

### 9.4.3 Lower Chittering Sport & Recreation Facility – Stage 1

<b>Report date</b>	20 March 2019
<b>Applicant</b>	Shire of Chittering
<b>File ref</b>	A11560; 15/01/6
<b>Prepared by</b>	Acting Chief Executive Officer
<b>Supervised by</b>	Not applicable
<b>Disclosure of interest</b>	Nil
<b>Voting requirements</b>	Simple Majority
<b>Attachments</b>	Nil

#### Executive Summary

Council considered the proposal to construct a \$9.71m Lower Chittering Sport & Recreation Facility (Stage 1) at its October 2018 Ordinary Council Meeting, where it endorsed the lodgement of a funding application under the Building Better Regions Fund. The grant application was lodged for the November 2018 round of grants and the Shire has recently learned it has been successful. The grant amount sought was \$4.71m, and that was the sum offered the Building Better Regions Fund.

The purpose of this report is to outline an initial program for action to undertake the design stage of the new facility, and also to enable the organisation to progress the numerous operational issues to facilitate the eventual construction and ongoing operation of the Chittering Sport & Recreation Facility (Stage 1).

#### Background

A feasibility study confirmed the need for more recreational and social facilities within the Shire and the local community (and the Immaculate Heart College) were engaged to develop the plans for this jointly funded and jointly used facility. The new Lower Chittering Sport & Recreation Facility will therefore, cater for the current as well as the new communities of the district, and particularly around the Lower Chittering precinct. It will also provide some relief for the Shire's existing facilities, which are progressively reaching their capacity as the Shire's population grows. The adjacent Immaculate Heart College is anticipated to be K1-12 by 2022 and will be a consistent user of these additional sporting and recreation facilities.

This project will involve the Shire of Chittering, in partnership with Immaculate Heart College, developing the Lower Chittering Sport & Recreation Facility. The project will be developed using a multi-stage approach, with this grant contributing towards the completion of Stage 1, which incorporates 2,784m<sup>2</sup> of space and costing an estimated \$9.71m. This partnership approach is designed to deliver a significant benefit to both the development and operational phases, in that costs can be shared, providing both parties with access to quality infrastructure with a significantly reduced financial cost.

Stage One of the project (which this grant is intended to support) will involve the development of:

- Multipurpose Centre (including two indoor courts and associated spectator seating);
- Club Facility (including a variety of function rooms and commercial kitchen); and
- Senior Rugby/Hockey Fields.

Future stages will involve the development of a seniors' oval and a number of outdoor courts. As part of the Masterplan for the area, Immaculate Heart College will develop its secondary school facilities adjacent to the Complex, allowing direct access for students. The Masterplan was developed by an architect and a quantity surveyor's estimate indicates a total project cost of \$16m (with this Stage 1 being valued at \$9.71m). The feasibility study indicated that there were no significant engineering factors that would prevent the development of the proposed facility and the joint nature provides for an efficient and cost effective operational model for its ongoing usage.

The Shire's Building Better Regions Fund application highlighted the following issues that now require attention:

**Communication Plan** – *“As the project moves into the construction phase, the Shire will develop a communication plan to guide how they share information and seek input from stakeholders and community. They will clearly articulate the level of influence that stakeholders have over the process, to manage expectations and allow for transparent engagement. The Shire will actively monitor stakeholder and community perceptions of, and support for the project, allowing them to quickly respond to any emerging issues, and manage relationships and support for the project.”*

**Facility Programming** – *“The shared use of the facility between the broader Shire community and the College allows for maximum value to be derived from the infrastructure. This approach will maximise the use of the facility, with the Shire having identified that school hour usage is likely to be lower and providing access to the school body will increase the usage of the facility overall. Both organisations will undertake proactive social programming to create vibrant and contextually appropriate service offerings, with strong consideration given to adopting a highly collaborative methodology involving the community in designing and implementing services and events”.*

**Project Management** – *“The Shire will be responsible for the delivery of the project, including the administrative and financial obligations, along with the implementation of the project. The CEO of the Shire of Chittering will act as the Project Sponsor and will define the project parameters, oversee (but not manage) the project, make strategic decisions and direct the Project Manager regarding issues and problems with the project, and review project status reports.*

*As part of the overall project budget, an allocation will be made to retain the services of an experienced Project Manager to oversee the implementation of this construction project, managing both the development and communications with stakeholders.*

*An industry standard project management approach (e.g. PMBOK or Prince2) would be adopted to manage the project stages, with management documentation and reporting processes developed as part of the Project Manager role.*

