

4.9 Administrative Centre Air Conditioning and Roof - Update

Further information on that impact is outlined in the two reports located elsewhere in this agenda regarding the recurrent and non-recurrent community infrastructure works.

RECOMMENDATIONS

1. The Council confirms the following funding mix for replacement of the Administrative Centre air-conditioning and roof, with this information to be included in the draft 2016/17 Delivery Program and Operational Plan.

Year	2016/17	2017/18	Totals
Stages	1 and 2	3 and 4	
Cost	1,040,000	590,000	1,630,000
Funds Currently Available	482,500	13,500	496,000
Water Operations	76,000	83,000	159,000
Wastewater Operations	114,000	124,000	238,000
Waste Operations	35,000	35,000	68,000
Community Infrastructure Recurrent Funding (depot and community buildings)	50,000	50,000	100,000
Community Infrastructure Reserve	84,500	84,500	169,000
Landfill and Resource Management Reserve	200,000	200,000	400,000

2. This allocation is based on the assumption that the works will be completed as per the following program.

Stage	Available Time Period	Calendar Year	Financial Year
One	September – October	2017	2016/17
Two	March – April	2018	2016/17
Three	September – October	2018	2017/18
Four	March - April	2019	2017/18

Attachment(s)

Nil

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Delivery Program Governance and Finance

Objective To determine how Council wishes to progress the construction of Building B.

Background

The construction of the new Ballina Surf Club has seen the completion of the main building, the realignment of Compton Drive and the opening of the new car park. The major item still to be completed is referred to as Building B, being the storage shed.

The report that follows provides options for the construction of this building, an update on the funding of the project, along with any other outstanding matters relating to the finalisation of the project.

Key Issues

- Building B options
- Funding

Information

The last major update Council received on the status of this project was in June 2013 where Council resolved as follows:

1. *That in respect to the occupation of the Ballina Surf Club building, Council approves the offer of a 20 year sub-licence to the Ballina Lighthouse and Lismore Surf Lifesaving Club, based on the standard terms and conditions as outlined within this report. Council approves the attaching of the Council seal to this sub-licence.*
2. *That Council confirms, subject to further discussion, that this sub-licence agreement will entitle the Ballina Lighthouse and Lismore Surf Lifesaving Club to use of the upstairs function / meetings rooms without paying a hire charge (other costs such as cleaning still applicable) based on one week night per month (Monday to Thursday) and three nights per annum (Friday or Saturday) for presentations etc.*
3. *That Council notes the occupation of the café and kiosk will be the subject of a further report once the expressions of interest process closes.*
4. *That Council notes the contents of the current status of the budget for the Ballina Surf Club building.*
5. *That Council gives in-principle support to the kiosk rental being directed to the Ballina Lighthouse and Lismore Surf Club with this matter to be resolved once Council assesses the expressions of interest for the café and kiosk.*

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Since that date Council has issued the lease for the kiosk and café with both facilities having now operated since late December 2013. The Ballina Lighthouse and Lismore Surf Lifesaving Club (BLLSLSC) has also occupied the facility since December 2013, albeit that they have not signed the licence forwarded to them by Council. This issue is dealt with later in this report.

In respect to the budget the most recent update on that component of the project was reported to the Commercial Services meeting on 15 October 2013 where Council endorsed the following budget information.

Table One - Budget Update – October 2013 (\$)

