

Major Land Transaction Business Plan

Proposed Construction and Use
of the Muchea Multi-Purpose
Community Centre
(incorporating Clubroom &
Changerooms)

Matthew Gilfellow - Chief Executive Officer
SHIRE OF CHITTERING

CONTENTS

1. Executive Summary	2
2. Business Plan Objectives	3
3. Major Land Transaction Overview	3
3.1 Background	3
3.2 Site Description	4
3.3 Program	4
3.4 Concept Design Information	5
4. Considerations	6
5. Legislative Requirements.....	6
6. Assessment of Major Land Transaction	7
6.1 Effect on the Provision of Facilities and Services by the Shire	7
6.2 Effect on Other Persons Providing Facilities and Services in the Region	8
6.3 Expected Financial Effect on the Shire of Chittering.....	8
6.4 Effects on Matters Referred to in the Plan for the Future.....	9
6.5 Ability of the Shire to Manage the Undertaking.....	10
7. Business Plan Advertising and Submissions.....	11

1. EXECUTIVE SUMMARY

While the requirement to extend and upgrade the Muchea Clubrooms and Changerooms was included within Council's strategic plans, a proposal to build a new Clubroom and Changeroom Facility was first considered by Council in June 2019. This proposal was given in-principle support along with in-principle financial support to proceed with the development of a CSRFF grant application.

At the September 2019 Council Meeting, Council committed to providing \$650,000 of funding for the project, acknowledging that Council's contribution may require other projects to be deferred and/or scaled back and/or rates to be increased, and that the increase in operating costs for the facility would be funded through rate revenue. Council also decided to investigate a no interest- or deferred interest loan in the event that the clubs could not fundraise the entirety of their \$450,000 contribution.

This development will see the construction of a new Multi-Purpose Community Centre, incorporating new Clubrooms and Changerooms. This will replace the current Muchea Hall, which will be demolished at the completion of the construction of the new facility.

The Muchea Multi-Purpose Community Centre is expected to cost \$2.7m and the capital cost is to be met by the following allocations:

- Department of Local Government, Sports and Communities: Community Sport and Recreation Facility Fund \$300,000;
- Muchea Hall User Group \$548,247;
- Shire of Chittering \$1,878,251.

Until the building is operational, actual costs will not be known. An assessment of operating expenditure has, however, been undertaken using a range of methodologies. The estimated Net Operating Result is outlined below:

	FY 20/21 Budget	FY 21/22 Budget	FY 22/23 Budget	FY 23/24 Budget	FY 24/25 Budget	FY 25/26 Budget
Net Operating Result	-\$92,556	-\$95,333	-\$234,643	-\$241,682	-\$248,933	-\$256,401

The net operating cost does not include any loan repayment costs. The shire is able to access fixed rate loans for a period of 20 years. At approximate current interest rates, repayments for a loan would be \$108,324.69 per year, inclusive of principal and interest.

Section 3.59 of the *Local Government Act 1995* requires that Council give state-wide and local public notice of the Major Land Transaction, inviting public submissions for a period of six weeks.

Submissions are to be addressed to:

Matthew Gilfellow

Chief Executive Officer

Shire of Chittering

6177 Great Northern Highway

PO Box 70 Bindoon WA 6502

chatter@chittering.wa.gov.au

2. BUSINESS PLAN OBJECTIVES

This business plan is designed to:

- a) Inform the residents of the Shire of Chittering of the proposal to undertake a 'Major Land Transaction' in respect to:
 - i. The proposed construction of the Muchea Clubroom and Changerooms; and
 - ii. The proposed use of that facility by sporting organisations, by the way of 'use rights', of portion of the proposed Facility.
- b) Provide the opportunity for the public to make submissions regarding the Business Plan; and
- c) Satisfy the requirements of Section 3.59 of the *Local Government Act 1995*.

3. MAJOR LAND TRANSACTION OVERVIEW

3.1 BACKGROUND

The requirement to extend and upgrade the Muchea Clubrooms and Changerooms was included within Council's strategic plans, with a proposal to build a new Clubroom and Changeroom Facility first being considered by Council in June 2019. This proposal was given in-principle support along with in-principle financial support to proceed with the development of a CSRFF grant application.

At the September 2019 Council Meeting, Council committed to providing \$650,000 of funding for the project acknowledging that: (1) Council's contribution may require other projects to be deferred and/or scaled back; and/or (2) rates to be increased; and (3) the increase in operating costs for the facility would be funded through rate revenue. Council also decided to investigate a no interest- or deferred interest loan in the event that the clubs could not fundraise the entirety of their \$450,000 contribution.

