

TAMWORTH GLOBAL GATEWAY PARK - STATUS AND FUNDING – FILE NO

DIRECTORATE: REGIONAL SERVICES
AUTHOR: Graeme McKenzie, Manager, Project Management and Engineering Services

Reference: Item 12.4 to Ordinary Council 11 February 2020 - Minute No 26/20
Item 7.3 to Ordinary Council 26 February 2019 - Minute No 33/19

2 ANNEXURES ATTACHED

RECOMMENDATION

That in relation to the report “Tamworth Global Gateway Park – Status and Funding”, Council receive the report.

SUMMARY

This report discusses the status of the proposed development known as the Tamworth Global Gateway Park (TGGP), formerly known as the Glen Artney Enterprise Area. The TGGP is a 246 hectare parcel of land located between Westdale and the Glen Artney Industrial area and is bounded by the Oxley Highway, Goddard Lane, Goonan Street and Marathon Street.

The report outlines the status and inter-relationships involved in the development of the TGGP, the freight intermodal and the reactivation of the rail line between the West Tamworth rail yard and the intermodal.

The report presents the current status for the individual development components within the TGGP, including the status of the funding for those entities.

COMMENTARY

History of the Tamworth Global Gateway Park

Council had been involved in discussions relating to the possible development of a rail/road intermodal for the Tamworth area since 2014, with the proposed site located off the old Barraba spur line and accessing privately owned land west of Marathon Street.

Negotiations for the purchase of a parcel of the privately owned land for the intermodal site were protracted and eventually the purchase of the full parcel of land bounded by the Oxley Highway, Goddard Lane, Goonan Street and Marathon Street was considered.

Following resolution by Council the land sale was completed on 5 February 2016 for a purchase price of \$16 million plus GST, with the aim of securing the site for future industrial and business purposes. The land purchased was a total of 246.30 hectares and consisted of two lots with a variety of existing land use zonings. Lot 2, DP 816346 (111.5 hectares) consisted of 68.8 hectares of land adjoining Goddard Lane that was zoned Heavy Industrial (IN3) with the residual Rural Small Holdings (RU4). Lot 462, DP 1178998 (134.8 hectares) consisted of a combination of R1- General Residential land adjoining Marathon Street, R5-Large Lot Residential and RU4 - Rural Small Holdings. The image below shows the subject land prior to acquisition by Council.



Figure 1

As part of the sale, a four hectare parcel at the intersection of Goddard Lane and the Oxley Highway was identified as an option for the original landowner to purchase. This option has since lapsed and this block is now considered a prime parcel of land for the initiation of development of the overall site.

Following substantial master-planning and utility servicing assessment, with a number of studies being undertaken to confirm that the land is suitable for the preferred land-uses, a planning proposal was developed in 2018 to amend the Tamworth Regional Local Environmental Plan 2010 (TRLEP 2010).

The amendment to the TRLEP 2010 came into effect on 24 August 2018 and changed the zone provisions from Residential (R1 and R5) and Rural (RU4) to General Industrial (IN1) and Business Park (B7) and extended the Heavy Industrial (IN3) on the site.

The amendment also removed lot size provisions from the entire site.

As part of Council's resolution of 8 May 2018 to amend the TRLEP 2010, it was resolved to prepare and exhibit a draft Development Control Plan (DCP) specific for the site. The DCP was formulated and then exhibited from 19 November to 17 December 2018, and a number of submissions were received.

Instead of proceeding with the DCP at that time it was decided to develop a Structure Plan to provide more detail and align this with an Infrastructure Delivery Plan and Marketing Strategy.

The Structure Plan was developed in the first half of 2019, and continues to evolve in response to infrastructure planning, marketing strategy and the Blueprint 100 process. For the purpose of broadly identifying the land and linking future development into global markets, the name Tamworth Global Gateway Park (TGGP) has been adopted.

A copy of the Draft Structure Plan is **ATTACHED**, refer **ANNEXURE 1**.

TGGP Project Structure

The development of the TGGP is a complex project. To develop the 246 hectares in an efficient and timely manner, meet the needs of future developers, design and deliver the necessary infrastructure and fund the project, requires a co-ordinated approach and response from a number of sections within Council and detailed specific engagement with a number of State agencies and private entities.

