



Notice of Commercial Services Committee Meeting

Notice is hereby given that a Commercial Services Committee Meeting will be held in the **Ballina Shire Council Chambers**, Cnr Cherry & Tamar Streets, Ballina on **Monday 23 May 2011 commencing at 4.00 pm**

Business

1. Apologies
2. Declarations of Interest
3. Deputations
4. Committee Reports

A handwritten signature in black ink, appearing to read 'Paul Hickey', with a long horizontal line underneath.

Paul Hickey
General Manager

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1. **Apologies**
 2. **Declarations of Interest**
 3. **Deputations**
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1. **Apologies**

2. **Declarations of Interest**

3. **Deputations**

- **Garry Anderson, Ballina Hockey Club** - spoke in relation to Item 4.2 - Ballina Synthetic Hockey Field - Update.
- **Kris Beavis, Ballina Lighthouse Surf club** - spoke in relation to Item 4.3 - Ballina Surf Club Redevelopment - Update.

4. Committee Reports

4.1 Australian Reinforcing Company Project - Update

File Reference	Australian Reinforcing Company Project
CSP Linkage	Responsible and efficient use of resources
Delivery Program	Commercial Services
Objective	To provide an update on the construction of the Australian Reinforcing Company (ARC) commercial property.

Background

In early 2008 the Australian Reinforcing Company (“ARC”), formerly known as Smorgon Steel Reinforcing, approached Council seeking new local premises for its steel distribution business. ARC, at that time, leased premises on the Southern Cross Industrial Estate however those premises were not suitable for their future needs.

Council staff subsequently put forward a proposal to ARC that a 4,000m² serviced industrial site on the corner of Cessna and De Havilland Crescent on the Southern Cross Industrial Estate may be suitable for their (ARC’s) needs.

Following twelve months of negotiations a report was presented to Council in February 2009 seeking approval to finalise a Heads of Agreement and proceed to the preparation of an Agreement for Lease to enable the project to progress.

The following steps were undertaken to get to that stage:

- Concept plans prepared and agreed upon
- Construction cost estimates prepared by a quantity surveyor
- Development budget prepared
- A feasibility assessment of the project was completed

Council subsequently authorised the negotiations to continue and at the July 2009 Ordinary meeting Council resolved to sign a lease to enable the project to commence.

The ARC building is now complete and operational and the purpose of this report is to provide a financial summary of the project.

4.1 Australian Reinforcing Company Project - Update

Key Issues

- Comparison to project plan

Information

The following table provides a summary of the information as reported to the July 2009 Ordinary meeting as part of the feasibility study and the actual results.

Item	Feasibility	Actual
a) Lease Term	Five plus five years	As per feasibility
b) Commencement Rental	310,000pa + GST	As per feasibility
c) Property Outgoings - Tenant to pay	Council rates, land tax (if applicable), insurances, cleaning and gardening	As per feasibility
d) Rent Reviews	Annual CPI rent reviews but capped @ 3.00%. Review to market upon exercise of option to renew lease	As per feasibility
e) Site Area (approx.)	4,000m ²	4,076m ²
f) Building area (approx.)	1,884m ²	1,826m ²
g) Total development costs - Cost plan for the project prepared by quantity surveyors Turner & Townsend.	\$2,640,000	\$2,381,927 (1)
h) Commencement Net Rental	\$310,000 pa	As per feasibility
i) Annual net rental return on total development costs or funds invested	<u>\$310,000pa</u> \$2,640,000 = 11.74%	<u>\$310,000pa</u> \$2,381,927 = 13.01%
j) Annual net rental return on total development costs (funds invested) plus estimated land value (\$950,000)	<u>\$310,000pa</u> \$3,590,000 = 8.63%	<u>\$310,000pa</u> \$3,331,927 = 9.30%
k) Estimated market value of property based upon an initial yield or capitalisation rate of 6.75%	\$4,600,000	As per feasibility
l) Estimated land value (equates to \$233/m ² which is considered to be in line with market)	\$950,000	As per feasibility
m) Estimated development profit (before selling expenses)	\$1,010,000	\$1,268,000
n) Estimated net cash return to Council if the Project is sold on completion; i.e. land value + development profit (before selling expenses)	\$1,960,000	\$2,218,000

4.1 Australian Reinforcing Company Project - Update

- (1) The total development costs figure represents actual cash expenses incurred to date. This figure may be adjusted to recognise land development activities at Southern Cross Industrial Estate, as part of the annual financial statements for 2010/11, however the adjustment, if any, is not expected to be material.