*The Project Manager will be responsible for accomplishing the project objectives including:*

- *Proactive management of the project on a day-to-day basis;*
- *Establish clear and achievable objectives and timelines;*
- *Balance the competing demands for quality, scope, time and cost;*
- *Adapt the project specifications to mitigate risks and issues; and*
- *Deliver the project in accordance with the specification.”*

**Project Advisory Group** – *“In addition to oversight by the CEO and Project Manager, a Project Advisory Group will be established to support the implementation of works associated with this project, with Terms of Reference established to guide their involvement. This group is expected to comprise of senior Shire Staff, Council representative/s and representative/s of Immaculate Heart College.”*

**Immaculate Heart College Contribution** – *“The College has provided the Shire with a commitment for a construction contribution of \$2m.”*

### **Consultation/Communication Implications**

#### Local

Significant consultation was undertaken as part of the Feasibility Study in 2016. In 2018 a Reference Group was put in place to work with the Architect to develop the Business Case and Masterplan for the site, and this “Stage 1” Facility proposal.

Whilst Council could choose to commit to the current concept plans as the final design, and simply seek that an architect convert those concepts to a fully specified proposal (suitable to use for the construction tenders) Council might also wish to alternatively engage with stakeholders to confirm the concept design for the Lower Chittering Sport & Recreation Facility, and require that a component of the Architect’s brief be to engage the community in a final consultation process, to ensure that the eventual design best suits the majority of anticipated stakeholders and users. The former option will be the most cost effective, but might not result in the best design or greatest levels of community. The alternative of going back to the community for input could well result in higher costs and an extended architectural design timeline, but will provide all stakeholders with ample opportunity for input.

#### State and Federal

Prior to the grant application being submitted, there were discussions with local State and Federal Members and the Regional Development Australia (Wheatbelt) office.

### **Legislative Implications**

#### State

Loan funds will need to be borrowed through WA Treasury. Services to the building, like power, water, and sewerage, will need to meet State Government requirements.

#### Local

Planning and building applications will be required in due course.

Numerous Local Government Act provisions are relevant, in the main, requirements for contractual commitments; budgeting and loan borrowings; and tenders and procurements, will be relevant.

### **Policy Implications**

#### State

Nil

#### Local

Ni

### Financial Implications

A Building Better Regions Fund application was lodged in the BBRF Round 3 (November 2018) for a Stage 1 contribution, and was successful. The grant sought and provided was \$4.71m.

The Shire will be required to contribute \$3m (loan funds) for its share with the other major funding partner being Immaculate Heart College. It has committed \$2m, although this includes its payment for the land (approximately 3ha) to be purchased from the Shire. Whilst not confirmed, the College has initially indicated it would prefer to make its contribution through a self supporting loan facility (through the Shire of Chittering's WA treasury borrowing capacity). This will mean that the Shire will need to borrow \$5m.

The current budget includes provision to purchase the land referred to earlier, plus an allocation of \$100,000 for architect's costs.

The projected budget for the project (as per the grant application) was outlined to be as follows –

Summary Budget	FY 2018-19	FY 2019-20	FY 2020-21	Total
<b>Total project costs</b>	\$504,000	\$7,396,000	\$1,810,000	\$9,710,00

In light of the delay in the grant's announcement, a revised budget would be anticipated to reflect something closer to the following (although this will need to be confirmed as the planning process progresses) –

Summary Budget	FY 2018-19	FY 2019-20	FY 2020-21	FY 2020-21	Total
<b>Total project costs</b>	\$110,000	\$2,000,000	\$6,000,000	\$1,600,000	\$9,710,00

The grant proposal budget does include a healthy level of funding for contingencies (approximately \$2m) but did not appear to include "loose furnishings" (e.g. TV's, tables/seating, oval goal posts, kitchen equipment, etc). These will need to be scheduled as part of the building specification. Funding for these components might come from community user groups, the College, or additional grants, but it will be unknown until the eventual tenders for the entire project (of \$9.71m) are to hand, if the original budget will be able to accommodate that loose furnishings cost.