For the benefit of this report and to better understand the connectivity between the various components of this project, the following breakdown is provided:

Project 1: Rail Line Reactivation

To support the development of the rail/road hub in the TGGP, Transport for NSW (TfNSW) are running a project to reactivate approximately 5 kilometres of the rail line from the West Tamworth Rail yard to the TGGP. TfNSW are using John Holland Rail to project manage the delivery of this project. This project is being developed in consultation with Tamworth Regional Council (TRC) and Qube Logistics (Qube). This project is being funded by the State Government through the new Department of Regional NSW.

Project 2: Intermodal Site

This is the actual site that provides the interface between the rail and road freight. This site is within the TGGP site and located in the north western part of the TGGP, adjacent to the rail corridor (shown on the plan at Annexure 1). Qube were chosen by Council following an open expression of interest (EOI) process as the preferred company to build and operate the intermodal facility. Qube are in the process of preparing a Development Application (DA) for the operation of the intermodal facility, which is expected to be submitted in the coming month.

Qube will fund and develop all of the infrastructure on site required for the operation of the intermodal, with the exception of the rail line from the intermodal to the existing rail corridor, which will be delivered by TRC (in consultation with TfNSW) and funded by the Department of Regional NSW. The access road to the intermodal off Goddard Lane will also be delivered by TRC and is being jointly funded by TRC and the Federal Government's Building Better Regions Fund (BBRF).

Project 3: Development of TGGP

This part of the project involves the full development and marketing of the 246 hectare parcel of land that has been the subject of a previous rezoning process. This project is being run wholly by Tamworth Regional Council, with funding assistance

from the State Government's Growing Local Economies (GLE) program. The project will involve the design of the road infrastructure and the necessary servicing to support future industrial and business park demand.

Status of the Projects

Project 1 – Rail Line Reactivation

The development of the project to reactivate the Barraba spur line from the West Tamworth rail yard out to the proposed intermodal site has been protracted but is progressing well at the moment. The State Government announced \$7.42 million funding for the project in November 2017. This funding primarily covered the upgrade of the existing rail line, however additional works at the West Tamworth Rail Yard, upgrade of multiple road crossings, extensive work required at the Wallamore Road/Evans Street intersection, undergrounding of trunk power and the rail extension to the intermodal site have caused significant delays and a need to review the overall scope and estimate for the project.

In early 2019, Transport for NSW (TfNSW) were appointed by the Department of Premier and Cabinet as Project Managers for the reactivation project. As the reactivation of the rail line would be within an existing rail corridor, John Holland Rail, as TfNSW's current contractor, were engaged to manage the design process to allow an accurate estimate to be prepared.

In October 2019, a tender process run by John Holland Rail saw engineering company Lindsay Dynan appointed to undertake detailed design for the reactivation of the rail line. Currently the design is at the 50% stage. Recently an upper limit estimate was prepared by John Holland Rail on the basis of the 50% design. The revised estimate is currently being considered by the Department of Regional NSW. The current project program shows the rail line operational within the corridor by October 2021.

The design issues for the reactivation of the rail line are complex in relation to both flooding and impacts on the existing road network. The transport impacts include the reactivation of three level crossings, at Gunnedah Road, Dampier Street and Evans Street and assessment of the operation of the pedestrian crossing at Mahony Avenue. The impacts of these issues are now better understood, however have delayed progress in relation to the delivery of the design.

Communication for this project is being managed by TfNSW.

Project 2 - Status of the Intermodal Project

Council undertook an EOI from companies with suitable experience and capacity to develop and operate the intermodal site as part of TGGP. This process was completed in 2017, and Council resolved to select Qube as the preferred operator of the Tamworth intermodal. In order for the intermodal to function, the rail line between the West Tamworth rail yard and the TGGP needs to be reactivated.

Lindsay Dynan are also designers for Qube for the intermodal site, which should make the co-ordination of the designs and the interface between the State owned rail corridor and the Council owned land, that the intermodal site will be constructed on, more efficient.

Qube have recently prepared a program for the design, approval and construction of the intermodal, which shows a completion date of April 2021. It is likely that Qube will adjust their delivery program to align with the delivery program for the reactivated rail line as this is one critical element in determining the viability of the intermodal.

Qube, through Lindsay Dynan, are well advanced in preparation of reports and plans to form the basis for the Development Application (DA) for the operation of the intermodal and construction of the necessary buildings.