Description	Expended October 2013	Remaining Expenditure	Updated Budget
Main Building			
Building Contract	3,534,500	3,000	3,537,500
Sub Total	3,534,500	3,000	3,537,500
Consultant's Fees			
Acoustics – CRG	3,500	2,700	6,200
Architect – Archimages	184,100	5,900	190,000
Electrical / Mechanical Engineering – MDA	64,900	5,100	70,000
Engineering and Project Mgmt – Ardill Payne	302,000	8,000	310,000
Geotechnical – Shaw Urquhart	15,000	0	15,000
Planning – Newton Denny Chapelle	29,400	5,600	35,000
Quantity Surveyor – Turner Townsend	4,000	0	4,000
Other Specialist Sub Consultants	26,100	0	26,100
Sub Total	629,000	27,300	656,300
Other Costs			
Council / DPI Fees	398,600	6,400	405,000
Council Field Staff	34,800	5,200	40,000
Credit on Council Section 94 Contributions	0	(124,000)	(124,000)
Crane Hire	12,000	0	12,000
Legal Fees – Allens	78,200	0	78,200
Security, Elect Equip / Furn – CAV and Ors	42,900	21,100	64,000
Signage – Armsign	12,500	0	12,500
Other Miscellaneous Costs	102,900	7,100	110,000
Sub Total	681,900	(84,200)	597,700
Total – Main Building	4,845,400	(53,900)	4,791,500
Other Infrastructure Works			
Storage Shed – Revised Estimate	0	500,000	500,000
Car Park and Pathway – Revised Estimate	10,200	389,800	400,000
Compton Drive	155,000	595,000	750,000
Electrical - Temp Low Voltage Connection	0	11,500	11,500
Electrical Substation	0	100,000	100,000
Land Acquisition – 4,000 sq metres @ \$10	0	40,000	40,000
Stairs from Shared Pathway to front	0	50,000	50,000
Contingency	0	57,000	57,000
Sub Total	165,200	1,743,300	1,908,500
Total Project	5,010,600	1,689,400	6,700,000

The car park, pathway and Compton Drive works have since been completed which leaves the major works outstanding as the construction of Building B.

The information that follows provides an overview of the status of this project, along with updates on all other outstanding matters.

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Building B - Options

In respect to the construction of Building B, three proposals have been put forward, being:

- Option One - Two storey storage shed with gym included
- Option Two - One storey storage shed with gym included
- Option Three - Storage shed as originally envisaged without gym

The reason why the gym has been included in options one and two is that Councillors have expressed an interest in retaining room three in the main surf club building (located on the first floor at the western end of the building), as a meeting / function room. As this is the area where a gym was originally located it will be necessary to relocate the gym space to Building B to ensure that the BLLSLSC receive the facilities originally proposed.

Meeting room three has not been hired to date due to uncertainty over its future, plus it was also being used on an interim basis for storage. Council's Community Facilities Team has been advised to offer the room for hire in the short term to generate revenues, as and when opportunities arise.

The original planning consent and design for Building B was based on an area of approximately 384 square metres to store boats, life saving equipment etc.

Following Councillor feedback in respect to the relocation of the gym, basic concept plans have been drawn up for options one and two, with these plans included as the first two attachments to this report. A Quantity Surveyor's (QS) report was then prepared and a copy of that report is included as the third attachment. Table two provides a summary of the QS report, along with an estimated cost for option three (the original plan) based on the application of the standard square metre rates applied in options one and two.

Table Two – Building B Options

Description	Option 1 (\$) Two Storey with Gym	Option 2 (\$) One Storey with Gym	Option 3 (\$) One Storey without Gym
Building Area – square metres	630	643	392
Add bin enclosure	included	included	32
Total Area	630	643	424
QS construction rate per square metre	763	743	Say 750
Estimate	480,000	478,000	318,000
Add approximate area of change rooms	15	15	15
Construction rate per square metre	750	750	750
Indicative cost estimate for change rooms	12,000	12,000	12,000
Indicative cost for passenger lift	15,000	0	0
Estimate including Change Rooms	507,000	490,000	330,000

Points of note in respect to these figures include:

- A basic design for option three is included as attachment four, albeit that the gym is included. Once the gym is removed, the floor space is 392 square metres. This is largely consistent with the original planning consent (i.e. 384 square metres).