The Strategic Community Plan contained the following:

S3 OUR BUILT ENVIRONMENT

Section 3.1 Outcome: Development of Local Hubs

S3.1.1 Plan for new and enhanced community facilities.

The Corporate Business Plan 2017-2021 contained the following proposed initiatives:

Continued upgrade/enhancement of existing recreational facilities. This included \$98,000 for a pavilion & changerroom extension.

The facility will enhance the service delivery to the current sporting organisations. The changerooms are outdated and not suitable for the use by the junior clubs and female sporting teams. The Muchea Hall is nearing its End Of Life and will need to be replaced in the near future. By combining these

projects and building only one facility at the site, the replacement, maintenance and operating costs will be halved, resulting in significant long-term savings for the shire.

It is expected that the total project cost will be \$2.7 million, which comprises both the new facility and groundworks for the facility.

3.2 SITE DESCRIPTION

The land is described as R11260. The oval and surrounds were vested to the Shire of Chittering on 27th March 1957 for the purposes of “Agricultural Hall Site and Recreation Ground”.



3.3 PROGRAM

This development will see the construction of a new Multi-Purpose Community Centre. The new facility will encompass the following:

- A large main club room (16230 x 8860) with access to, and windows facing, the sports oval;
- A slightly larger social room (10200 x 15560) also with access to, and windows facing the sports oval;
- Commercial kitchen with servery to the outside of the clubhouse (under cover) and inside to the main club room;
- Full bar facilities with cool room storage and opening to the main club room and social room;
- Community amenities consisting of male and female toilets, including ambulant accessible facilities and two unisex accessible (disabled) toilets;
- Two changerooms specifically for the use of sporting clubs with each changeroom comprising;

- Two separate showers and accessible (disabled) toilets for umpires, one dedicated accessible (disabled) shower and toilet, two additional toilets and three showers, two vanity basins and hand dryer;
- Racks, benches and lockers for changing and storage of personal belongings;
- A treatment area for rubdowns, massages and strapping;
- Main foyer;
- Administration office;
- Storage areas.

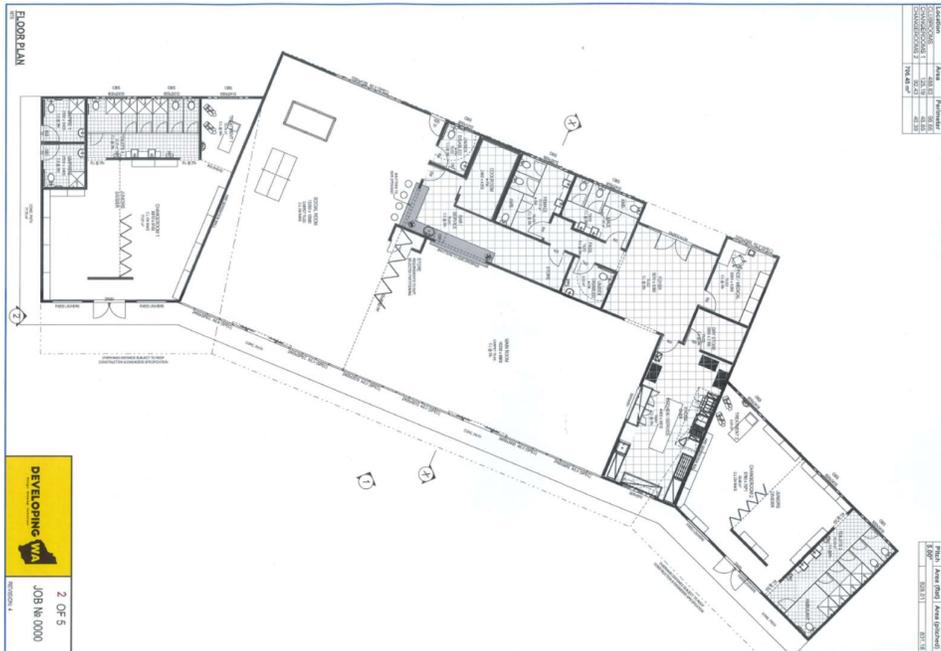
This current concept would see the facility being able to meet the current- and future needs of sporting groups, provide modern inclusive fit-outs which meet current building codes and cater for individual access needs of disabled and ambulant community members. It will also provide hygienic amenities with a layout that offers privacy, space and a safe environment for sports participants to shower and get changed.