The Long Term Financial Plan (LTFP) includes provisions for income and expenditure projections for the period 2017 – 2028. By their very nature, projections are therefore fluid and subject to ongoing review and refinement. The LTFP includes Stages 1 and 2 of the Lower Chittering Sport & Recreation Facility (2020 – 2023). A total of almost \$4m in loans is anticipated over that period as the Shire's contribution. Whilst loan repayments for this sum are incorporated into the out-year financial schedules, the matter of what share of the total maintenance costs the Shire will need to bear needs to be agreed with the Immaculate Heart College and included as an ongoing expenditure item when the LTFP is next reviewed. This maintenance cost will be more accurately understood as we work through the agreements with the College and the building's structure is known. The LTFP also includes many other components, like the revenue rate collection projections for the yet to be constructed Muchea Industrial Park. The construction of Stage 2 of the Lower Chittering Sport & Recreation Facility might progress as planned, or might alternatively need to be pushed back (depending on for example, actual building construction and maintenance costs, and which year the Muchea Industrial Park rates income projections actually eventuate).

From a risk management perspective, the construction of a large community facility such as this is considered to be “medium/high” (in light of the potential funding complications and other impacts of external contractual arrangements). As a medium/high risk matter, the Shire should allocate an officer to be the dedicated Project Officer, so that a good level of monitoring and proactive actions can be achieved. A review of the Long Term Financial Plan should also occur within the next couple of years to more accurately reflect updated circumstances.

### **Strategic Implications**

#### Local

- Strategic Community Plan 2017-2027

Focus area: Our community

Objective: S1.1 An active and supportive community

Strategy: S1.1.1 Develop and enhance existing recreation and social facilities for local communities (recreational and sporting facilities to service the growing population in the Lower Chittering/Muchea area)

#### State

Nil

### **Site Inspection**

Not applicable

### **Triple Bottom Line Assessment**

#### Economic implications

The project yields a Benefit to Cost Ratio of 1.3, meaning that it is economically desirable and produces a net benefit.

#### Social implications

There will be positive social and health benefits associated with sporting and recreation facilities to service the growing population in Lower Chittering.

#### Environmental implications

Environmental implications (if any) will be dealt with as part of the planning and building approval process.

### **Officer Comment/Details**

As the project proponent and future asset owner, it is important to ensure that the Lower Chittering Sport & Recreation Facility is delivered in line with the grant commitment (including for example, within the agreed budget, scope and timeframe). One important step as part of that process is to keep engaged with relevant stakeholders. The establishment of a Project Advisory Group can assist the Chief Executive Officer and the Project Officer in that regard. The establishment of a Lower Chittering Sport & Recreation Facility Project Advisory Group was outlined in the grant application as a desired stakeholder engagement mechanism and could be formulated on the following Terms of Reference:

#### **OBJECTIVES**

The Advisory Group is to contribute to the task of overseeing the Lower Chittering Sport & Recreation Facility project and to where required, make recommendations to the Chief Executive Officer and/or Council as per the Roles and Responsibilities outlined below.

#### **ROLES AND RESPONSIBILITIES**

The Group is to make recommendations to the Chief Executive Officer and/or Council on:

- a) development of a *Communication Plan* to guide how the Shire should share information and seek input from stakeholders and community;
- b) Updated designs and reports regarding estimated cost, risk, and deliverables;
- c) The register of design changes, including impact to cost / size / scope;
- d) Final documented designs before presentation to Council for endorsement;
- e) Wherever timeliness allows, major variations (over \$100,000 in cost, or exceed total budget, or change in scope that affects functionality or purpose of area) for recommendation to the Chief Executive Officer/Council;
- f) An *Agreement of Operational Use and Costs Responsibility* for the various Stakeholder Groups and for the various parts of the Facility; and
- g) The development of a *Facility Programming Framework* outlining how the various users will utilise the Facility.

#### **MEETINGS**

Membership of the Reference Group to be:

- o Two Elected Members of the Shire of Chittering (one of whom is to be the Presiding Person);
- o One representative from the Immaculate Heart College;
- o Three community/sporting club members.

**Note** - Other individuals may attend meetings as guests/observers, with the prior approval of the Presiding Person.

#### **DELEGATED AUTHORITY**

The Group has no delegated authority, but may make recommendations to the Chief Executive Officer and/or Council on matters outlined in the Roles and Responsibilities (above).

#### **ORGANISATIONAL SUPPORT**

The Project Officer will facilitate the Group and attend meetings to provide administrative support and advice.

#### **TERM**

The term of membership for committee members is to coincide at the latter of the next biennial Local Government Councillor Elections or the completion of the Facility, whichever is the earlier. Elected Members may be re-appointed following the Councillor Elections.

**FREQUENCY MEETINGS**

To be held as required.

Whilst the grant has been announced, the Shire and the Federal Government need to formalise the agreement with a contract. This is a standard procedure for all Building Better Regions Fund grant.