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- Archimages Architecture, being the firm who designed the main building, has expressed some concerns that the increased floor space of the storage shed with the gym included may impact on the visual amenity of this location, along with there being ground space limitations, therefore their preference is to provide a two storey facility as per option one.
- A bin enclosure is included in the estimates for all three options. This was not included in the original plan however based on the actual operation of the café, additional enclosure space is now needed for two industrial bins and for four to ten glass bins for the cafe to cover bottles used as part of their liquor license. There is also a need for two to four extra bins for the function rooms. Currently there is no space or area to store extra bins that is not unsightly, and / or does not create issues of public use, where exclusive use is needed.
- Table two includes an allowance for additional space for change rooms in all three options. The need for these facilities has been raised by some residents and it is a matter for Council to determine whether it wishes to include basic change rooms as an extension to Building B.
- The estimates in table two exclude professional fees, development application and construction certificate fees, additional Council developer contributions, service connections etc.
- A Section 96 Application to amend the original consent (DA 2011/541) will be required if the gym is relocated to Building B due to its increase in size, with developer contributions most likely applicable, albeit that Council has the ability to waive contributions for community facilities.
- The building areas are based on feedback from the BLLSLSC. The BLLSLSC has now provided a more detailed concept plan for their preferred layout for Building B and that plan is included as attachment five. The total floor area in that design is 635 square metres. This plan has not been separately costed and the QS square metre rate could potentially increase due to the variety of services proposed in this latest design.
- The BLLSLSC's plan also proposes that the building be designed to accommodate a second level at some stage in the future. This will result in additional costs for footings, framing etc.
- The BLLSLSC recognise that this building will cost more and they have verbally advised that they are prepared to pay for any amount relating to the construction cost of this building, above \$600,000; i.e. if the building costs more than \$600,000 they will pay the extra. If Council supported this proposal the details of what is included in the construction cost would need to be clearly documented before any tender was accepted to ensure that there were no disputes at the end of the project.
- The BLLSLSC has also expressed concern that the QS construction rates of approximately \$750 per square metre may be on the low side and if this is correct it could result in a further increase in cost.

With all of this information available, it is important to have an understanding of the latest situation with respect to the total budget. That information is outlined in the following table.

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Table Three - Budget Update – June 2014 (\$)

Description	Estimate Oct 2013	Expended to Date	Remaining Expend	Estimate June 2014
Main Building				
Building Contract	3,537,500	3,532,300	0	3,532,300
Additional Works	0	16,800	0	16,800
Sub Total	3,537,500	3,549,100	0	3,549,100
Consultant's Fees				
Acoustics – CRG	6,200	6,200	0	6,200
Architect – Archimages	190,000	191,100	0	191,100
Electrical / Mechanical Engineering – MDA	70,000	71,100	0	71,100
Engineering and Project Mgmt – Ardill Payne	310,000	309,300	0	309,300
Geotechnical – Shaw Urquhart	15,000	15,000	0	15,000
Planning – Newton Denny Chapelle	35,000	40,300	0	40,300
Quantity Surveyor – Turner Townsend	4,000	8,000	0	8,000
Other Specialist Sub Consultants	26,100	14,800	0	14,800
Sub Total	656,300	655,800	0	655,800
Other Costs				
Asphalt and Line Marking	0	16,100	0	16,100
Bike Racks	0	5,600	0	5,600
Council / DPI Fees	281,000	274,200	0	274,200
Council Field Staff	40,000	46,100	0	46,100
Crane Hire – Aboods and Universal	12,000	13,400	0	13,400
Legal Fees – Allens	78,200	80,600	0	80,600
Security, Elect Equip / Furn – CAV and Ors	64,000	68,700	0	68,700
Signage – Armsign	12,500	12,500	0	12,500
Other Miscellaneous Costs	110,000	83,500	0	83,500
Sub Total	597,700	600,700	0	600,700
Total – Main Building	4,791,500	4,805,600	0	4,805,600
Other Infrastructure Works				
Storage Shed - Construction	500,000	0	500,000	500,000
Storage Shed - Fees and Charges (10%)	0	0	50,000	50,000
Car Park and Pathway	400,000	408,200	0	408,200
Compton Drive	750,000	789,900	0	789,900
Electrical - Temp Connection plus Generator	11,500	65,500	30,000	95,500
Electrical Substation	100,000	84,700	36,300	121,000
Under Bore	0	23,300	0	23,300
Land Acquisition – 4,000 sq metres @ \$10	40,000	0	40,000	40,000
Stairs from Shared Pathway to front	50,000	0	50,000	50,000
Showers	0	0	15,000	15,000
Contingency (5%)	57,000	0	41,500	41,500
Sub Total	1,908,500	1,371,600	762,800	2,134,400
Total Project	6,700,000	6,177,200	772,800	6,940,000

The column titled Estimate October 2013 represents the budget review reported to Council in October 2013 whereas the Estimate June 2014 column represents the latest budget based on expenditure to date (6 June 2014), along with any remaining expenditure. The final column represents an increase of \$240,000 over the current budget provisions (i.e. \$6,940,000 less \$6,700,000).