The project will provide the shire with a modern infrastructure asset where the community can gather for large events and be proud to have visitors come to the area and enjoy the facilities and picturesque setting of Muchea.

3.4 CONCEPT DESIGN INFORMATION

The Concept Designs for the Muchea Multi-Purpose Community Centre are outlined below:





These designs are conceptual only. Final designs will be determined as part of further consultation and the Architects' input.

4. CONSIDERATIONS

The Muchea Multi-Purpose Community Centre has a building cost of approximately \$2.41m, but the estimated total finished cost is \$2.7. The capital cost is proposed to be met using the following contribution allocations:

Funding Source	Details
Community Sport and Recreation Facilities Fund Grant	\$300,000 (Grant)
Muchea Hall User Group	\$86,714 (Contributions) \$78,700 (Business Sponsorship) \$22,954 (Volunteer Labour) \$170,059 (Local Business Donated Materials) \$190,000 (Grants)
Shire of Chittering	\$1,878,251 (Loan)

5. LEGISLATIVE REQUIREMENTS

Section 3.59 of the *Local Government Act 1995* details the process governing 'Major Land Transactions'.

A 'Major Land Transaction' is defined by the Act and means a land transaction (other than an exempt land transaction) if the total value of -

- a) The consideration under the transaction; and
 - b) Anything done by the local government for achieving the purpose of the transaction,
- Is more, or is worth more, than the amount prescribed for the purposes of this definition.

For the Shire of Chittering, that means a transaction worth more than 10% of the operating expenditure of the local government, or \$2 million, whichever is lesser. In Chittering's case, the 10% rule applies and so the relevant sum is approximately \$1.12m.

A land transaction is an exempt land transaction for the purposes of Section 3.59 of the Act if the local government enters into it -

- a) Without intending to produce profit to itself; and
- b) Without intending that another person will be sold, or given joint or exclusive use of, all or any of the land involved in the transaction.

The construction of the Muchea Multi-Purpose Community Centre might otherwise be an exempt land transaction, but for the fact that there is an intention to enter into 'use rights' with the Chittering Broncos Junior Football Club, Muchea Netball Club, Muchea Senior Cricket Club and Muchea Junior Cricket Club.

Before entering into a 'Major Land Transaction', the shire is required to prepare a Business Plan that includes an overall assessment of the land transaction including:

- Its expected effect on the provision of facilities and services by the local government; and
- Its expected effect on other persons providing facilities and services in the district; and
- Its expected financial effect on the local government; and
- Its expected effect on matters referred to in the local government's current plan prepared under section 5.56; and
- The ability of the local government to manage the undertaking or the performance of the transaction; and any other matter prescribed for the purposes of this subsection.

The Business Plan has been written so as to comply with the requirements of Section 3.59 "Commercial Enterprises by Local Governments" of the *Local Government Act 1995* and the *Local Government (Functions and General) Regulations 1996* and to provide members of the public with sufficient information so as to make an informed submission in respect to this proposal.

6. ASSESSMENT OF MAJOR LAND TRANSACTION

6.1 EFFECT ON THE PROVISION OF FACILITIES AND SERVICES BY THE SHIRE

This facility will enhance the service delivery options and capacity for sport, recreation and culture within the Shire of Chittering. The development of a new Multi-Purpose Community Centre will better meet the needs of the local sporting and Community Groups in Muchea. The standard of facility will meet the necessary standards for the growing female- and junior teams, a standard that is not currently available.

The new facility will enable the hosting of sporting meets and events, and cater for larger groups of visitors, which will bring economic benefits to the region. Modern facilities with adequate toilets, commercial kitchen and bar facilities will provide enticement to the community to hold gatherings of a larger scale at the venue, thus maximising usage.

6.2 EFFECT ON OTHER PERSONS PROVIDING FACILITIES AND SERVICES IN THE REGION

There are no known private providers of other facilities in the shire. Other similar facilities are provided by the shire, however these facilities do not host the same number of sporting organisations at their grounds.

6.3 EXPECTED FINANCIAL EFFECT ON THE SHIRE OF CHITTERING

The Muchea Multi-Purpose Community Centre is expected to cost \$2.7m and the capital cost is to be met using the following contribution allocations.