This is a very large project for the Shire to manage and a dedicated (albeit part time) project officer is warranted. Such an officer would do things (in addition to the responsibilities outlined in the grant application) like coordinate the tenders required for Architects and Builders; undertake the assessment of tenders and draft agenda items to Council; facilitate and coordinate the Lower Chittering Sport & Recreation Facility Reference Group meetings; manage the grant governance procedures and report the federal government accordingly; monitor, control, and manage the financial transactions; liaise with stakeholders; and oversee the physical construction of the Facility; amongst others.

A draft Timeline for delivery on the Lower Chittering Sport & Recreation Facility is outlined below:

Task	Date
Media Release advising of Grant	March 2019
Council Resolution to commence planning and design for the Lower Chittering Recreation Centre	March 2019
Establishment of Lower Chittering Recreation Centre Reference Group	April 2019
Finalise Contractual Documentation for BBRF Grant	April 2019
Finalise financial contribution from Immaculate Heart College	April 2019
Development of Architects tender documents	April 2019
Architects Tender Release (pre authorise with March Council Resolution)	April 2019
Architects Tender Closing	May/June 2019
Architects Tender submissions and evaluation documentation provided to Tender Evaluation Panel	June 2019
Establish Loan facility from Treasury	June 2019
Evaluation panel consensus meeting to discuss tender submissions	July 2019
Complete Tender Report for July Council Meeting	July 2019
Architects Tender Awarded by Council	July 2019
Finalise budget allocation (for 2019/20 and 2020/21) from the Shire of Chittering	August 2019
Architect to liaise with stakeholders and regularly report to Reference Group	August – September 2019
Architect to Finalise Plans/Specifications for calling of Recreation Centre Tender	October/November 2019
Council to Endorse Final Plans and authorise calling of Building Tenders	November 2019
Building Tender Released	November 2019
Building Tender Closing (noting extended period due to Christmas/New Year building close-down)	February 2020

Task	Date
Building Tender submissions and evaluation documentation provided to Tender Evaluation Panel	February 2020
Evaluation panel consensus meeting to discuss tender submissions	February 2020
Evaluation Report presented to Council for decision	March 2020
Building Tender Awarded by Council	March 2020
Building Contract Prepared and Signed	April 2020
Building Licence Application	April 2020
Anticipated Building Licence Approvals	May 2020
Possession of Site	May 2020
Contractor to commence procurement, mobilisation to site	May 2020
Construction Commencement	May 2020
Completion and Handover (14 months)	July 2021*
Official Opening Ceremony	September 2021
Defects Liability Period	July 2022

\*Note: the grant conditions require that the building be completed prior to 31 December 2021.

#### OFFICER RECOMMENDATION

Moved Cr Gibson / Seconded Cr King

That Council:

- Note the receipt of the \$4.71 Building Better Regions Fund grant for the Lower Chittering Sport & Recreation Facility – Stage 1 Project;
- Express its gratitude to all contributors to the Building Better Regions Fund grant application process;
- Establish a Lower Chittering Sport & Recreation Facility Reference Group based on the Terms of Reference outlined in this report;
- Appoint Councillors \_\_\_\_\_ and \_\_\_\_\_ to the Reference Group;
- Authorise the Chief Executive Officer to make the necessary arrangements to accept the \$4.71 Building Better Regions Fund grant, and (if required) authorises as per Administration Policy 1.5 Execution of Documents, in regard to the processing of this grant receipt contract, the Shire President and the Chief Executive Officer, or their deputies, to place the Shire's Common Seal upon and to sign all relevant documentation;
- Notes that Lower Chittering Sport & Recreation Facility grant application incorporated a budget and grant application risk mitigation obligation to appoint a dedicated project officer to coordinate and control the program, and notes that the Chief Executive Officer intends if possible, to provide that service via an in-house staff resource;

7. Authorise the Chief Executive Officer to call for tenders for Architectural Services for the Lower Chittering Sport & Recreation Facility. The Architectural Services scope of work to be for the 'full design developed and specification documentation', in order that tenders for the facility's construction can then follow;
8. Note the draft Timeline of events as a guide to the Facility's construction;
9. Commits to providing its \$3m funding towards the project as part of the 2019-20; 2020-21; and 2021-22 financial year budgets;
10. Authorise the Chief Executive Officer to finalise an agreement with Immaculate Heart College for its \$2m contribution, including investigating the potential of a \$2m Self Supporting Loan facility if that is the preferred option of the College;
11. Authorises the Chief Executive Officer to commence the process of securing a (up to) \$5m loan facility from WA Treasury (for a \$3m Shire loan, and a potential \$2m Immaculate Heart College self-supporting loan);
12. Notes that the estimated timing for Stage 2 of the Facility might be affected by Stage 1 costs or broader Shire revenue/expenditure adjustments, and therefore this timing issue will be re-assessed as part of the next review of the Long Term Financial Plan; and
13. Confirms that the current concept plans be used as a guide for the Lower Chittering Sport & Recreation Facility, however that a component of the Architect's brief be to confirmed through a condensed community consultation process, that this design best suits the majority of anticipated stakeholders and users.