The reasons for this variance are:

1. Main Building – This item is fairly close to budget with actual expenditure \$14,100 over budget. The major reason for this variance is the \$16,800 expended on additional works on the main building.

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These works were undertaken by Goldsmiths Pty. Ltd. and involved the creation of a dry store area to support the operations of the Lighthouse Beach Café, the installation of a kitchenette space comprised of a large bench with storage cupboards and a double sink, as well as space for a large fridge. This combination has allowed for function room customers to be able to self cater their meetings and events with a preparation space and ability to wash up and clean for themselves that was not present before. This has vastly improved the value of the spaces for hire to the community. There were also modifications to some of the adjoining storage space to maintain a similar amount of storage for function furniture. The works were considered essential to improve the functionality of the building. The café lessee made a small cash contribution to aspects of this work that related to their café operations.

2. Building B - The revised estimate includes \$550,000 for Building B, inclusive of \$50,000 for fees and charges, whereas previously Council had provided a total budget of \$500,000. This new estimate is largely consistent with the QS report, albeit that there are concerns that the QS estimate could be on the low side. There is also the proposal from the BLLSLSC where they are prepared to fund works over \$600,000. If the estimate for Building B was increased to a net cost of \$600,000 inclusive of fees and charges, the budget variation would increase by another \$50,000 to \$290,000.
3. Car Park and Compton Drive - These works are \$48,100 over budget based on final costs. This variation resulted from a number of reasons particularly for costs such as the installation of electrical conduits, excavation permits and associated documentation to obtain the relevant planning pre-construction conditions and monies expended on interim parking arrangements due to Building B still being in the planning phase.
4. Temporary Power Supply - The largest variation in table two is for the temporary power supply, which is \$105,000 over budget once the additional costs for the substation are included. This is the most disappointing aspect of this variation in that Council has been required to hire and fuel a generator since December 2013, while we await the provision of an electrical substation from Essential Energy. The delivery of this facility was originally anticipated in March / April 2014 with the expected date now July 2014.

This substation was ordered in December 2013 and the professional advice received was that the substation could not be ordered prior to that date due to uncertainties that existed over the final road realignment along with the need to finalise the NSW State Aboriginal Land Council claim over part of this area.

A member of Council's Civil Services Group was subsequently asked to review the processes involved in the ordering of that equipment and the advice forthcoming is that, in the opinion of the reviewer, the construction of the substation could have been ordered when the land claim was resolved in June 2013, thus significantly reducing the time needed to hire the generator. Based on this internal review an insurance claim has now been lodged with the firms managing this aspect of the project for Council.

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The preliminary amount included in that claim is \$80,000, with the final amount to be determined once costs are finalised. The likelihood of success of this claim is uncertain, albeit that Council's insurers and legal advisers are of the opinion that the amount is claimable, which is why the claim has proceeded.

5. Under Bore – This amount of \$23,300 was for placing electrical conduits directly impacted by the road works. The under bore was required in lieu of a standard trench because of the number of services that needed to be avoided.
6. Land Acquisition – Land Acquisition – The allowance of \$40,000 is a nominal figure only. The final cost of this land acquisition, which Council is required to acquire by compulsory acquisition for the Compton Drive realignment, will be based on a valuation as determined by the Valuer General.
7. Showers – An allowance of \$15,000 has been included for a second outside shower structure. Based on peak demand for the existing facility the provision of a second shower is a preferred outcome, albeit that this work is not essential.
8. Change Rooms – An allowance of \$12,000 has been included in the Building B estimates for change rooms. Again these facilities are desirable, but not essential.

Budget Strategies

There are a number of strategies available to address this budget variance.

1. Cancel Relocation of Gym – This will save from \$150,000 upwards. In favour of this option is that it is consistent with the original plan. Against this option are the benefits that this relocation brings to the overall operation of the facility.

