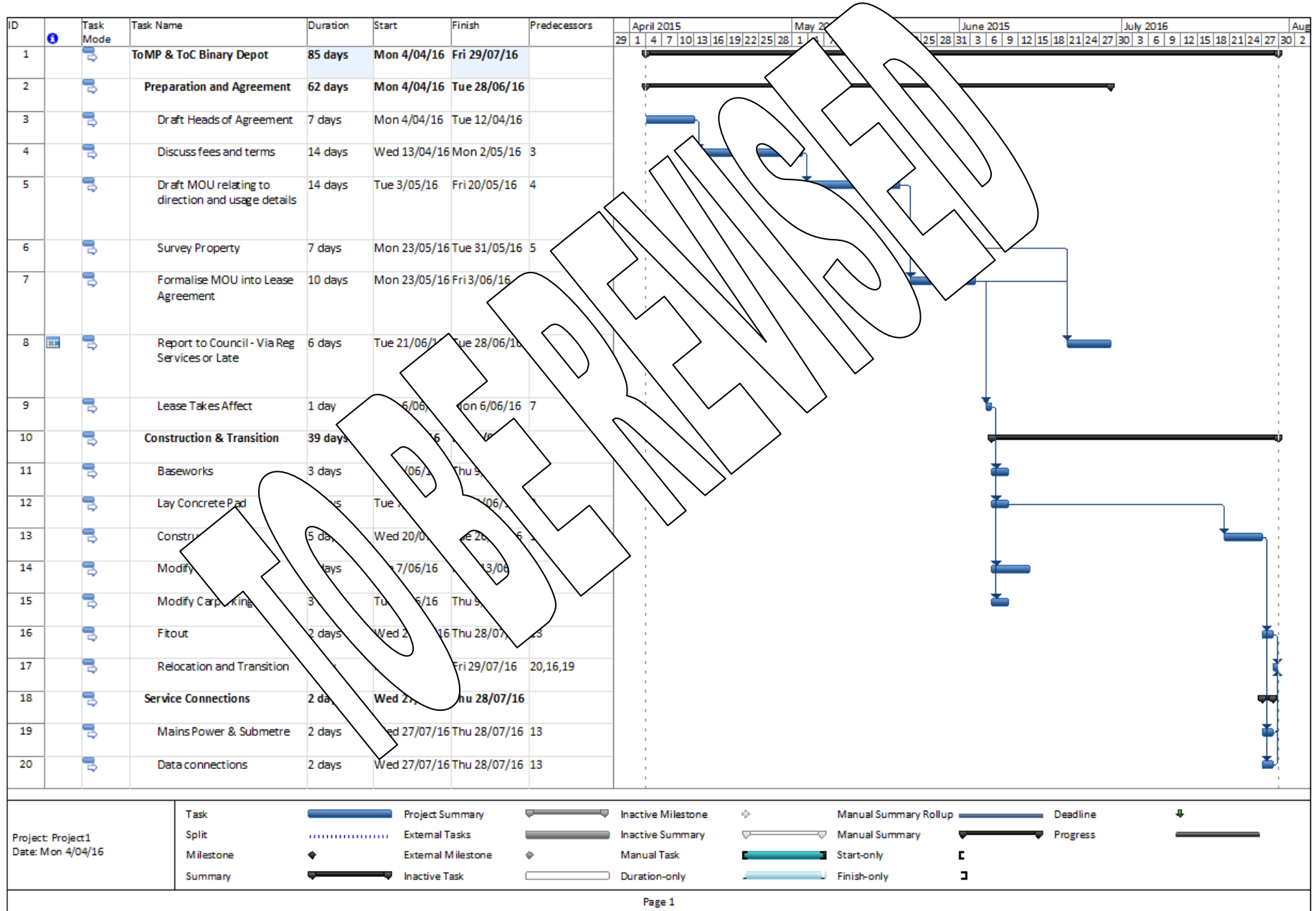
- Handling & Servicing Fees – Based on staff service provision at professional rates to the agreed estimated allocations for delivery, liaison and facilitation. Works to be undertaken upon mutual agreement, prior to works commencing;
- Utility & Amenity Contribution – costs associated with sub-metring services, use of ToMP facilities – i.e. cleaning contribution, incidentals & Sundries
- ToMP Margin – currently allocated at 12.5% of total contract value