With reference to the current structure plan for TGGP, vehicle access and general services are required for the operation of the intermodal site. The provision of access and services needs to be aligned with the planned start date for operation of the intermodal. This work will involve the construction of the access road off Goddard Lane and the adjoining road that will provide access to the western boundary of the intermodal site. General servicing will include water, sewer, stormwater, street lighting and access to power, gas and telecommunications. Council has been successful with an application under the Federal Government Building Better Regions Fund (BBRF) Infrastructure Projects Stream Round 4 program, with Council receiving 50% of the project funding (\$2,202,291), equally shared over the 2020-2021 and 2021-2022 financial years.

The design for the kerb and gutter and servicing of the eastern side of Goddard Lane has also been finalised and Issued for Construction (IFC). The design for the road access from Goddard Lane to connect the intermodal has commenced.

Project 3 – Development of TGGP

This project is significant for Council, the community and the wider region. The 246 hectare parcel of land represents the western growth corridor described in Council's Blueprint 100 and the site for a large component of future job creation for the city and the region.

The development of this land will be undertaken in a staged sequence to ensure that sufficient industrial and commercial land is available ahead of the market demand and that the upfront cost of the necessary infrastructure is minimised. Specialist advice has been sought in relation to anticipated future demand for Industrial and Business Park development for the city.

Current design is underway to provide road access and services to the proposed intermodal site, including upgrading the eastern side of Goddard Lane. Design will also shortly commence for road access in the Business Park area of the TGGP off the new Country Road Roundabout. Upon completion of the designs, detailed cost estimates for the construction will be prepared. These cost estimates will be critical to informing the Business Plan, which is expected to be submitted to Council for approval at the end of August. Pending the Business Plan approval Council will be in a position to consider the funding for construction of the associated infrastructure.

Government Funding for Projects within or related to TGGP

To date Council has been successful in obtaining State and Federal Government funding for significant components of work that are important in initiating development at TGGP. Both the State and Federal Governments recognise the strategic importance of Tamworth as the main regional city in North West NSW.

The four main projects connected with TGGP that have received funding from the government are as follows:

- **Country Road Roundabout** – will provide access from the Oxley Highway to the Business Park area of TGGP. The roundabout will also provide a new access to the Tamworth Airport and future access to the southern Tamworth bypass, via Country Road and Burgmanns Lane. This project is currently at 100% design stage and construction has commenced with an expected completion date late in July 2021.

- **Trunk Stormwater Drainage** – to facilitate the development of the intermodal site and future land releases within TGGP. This project is currently at 80% design stage. Pending third party approval through John Holland Rail and TfNSW for the culverts to cross the rail corridor, construction should be undertaken during the 2020-2021 financial year.
- **Taminda ring road (Jewry Street) extension** – involves the extension of Jewry Street through to Wallamore Road. It will be an important link to TGGP in the short term and part of the future railway overpass and link to the Oxley Highway at the Cole Road roundabout. A concept design has been developed for the Jewry Street extension and a detailed design is now required. It is expected that this will be designed in 2020/2021 and constructed during the 2021-2022 financial year. It should be noted that these future roadworks have some impact on the flooding in the Timbumburi Creek area. The flood modelling work has been undertaken and will require additional culverts to be constructed as part of the rail line reactivation to minimise flood impacts from the future roadworks.
- **Intermodal Access Roads** – involves the construction of the roads and services to provide vehicular access to the intermodal site. This will also provide road access to and unlock additional land within the TGGP. Currently detailed design for this component of the project has just commenced. An application to the Federal Government for stimulus funding was made and this funding application was successful. Council will be required to match this funding on a dollar for dollar basis prior to accepting the funding.

The funding contribution from each tier of government for each component of works is shown below.

Table 2

Funding Contributor	Component of works				TOTAL
	Country Road Roundabout	Trunk Stormwater	Taminda Ring Road	Intermodal Access Road	
TRC	\$0.9543 million	\$1.1448 million	\$0.654 million	\$2.202 million ⁽¹⁾	\$4.9551 million
Federal Government	\$4.532 million	nil	nil	\$2.202 million	\$6.734 million
State Government	\$4.0567 million	\$10.3032 million	\$5.886 million		\$20.2459 million
TOTAL	\$9.543 million	\$11.448 million	\$6.54 million	\$4.404 million	\$31.935 million

It is noted that each of the projects requires a contribution from Council. At this point in time, the Council contributions for all of the projects, with the exception of the Intermodal access road⁽¹⁾, have been formally approved by Council. ⁽¹⁾There is a report to this Council meeting recommending Council fund its contribution of \$2.202m to the Intermodal access road.