Council's Manager – Community Facilities and Customer Service has provided the following comments in respect to these works:

- *There are obvious operational benefits to maintaining a clear separation of BLLSLSC and 'Council' areas.*
- *To enable security access for gym members into the upstairs space would create compromises to security with relation to the function rooms and café storage areas and it would be better to simply keep surf club members in their own clearly defined areas.*
- *Likewise, there would be the potential for general public/community facilities customers/café patrons to possibly access surf club areas. Anything to keep the different areas separate should be encouraged and engineered.*
- *The current gym space has received nothing but positive feedback from potential customers who have enquired after it over the last few months.*
- *The room is more discrete and private than the other two function rooms and has been highlighted as being very desirable for meetings, training, planning days, yoga etc – as opposed to the other two rooms which are perhaps more suited to the larger private functions.*

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- *The assessment of the room is that this room could well become the workhorse of the surf club as far as our operations go. Sustaining many bookings throughout the week and reducing ongoing wear and tear on the other rooms.*
- *Whilst the functions rooms are in the early days of operation, and usage continues to grow, it is hard to accurately project how long it will take to reach consistent regular bookings as per the other centres, however it is believed that this function room could easily bring in between \$500 - \$1,000 per/week once established. This is actually a fairly conservative figure with an expectation of only around five bookings per week (across a range of booking types) as the rates of hire are higher than those available at Lennox or Kentwell Community Centres. Over time this weekly income could possibly double, or more.*

Based on this information, the expenditure of \$150,000 plus appears to be justifiable, particularly on the revenues that can be generated to finance the overall operation of the building, subject to Council being in a position to fund the additional capital expenditure.

2. BLLSLSC Additional Contribution – The BLLSLSC has been invoiced approximately \$29,000 (ex GST) for additional works they requested as part of the project. This contribution has not yet been recognised in the budget and represents additional funding for the project. This invoice has not been paid to date.
3. Delete Stairs – The budget includes an allowance of \$50,000 for stairs connecting the front of the surf club to the existing pathway. These are non-essential works and should only be undertaken if Council is in a position to afford the works. The deletion or deferral of these works is recommended.
4. Engineering Works Contribution – Both Compton Drive and the car park were undertaken by Council's Engineering Works Section as part of their overall roads program. That program has a number of budget unders and overs and it is recommended that this variation of \$39,000 be funded from that program. This action is recommended.
5. Delete Showers – As mentioned this is a non essential item and the \$15,000 expenditure could be deleted or deferred. This action is recommended.
6. Savings from other Major Capital Works – Council has achieved a saving of \$20,000 from the construction of the new animal pound. This saving can be applied to this project. This action is recommended.
7. Reduce Contingency from 5% to 3% - As this project comes to a conclusion there should be less risks in respect to cost variations and with Building B expected to be a relatively straight forward construction project the contingency percentage could be reduced. A reduction to 3% of the remaining expenditure represents a saving of approximately \$22,000.
8. Delete Change Rooms – Councillors need to determine whether this type of facility is needed. An amount of \$12,000 could be saved by deleting these facilities. The public toilets are available for changing and the deletion of these works is recommended.

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The amount of \$12,000 is not actually identified in Table Three as it currently forms part of the Building B estimate. If the change rooms are included this means that there will be extra difficulties in trying to ensure Building B remains within the final estimate approved by Council.

9. Temporary Power Claim – As outlined earlier Council will be claiming costs from the specialist consultants who managed this aspect of the project and certain items such as the showers and stairs could be deferred until the outcome from this claim was known. If Council is successful the non-essential works could then proceed.

These budget strategies are summarized in the following table.

Table Four – Budget Options

Item	Saving (\$)
1. Leave Gym in Main Building	150,000
2. Additional Contribution – BLLSLSC	29,000
3. Delete Stairs	50,000
4. Contribution – Engineering Works	39,000
5. Delete Showers	15,000
6. Animal Pound Saving	20,000
7. Reduce contingency from 5% to 3%	22,000
8. Delete Change Rooms	12,000
9. Insurance Claim	80,000
Total	417,000

Items two to seven represent realistic options with those adjustments totalling \$175,000.

Item one (leave gym in main building) is dependent on Council's preferred outcome for Building B.

Item eight (change rooms) is actually not a saving to the current budget but an additional cost that Council can seek to avoid.

Item nine (insurance claim) is a claim only and there is no guarantee any funding will eventually result from that claim.

Based on the original variation of \$240,000, if items two to seven are supported, this still leaves a shortfall of \$65,000.