7 OTHER NOTES:

It should be noted that the Town of Mosman Park's emergency recovery plan includes provision to relocate portion of its operations to the Depot should administration be disabled. Any agreement will need to take this into account, and should consider the option of relocation to the Cottesloe Civic Centre main hall. In the event of an emergency at the Town of Cottesloe, the agreement should consider the option to relocate to the Town of Mosman Park hall.

Additionally, the proposed layout drafted by ToC in consultation with ToMP is found in appendix 2.

APPENDIX 1: PROPOSED TIMELINE OF BINARY DEPOT



APPENDIX 2: PROPOSED LAYOUT PLAN OF DEPOT ARRANGEMENT



PROPOSED TOWN OF COTTESLOE DEPOT SITE

CONCEPT PLAN

Amendments				Survey	N/A	Scale	NOT TO SCALE
REV	Date	Details	By	Design	DL	AutoCAD Ref:	N/A
				Drawn	DL	CivilCAD Ref:	N/A
				Contour Interval		Approved	
				Date	10/02/2017		



TOWN OF COTTESLOE
PROPOSED DEPOT SITE

Sheet No.	of 1	1
Drawing Number	2017-01-03	
	A3	

TOWN OF COTTESLOE
109 BROOME STREET
PO BOX 606
COTTESLOE W.A. 6011
TEL (08) 9285 5000
FAX (08) 9285 5001



VIEW A

VIEW B

VIEW C

VIEW D

McCabe Street

Fairbairn Street

MOSMAN PARK DEPOT

EXISTING BUILDING

EXISTING BUILDING

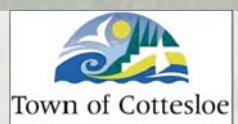
PROPOSED CARPARK

EXISTING FENCE

PROPOSED BUILDING

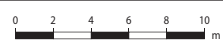
PROPOSED BUILDING

EXISTING WALL



COTTESLOE WORK DEPOT
PLAN LAYOUT

DWG LC-01-01
REV B
DATE 02-03-18
SCALE 1:400 @ A3
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ALL EXISTING VERGE
TREES TO REMAIN

NEW DEPOT BUILDING IN
COLORBOND HERITAGE
GREEN FINISH

McCABE STREET

EXISTING BRICK DEPOT
BUILDING

NEW SMALL DEPOT
BUILDING IN COLORBOND
HERITAGE GREEN FINISH

PERSPECTIVE - VIEW A



McCABE STREET

ALL EXISTING VERGE
TREES TO REMAIN

NEW DEPOT BUILDING IN
COLORBOND HERITAGE
GREEN FINISH

NEW SMALL DEPOT
BUILDING IN COLORBOND
HERITAGE GREEN FINISH

EXISTING BRICK DEPOT
BUILDING

PERSPECTIVE - VIEW B



COTTESLOE WORK DEPOT
PERSPECTIVE VIEW OF PROPOSED NEW DEPOT BUILDINGS

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ALL EXISTING VERGE
TREES TO REMAIN

NEW DEPOT BUILDING IN
COLORBOND HERITAGE
GREEN FINISH

NEW SMALL DEPOT
BUILDING IN COLORBOND
HERITAGE GREEN FINISH

EXISTING BRICK DEPOT
BUILDING

PERSPECTIVE - VIEW C



EXISTING BRICK DEPOT
BUILDING

NEW DEPOT BUILDING IN
COLORBOND HERITAGE
GREEN FINISH

FAIRBAIRN STREET

ALL EXISTING VERGE
TREES TO REMAIN

PERSPECTIVE - VIEW D



COTTESLOE WORK DEPOT
PERSPECTIVE VIEW OF PROPOSED NEW DEPOT BUILDINGS

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