It is proposed that a Business Plan will be submitted at the 25 August Council meeting that will seek approval to proceed with the construction of the initial stages of the TGGP.

Council's contribution to the \$31.9 million of project expenditure is \$4.96 million (subject to Council accepting the Federal funding for the Intermodal Access Roads) which equates to 15.5% of that total. Each of these projects increases the value of the TGGP land, but more importantly brings forward the activation potential of TGGP in terms of development activity and job creation for the city and region, consistent with Blueprint 100.

It should also be noted that the above figures do not include the \$7.42 million State Government funding already committed for the reactivation of the rail line. This has been omitted as the funding and project is being managed by TfNSW.

Council Project Costs to Date

Council costs for the project to date have predominantly been the land acquisition costs, interest paid to service the loan, land holding costs and professional fees for studies to support the masterplan, the land rezoning and the preparation of the structure plan.

The subject land was purchased using an internal loan from existing Council Reserves. The land was purchased for \$16 million (ex GST). At present Council has spent \$19.2 million on the project, including the land acquisition, and received government funding of \$26.98 million (State \$20.25 million and Federal \$6.73 million).

Time is a critical factor as holding costs and interest on the loan will continue to accumulate. The loan, an internal loan from the Water Fund, is required to be paid back on 1 March 2021. A capital expenditure review is being undertaken to assist in determining the mechanism to pay the existing loan back and to extend the loan for further construction work. All of this will be subject to formal Council approval at a future Council meeting, following the review/endorsement of the TGGP Business Plan.

Staging of TGGP

Development of a sustainable staging plan for TGGP is also a critical element in the planning of this project. The staging plan will position the project with available land that meets the needs of the market and is planned so as to minimise the required expenditure for development and at the same time maximise revenue from sale of land.

Overall servicing strategies have been prepared for stormwater, water supply and sewer. Preliminary discussions have been held with the relevant authorities for provision of electricity, gas and telecommunications for TGGP.

At this stage three specific areas have been considered for a staged release. It is anticipated that further staging and marketing strategies will be developed following completion of the marketing capacity and strategy report, which will be an attachment to the Business Plan. A copy of the plan showing the three proposed areas is **ATTACHED**, refer **ANNEXURE 2**.

Area 1: Land fronting Goddard Lane

This parcel of land will be relatively easy to develop but will require the construction of major components of the western trunk stormwater project, widening of Goddard Lane and provision of all necessary services, including water and sewer.

Currently the design for Goddard Lane kerb and gutter has been Issued for Construction (IFC) with construction scheduled for the latter part of 2020, subject to Council approval.

The design for the western trunk stormwater is well advanced. Funding exists for this project through Growing Local Economies (GLE) funding. It is expected that procurement of long lead time items (stormwater box culverts, etc.) will commence prior to the detailed design being finalised. Construction and servicing of Goddard Lane will bring premium land to the market for sale. Serviced land with a total area of 156,900 square metres.

The four hectare parcel of land at the intersection of Goddard Lane and the Oxley Highway was earmarked as a possible sale to the original landowner and is seen as a high profile block that could act as a ‘trigger’ for further development within TGGP. This block is a significant distance away from both sewer and stormwater connections and unless a prospective buyer is offering the full market value of the block and proposing to develop the site in a manner that fits the significance of the corner block of TGGP, the land should be included in the general release of Goddard Lane land.

Area 2: Intermodal Land

The agreement with Qube for the development of the intermodal is on the understanding that the parcel of land for the intermodal will be lease free for a number of years to balance Qube’s capital contribution during construction. The intermodal facility will be owned by TRC and operated by Qube.

To provide access to the intermodal site a new road off Goddard lane and a new road fronting the intermodal will need to be constructed with services provided to the site. The federal Government has agreed to fund 50% of these costs and Council’s 50% contribution is the subject of a separate report to this meeting.

The current planning for the reactivation of the old rail line shows the earliest the intermodal could operate is from September 2021. To meet its commitments to the intermodal Council will need to have these roadworks and services completed by July 2021.