**MOTION / COUNCIL RESOLUTION 240319**

Moved Cr King / Seconded Cr Gibson

That Council suspend *Local Government (Council Meetings) Local Law 2014, Clause 8.8 (Speaking Twice) of Part 8 – Conduct of Members* to allow for free and open debate.

THE MOTION WAS PUT AND DECLARED CARRIED 6/0

9:12PM

**MOTION / COUNCIL RESOLUTION 250319**

Moved Cr King / Seconded Cr Gibson

That Council resume the meeting in accordance with *Local Government (Council Meetings) Local Law 2014, Clause 8.8 (Speaking Twice) Part 8 – Conduct of Members*.

THE MOTION WAS PUT AND DECLARED CARRIED 6/0

9:47PM

#### VARIATION

With the agreement of the Mover and Seconded the following items be amended:

1. #4 be amended to read: *Appoint Councillors George Tilbury and Carmel Ross to the Reference Group (with Cr Aaron King as a Proxy Member).*
2. #10 be amended to read: *Authorise the Chief Executive Officer to seek an agreement with Immaculate Heart College for its \$2m contribution for Council's consideration.*
3. #11 be amended to read: *Authorise the Chief Executive Officer to commence the process of securing a (up to) \$3m loan facility from WA Treasury.*

*Reason:* It was believed that the Immaculate Heart College should either source its own \$2m of contributory funding, or alternatively, provide a suitable level of security if it wished to secure a Self-Supporting Loan through the Shire. In the interim, the Shire only pursue a \$2m loan facility.

#### 9.4.3 MOTION / COUNCIL RESOLUTION 260319

Moved Cr Gibson / Seconded Cr King

That Council:

1. Note the receipt of the \$4.71 Building Better Regions Fund grant for the Lower Chittering Sport & Recreation Facility – Stage 1 Project;
2. Express its gratitude to all contributors to the Building Better Regions Fund grant application process;
3. Establish a Lower Chittering Sport & Recreation Facility Reference Group based on the Terms of Reference outlined in this report;
4. Appoint Councillors George Tilbury and Carmel Ross to the Reference Group (with Cr Aaron King as Proxy Member);
5. Authorise the Chief Executive Officer to make the necessary arrangements to accept the \$4.71m Building Better Regions Fund grant, and (if required) authorises as per *Administration Policy 1.5 Execution of Documents*, in regard to the processing of this grant receipt contract, the Shire President and the Chief Executive Officer, or their deputies, to place the Shire's Common Seal upon and to sign all relevant documentation;
6. Notes that Lower Chittering Sport & Recreation Facility grant application incorporated a budget and grant application risk mitigation obligation to appoint a dedicated project officer to coordinate and control the program, and notes that the Chief Executive Officer intends if possible, to provide that service via an in-house staff resource;
7. Authorise the Chief Executive Officer to call for tenders for Architectural Services for the Lower Chittering Sport & Recreation Facility. The Architectural Services scope of work to be for the 'full design developed and specification documentation', in order that tenders for the facility's construction can then follow;

8. Note the draft Timeline of events as a guide to the Facility's construction;
9. Commits to providing its \$3m funding towards the project as part of the 2019-20; 2020-21; and 2021-22 financial year budgets;
10. Authorise the Chief Executive Officer to seek an agreement with Immaculate Heart College for its \$2m contribution for Council's consideration;
11. Authorises the Chief Executive Officer to commence the process of securing a (up to) \$3m loan facility from WA Treasury;
12. Notes that the estimated timing for Stage 2 of the Facility might be affected by Stage 1 costs or broader Shire revenue/expenditure adjustments, and therefore this timing issue will be re-assessed as part of the next review of the Long Term Financial Plan; and
13. Confirms that the current concept plans be used as a guide for the Lower Chittering Sport & Recreation Facility, however that a component of the Architect's brief be to confirmed through a condensed community consultation process, that this design best suits the majority of anticipated stakeholders and users.

THE MOTION WAS PUT AND DECLARED CARRIED 6/0

9:49PM