The only real option to finance this amount is to transfer funds from Council's Property Reserves. Funds from those reserves are largely committed however at the May 2014 Ordinary meeting Council resolved to sell land referred to as the Old Tintenbar Quarry.

The contract for the sale of this land has been signed and Council is expected to receive net proceeds of approximately \$75,000 after legal costs etc. Typically these funds would have been transferred to Council's Property Reserves however \$65,000 of those funds could be applied to this project as they have not yet been allocated in Council's budget.

The one other concern is that these budget adjustments may not be sufficient if the QS estimate for Building B is incorrect and the actual construction tender comes in above the current estimates. That figure is not quantifiable and represents an on-going risk to the project.

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BLLSLSC - Tenure

To date the BLLSLSC has not signed any occupation documentation and their latest position on this issue is included in their correspondence to Council dated 17 April 2014. A copy of that correspondence is included as the final attachment to this report.

The issues that arise from that correspondence include:

- Aboriginal Programs – A key condition that Council supported in our discussions with the NSW State Aboriginal Land Council to ensure that the Aboriginal Land Claim was removed from land where Compton Drive is now realigned was that the BLLSLSC would proactively pursue Aboriginal based programs. The MOU Council signed with the JALI Land Council to allow removal of the land claim includes the following clause to recognise this:

Council to encourage the participation of Aboriginal youth and the broader Aboriginal Community in the programs conducted by the Ballina Lighthouse and Lismore Surf Lifesaving Club by way of terms of lease of Lot 540 DP 729687, Lot 379 DP 755684, Lot 1 DP 758047 and Lot 7028 DP 10643158.

The timeframe in the MOU for this action states

Upon entering into of lease to the Ballina Lighthouse and Lismore Surf Lifesaving Club.

The BLLSLSC correspondence dated 17 April 2014 demonstrates little in the way of any pro-active steps being taken. Also the comments that it is unreasonable to attach social outcomes to property tenure are also disappointing.

It is a very simple process to include a clause or a schedule that states that the BLLSLSC will proactively pursue Aboriginal programs as part of their occupation of the building. For anyone to suggest this is unreasonable is in itself unreasonable and indicates that the other party is not acting constructively to resolve issues. The position of the BLLSLSC on this matter highlights the difficulties that Council continues to have with the Executive of the BLLSLSC to resolve outstanding matters.

- Licence – As mentioned the BLLSLSC has not signed any occupation documentation to date. Council has previously resolved to provide a licence to the BLLSLSC, with licence being the preferred option, as it allows Council access to the licenced area as and when required. This is Council's standard practice for community and volunteer based groups as the professionalism of these types of groups can wax and wane over time as members come and go.

The BLLSLSC continue to make the licence a major issue and it appears pointless to continue to ask BLLSLSC to sign a licence when they refuse to do so. This being the case Council could resolve to offer a lease for the area to then determine whether BLLSLSC will even sign that documentation.

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- Cash Contribution – A payment of \$200,000 has now been received from BLLSLSC with the \$100,000 outstanding. The earlier mentioned invoice of \$29,000 also remains unpaid.

The fact that the BLLSLSC is requesting that Council finish all facilities prior to making the final payment of \$100,000 also raises concerns as to what conditions they will attach to that payment.

For example if Council does not build their preferred design for Building B does this mean that the payment will not be forthcoming? This condition again reflects the approach taken by BLLSLSC. Council, on behalf of the community, has expended and committed in excess of \$4m in funding to this facility, which is in excess of the original funding proposed and realistically the \$100,000 outstanding is already owed to Council for works completed.

Ideally the preference would be for the BLLSLSC to pay the \$100,000 to Council prior to any works commencing on Building B to avoid further disputes.

Legal / Resource / Financial Implications

The information section contains detailed budget information.

Consultation

Consultation has been continuing with the BLLSLSC and Crown Lands.

Options

The main issues canvassed in this report are options for Building B, the project budget and the outstanding tenure arrangements with the BLLSLSC.

In respect to Building B, Councillors have verbally expressed the view that Council should support the relocation of the gym. The comments from Council's Manager – Community Facilities and Customer Service, also support that proposal.