The completion of these works would bring additional land to the market for sale, with the expectation being that the proximity to the intermodal will make these lots attractive and saleable.

Design for the access roads and services required for the intermodal site and adjoining lots commenced in late May 2020 and are expected to take three months to complete. Construction could be run concurrently with the works on Goddard Lane, with the understanding that the works are completed in time for commencement of operation of the intermodal.

Construction of the intermodal access roads will not only allow activation of the intermodal, it will bring additional land of around 107,600 square metres to the market.

Area 3: Stage 1 of the business park off Country Road roundabout

This parcel of land will be relatively easy to develop once the Country Road roundabout has been completed. This allows access off the Oxley Highway and will create an opportunity for sale of the prime blocks facing the highway. It was stressed during the preparation of the structure plan and also during the Blueprint 100 process that these blocks are not only critical to TGGP but also as a highlight for the city’s western entrance corridor, which caters for visitors entering the city via the airport. Currently the Country Road roundabout is scheduled for completion in July 2021.

In addition to this, sewer for the business park site is proposed to be provided from the trunk sewer that will be installed to serve the Hunter Land development on New Winton Road. Timing for the construction of the sewer main needs to be monitored to understand the impact on land release in the business park of TGGP.

The design for the roadworks and services for the first release of the business park has not commenced, however will be completed prior to March 2021, with construction potentially following on from the completion of the Country Road roundabout.

Construction of first stage of the business park will bring to the market for sale, land with a total area of 39,500 square metres.

TGGP Business Plan

Council requested the Director Regional Services to prepare a Business Plan for the development of the TGGP and report back to Council for approval and consideration of budget allocations prior to construction of the various work packages.

At this point in time the following is a list of actions that are underway that will inform the TGGP Business Plan.

- Council's Business and Economic Development team have researched how other industrial parks have been staged and marketed. They have also sought professional advice from industry experts in relation to the most effective methods of marketing, including identification of critical elements in the design to meet current and emerging developer needs. The team has also prepared an overarching document on the strategic advantages of TGGP and Tamworth, as a place to invest.
- A Marketing and Development consultant has been retained by Council to provide specialist advice in relation to the marketing of the project and the preparation of the business plan. Currently a marketing demand study is being finalised to inform the business plan.
- An EOI has been advertised with a view to engaging a Marketing and Sales agent specialising in the Industrial sector. The EOI requires that the agent be either a locally based agent partnering with a national agent (with an established national presence) or vice versa to ensure that Council gets the benefit of national exposure and local understanding.
- Cost estimates have been prepared for various components of TGGP based on preliminary designs. These cost estimates, with appropriate contingencies, will be built into the business plan. As design progresses from preliminary to IFC, the works will be costed to a more accurate level as more confidence is established with the design.

It is expected that the business plan will be submitted to Council in August for consideration and approval.

(a) Policy Implications

Nil

(b) Financial Implications

The TGGP has received \$26.98 million in State and Federal Government funding for associated projects.

Council has committed to fund 10% of the projects funded under the State's Growing Local Economies program and dollar for dollar for the Federal BBRF funding. In relation to the GLE funding, it has previously been resolved that the Council contribution for the three projects will be as follows:

- i) Country Road roundabout: \$954,300 funded in 2020-2021 from the Regional Development Fund. Of this contribution \$712,000 will be recovered from the Hunter Land development contributions on New Winton road, with a \$421,000 contribution at the release of Stage 1 and a \$291,000 contribution for Stage 2.
- ii) Taminda ring road (Jewry Street) extension: The \$654,000 contribution is to be funded in the 2021-2022 budget from the Civil Construction Reserve.

- iii) Trunk stormwater drainage: The \$1.1448 million contribution is to be funded in the 2020-2021 budget from the Westdale Land Reserve.

In order to execute the agreement with the Federal Government for the BBRF funding of the Intermodal access road, Council will need to formally approve the allocation of \$2.202 million as a 50% contribution to the \$4.404 million project. This budget allocation is subject of a separate report to Council.

(c) Legal Implications

Nil

(d) Community Consultation

The intermodal project control group (PCG) are coordinating media releases with Council's Communications team as the intermodal project progresses.

(e) Delivery Program Objective/Strategy

A Prosperous Region – P11 Support and facilitate economic development and employment opportunities.