Funding Source	Details
Community Sport and Recreation Facilities Fund Grant	\$300,000 (Grant)
Muchea Hall User Group	\$86,714 (Contributions) \$78,700 (Business Sponsorship) \$22,954 (Volunteer Labour) \$170,059 (Local Business Donated Materials) \$190,000 (Grants)
Shire of Chittering	\$1,878,251 (Loan)

Until the building is operational, actual costs will not be known, however an assessment of operating expenditure has been undertaken using a range of methodologies. These cost estimates are outlined below:

Operating Budget	FY 20/21 Budget	FY 21/22 Budget	FY 22/23 Budget	FY 23/24 Budget	FY 24/25 Budget	FY 25/26 Budget
Operating Costs						
Operations for Existing Hall	12,160	12,525				
Maintenance for Existing Hall	25,136	25,890				
Operations & Maintenance for Oval	60,260	62,068	63,930	65,848	67,823	69,858

Operations for new Multi-Purpose Community Centre			81,239	83,676	86,186	88,772
Maintenance for new Multi-Purpose Community Centre			40,619	41,838	43,093	44,386
Asset Renewal for new Multi-Purpose Community Centre			54,159	55,784	57,458	59,181
Total Operating Costs	97,556	100,483	239,947	247,146	254,560	262,197
Operating Revenue						
Annual Club Fees	4,500	4,635	4,774	4,917	5,065	5,217
Casual Hire Income	500	515	530	546	563	580
Total Operating Revenue	5,000	5,150	5,305	5,464	5,628	5,796
Net Operating Result	- 92,556	- 95,333	- 234,643	- 241,682	- 248,933	- 256,401

The net operating cost does not include any loan repayment costs. The shire is able to access fixed rate loans for a period of 20 years. At approximate current interest rates, repayments for a loan would be \$108,324.69 per year, inclusive of principal and interest.

6.4 EFFECTS ON MATTERS REFERRED TO IN THE PLAN FOR THE FUTURE

The proposed development accords with the vision and aspirations of the community and the strategies of the Shire of Chittering's plans for the future. The project is incorporated in the Shire's strategic planning documents, as follows:

The Strategic Community Plan contained the following:

S3 OUR BUILT ENVIRONMENT

Section 3.1 Outcome: Development of Local Hubs

S3.1.1 Plan for new and enhanced community facilities.

The Corporate Business Plan 2017-2021 contained the following proposed initiatives:

Continued upgrade/enhancement of existing recreational facilities. This included \$98,000 for a pavilion & changeroom extension.

The development of this facility will achieve the implementation of a key element of these plans.

6.5 ABILITY OF THE SHIRE TO MANAGE THE UNDERTAKING

The Shire has considerable experience with managing grant funding projects, ranging from \$1,000 to more than \$2 million. Recent examples include \$438,581 under Lotterywest's Community Spaces grant for the Bindoon Town Hall Restoration Project (total cost of \$640,000); \$1,345,000 under the Department of Infrastructure and Regional Development's Regional Development Australia Fund (Round 3) for the Chittering Health Centre (total cost of \$1.9million); and \$53,000 under the WA Local Government Association's Age Friendly Communities grant for Clune Park and Muchea Hall/Oval Car Park Upgrade (totaling \$134,921).

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 the project, make decisions and direct the Project Manager regarding issues and problems with the project, and review project status reports.

An existing Shire Officer has been allocated as the Shire's Project Manager, to oversee the implementation of this construction project. The Project Manager has formal building qualifications and is an experienced building- and project supervisor. This officer 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.

The Muchea Hall User Group is an established group that has been working with the shire for a period of time to assist in managing the current Muchea Hall Facility. This group is comprised of representatives of the various clubs and user groups of the facility and will continue to act as a reference group during the development of the project.

7. BUSINESS PLAN ADVERTISING AND SUBMISSIONS

Section 3.59 of the *Local Government Act 1995* requires that Council give state-wide and local public notice of the Major Land Transaction, inviting public submissions for a period of six weeks.

A notice advertising this Business Plan and seeking public submissions in respect to its content will be placed in *The West Australian* newspaper on 7 April 2021 and the Northern Valley News (district newspaper) on 8 April 2021. This Notice and Business Plan will also be available to view at www.chittering.wa.gov.au

A copy of this Business Plan may also be inspected or obtained from the Shire of Chittering Administration Centre at 6177 Great Northern Highway, Bindoon.

Submissions in respect to this Business Plan are to be made in writing to the Chief Executive Officer and received no later than 9:00am, Wednesday 19 May 2021.

Submissions are to be addressed to:

Matthew Gilfellon

Chief Executive Officer

Shire of Chittering

6177 Great Northern Highway

PO Box 70 Bindoon WA 6502

chatter@chittering.wa.gov.au