Table three provides a revised estimate of \$550,000 for this building with there being some concerns that the actual price could be higher, particularly based on the preferred design from the BLLSLSC as per attachment five.

Table four, along with support from Council's Property Reserves, highlights how Council can fund the majority of the variation to the project budget, based on a \$550,000 allowance for Building B.

However we also have the proposal from the BLLSLSC advising they will finance any costs over \$600,000.

If Council wishes to advance this option this means there is a further shortfall of \$50,000 assuming that Council supports the earlier recommended budget amendments.

The options to finance this extra \$50,000 are:

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- a) BLLSLSC increase their offer - Advise the BLLSLSC that Council's maximum contribution to Building B is \$550,000 and ask that BLLSLSC fund any expenditure over that figure. The BLLSLSC's current limit is \$600,000, however it is reasonable to ask that they reduce this threshold to \$550,000.

The original budget had an allowance of \$300,000 for Building B and even with the transfer of the gym, which is estimated to cost \$150,000 Council has still significantly increased its contribution to this aspect of the project.

- b) Council finance the difference - The Council Property Reserves are one viable funding source albeit that Council conducted a significant review of those reserves as part of the 2014/15 budget preparations and the majority of those funds are earmarked for major projects such as the Marine Rescue Tower, the Wollongbar Residential Land and the Wigmore Arcade redevelopment.

The residual of the sale proceeds from the sale of Old Tintenbar Quarry, being an estimated \$10,000 (i.e. \$75,000 less \$65,000 allocated earlier), could be allocated to this \$50,000 shortfall, which would then leave a deficit of \$40,000.

Ideally Council should not continue to draw on reserve funds to balance projects and the preferred option would be to look at reallocating funding available for other projects.

In reviewing this Facilities Committee meeting agenda the obvious project is the funding allocated for the multi purpose indoor sports centre. As per that earlier report Council has approximately \$350,000 still set aside for this project and with the recommendation for that report being deferral for at least six months, the preference is to reallocate the \$40,000 shortfall from that budget. That still leaves \$310,000 available to advance the sports centre, as and when required.

In identifying a preferred approach the general feeling is that Council (i.e. the community) has already contributed a massive amount of funding to this project. However the proposal from the BLLSLSC also limits Council's exposure to a maximum of \$600,000. This has a significant benefit in that the current estimates for Building B are indicative only and it is unclear as what the actual tendered price for the building will be.

Overall, on balance, to ensure that the final project delivers the best outcomes to the community the preferred option is to finance Building B to \$600,000. This allowance must include all Council fees and charges, consultancy costs, construction costs etc.

The only exception would be any developer contributions applicable to the planning consent, with Council hopefully in a position to waive those contributions.

If Council endorses a Building B budget, with Council's contribution limited to \$600,000, the revised total project budget and recommended funding would be as follows.

12.7 Tender - Construction of Surf Club Building B.DOC

4.5 Ballina Surf Club - Project Update

Table Five – Recommended Budget and Funding

Description	Estimate
Expenditure	
Main Building (complete)	4,805,600
Other Infrastructure	
Storage Shed – Construction	550,000
Storage Shed - Fees and Charges (10%)	50,000
Car Park and Pathway	408,200
Compton Drive	789,900
Electrical - Temp Connection plus Generator	95,500
Electrical Substation	121,000
Under Bore	23,300
Land Acquisition – 4,000 sq metres @ \$10	40,000
Change Rooms (not included)	0
Stairs (deleted)	0
Showers (deleted)	0
Contingency	19,500
Sub Total	2,097,400
Total Project	6,903,000
Funding	
Federal Government Grant	2,300,000
BLLSLSC – Original Contribution	300,000
Ballina Shire Council Property Reserves	4,100,000
Plus BLLSLSC – Additional Contribution	29,000
Plus Council Engineering Works Contribution	39,000
Plus Council Transfer Animal Pound Savings	20,000
Plus Council Sale of Tintenbar Quarry	75,000
Plus Council Transfer Sports Centre Budget	40,000
Total	6,903,000

In respect to the preferred design for Building B (i.e. one storey, two storey, BLLSLSC concept plan etc) rather than recommending a preferred approach in this report the preference is for Council to firstly confirm the funding available. This will then allow staff and the BLLSLSC to examine building options that will meet the funds available.

The other matter outstanding is the tenure arrangements with the BLLSLSC. As per the earlier comments it is ultimately not a major issue for Council with respect to the licence or lease, albeit that licence is the preferred option. In order to move forward it is recommended that Council amend its position to offer a lease to determine whether the BLLSLSC will actually sign that documentation. The one condition on this is that the lease needs to recognise the proactive Aboriginal strategies that the BLLSLSC must be undertaking and reporting on to Council.

It is still uncertain as to whether the BLLSLSC will sign the documentation as they constantly refer to actions being taken at a State level. It is unknown when those actions or directions from a State level will be forthcoming.

In respect to the \$100,000 owing, ideally, based on the difficulties of negotiating with the BLLSLSC, the preference is to have the \$100,000 paid before Council accepts the tender for Building B. However, the risk with this is that the BLLSLSC will not agree to this request, which again delays the project.

12.7 Tender - Construction of Surf Club Building B.DOC

4.5 Ballina Surf Club - Project Update

The recommendation that follows provides a number of points to ensure that all the matters raised in this report are clearly highlighted. This also then allows Councillors to amend or delete any items, as required.

RECOMMENDATIONS

1. That in respect to the construction of Building B (storage shed) Council confirms its preference is to have the gym located in Building B.
2. That Council approves a contribution from Council of \$600,000 for the construction of Building B, inclusive of all costs associated with the design and approval of the building (excluding any developer contributions), with the General Manager authorised to call tenders for its design and construction.
3. That in respect to the design of Building B the determination of whether it is one storey, two storey, size etc is to be made by the General Manager in consultation with the BLLSLSC, as part of the approval process, recognising that the amended design will require an amended planning consent. If agreement cannot be reached between the parties the matter is to be reported back to Council for determination.
4. That in respect to the BLLSLSC's proposal to pay any additional costs for the construction of Building B over \$600,000, Council confirms its in principle support for this proposal as per point two. The General Manager is to ensure that any agreement for BLLSLSC to pay the difference is documented and signed clarifying the costs to be included in the \$600,000 prior to any tender for the works being accepted.
5. That in respect to the \$100,000 owing to Council by the Ballina Lighthouse and Lismore Surf Life Saving Club (BLLSLSC) Council confirms its preference is not to accept a tender for construction of Building B until the \$100,000 previously committed is paid to Council.
6. That in respect to the tenure arrangements with the BLLSLSC Council authorises the General Manager to provide a lease rather than a licence as previously resolved for the occupation of the building. This amendment is conditional upon the lease having a clause, or a reference schedule, or any other form of signed agreement stating that the BLLSLSC will proactively pursue Aboriginal participation in the Surf Club with the actions taken to be reported annually to Council.
7. That Council authorises the deletion of the additional showers (estimated cost \$15,000) from the current project budget, with this item to be reviewed once the project is completed.
8. That Council authorises the deletion of the construction of the stairs from the main building to the shared pathway (estimated cost \$50,000) from the current project budget, with this item to be reviewed once the project is completed.
9. That Council not include the provision of separate change rooms (estimated cost \$12,000) in the construction of Building B due to overall budgetary constraints and due to there being no clearly demonstrable essential need for these facilities.

12.7 Tender - Construction of Surf Club Building B.DOC

4.5 Ballina Surf Club - Project Update

10. That Council authorises an amended budget for this entire project as per table five of this report; i.e.

Description	Estimate
Expenditure	
Main Building (complete)	4,805,600
Other Infrastructure	
Storage Shed – Construction	550,000
Storage Shed - Fees and Charges (10%)	50,000
Car Park and Pathway	408,200
Compton Drive	789,900
Electrical - Temp Connection plus Generator	95,500
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Plus Council Engineering Works Contribution	39,000
Plus Council Transfer Animal Pound Savings	20,000
Plus Council Sale of Tintenbar Quarry	75,000
Plus Council Transfer Sports Centre Budget	40,000
Total	6,903,000

Attachment(s)

1. Archimages - Option One - Two Storey
2. Quantity Surveyor's Report - Options One and Two
3. Option Three - Basic Floor Plan - Gym to be deleted
4. BLLSLSC - Preferred Design
5. BLLSLSC - Latest Correspondence