The lease commenced on 1 September 2010 with ARC operating from the building shortly after that date.

Overall this project has gone entirely to plan with the contractor, Glenzeil Pty. Ltd., exhibiting the highest level of project management and building work throughout the construction phase. Variations to contract were minimal and the project was delivered on time and on budget.

This project highlights that often commercial buildings are far easier to manage as the builders have experience with similar buildings and there are typically less variables to deal with.

On the other hand, community infrastructure projects, such as community centres and surf clubs are often somewhat unique, and this often results in projects that are far more complex and difficult to manage and in reality they probably need higher contingencies than commercial buildings.

Legal / Resource / Financial Implications

The ARC building was funded entirely from Council's Commercial Opportunities reserve which has been created from commercial and residential land development activities over many years.

The income being generated from the ARC building will now be used to help finance community infrastructure projects and to be reinvested back into other commercial activities.

Consultation

Preliminary negotiations for the ARC were conducted on a confidential basis as they involved commercial in confidence discussions.

Options

This report has been presented for information purposes only and the recommendation that follows is to note the contents of the report.

RECOMMENDATIONS

That Council notes the contents of this report on the Australian Reinforcing Company Project.

Attachment(s)

Nil

4.2 Ballina Synthetic Hockey Field - Update

File Reference	Sports, Fields, Facilities - Hockey
CSP Linkage	Resilient and adaptable communities
Delivery Program	Commercial Services
Objective	To provide a final update on the construction of the Ballina Synthetic Hockey Field.

Background

The new synthetic hockey field, located at Kingsford Smith Oval, Ballina was recently opened to the public and it has been an outstanding success. This project was managed by the Ballina Hockey Club in conjunction with Council and the purpose of this report is to confirm the final expenditure and funding for the project.

Key Issues

- Final cost
- Funding

Information

Council originally committed \$400,000 to the construction of the new synthetic hockey field at Kingsford Smith Oval, Ballina based on the following budget.

Table One - Original Budget including Hockey Club Contributions

Funding Source	Amount (\$)
Council (Community Infrastructure Reserve)	400,000
One-off Personal Donation	250,000
NSW Sport and Recreation	100,000
Club Contributions	30,000
Club Sponsorship and other donations	30,000
In-kind contributions (estimated value)	190,000
Total	1,000,000

When the tender for the hockey surface was accepted by Council at the November 2010 Ordinary meeting, the resolution also approved an additional \$15,000 in funding from the Community Infrastructure Reserve to ensure a preferred synthetic surface was installed. Council had also previously approved a \$10,000 reallocation from another community infrastructure project budget to assist with additional power needed for the facility.

4.2 Ballina Synthetic Hockey Field - Update

In recent times the Ballina Hockey Club has paid Council an additional \$35,000 to assist in financing the project. These additional funds then resulted in the Council cash budget for the project being \$810,000 as per the following table.

Table Two - Funds Held by Council for the Project

Funding Source	Amount (\$)
Council (Community Infrastructure Reserve)	415,000
Council Revenue	10,000
One-off Personal Donation	250,000
NSW Sport and Recreation	100,000
Ballina Hockey Club Payment to Council	35,000
Total	810,000

The remaining Club contributions, sponsorship and donations, as per the original budget in table one, represent funding that the Club expended directly on works.

With the project now complete the final cash value of the work undertaken that has been recorded through Council's financial records is approximately \$991,000. This is in excess of the Council cash budget by \$181,000.

Table Three - Budget and Actual Expenditure

Expenditure	Budget	Actual	Variance
Civil Infrastructure	166,000	246,000	(80,000)
Turf	335,000	330,000	5,000
Electrical, Club Works and Other	309,000	415,000	(106,000)
Total	810,000	991,000	(181,000)

These figures exclude the in-kind works co-ordinated by the Club, which they advise should be valued in excess of \$200,000. The Club has acknowledged the over expenditure and are extremely apologetic.

In addition to the \$35,000 already paid as a cash contribution the Club has now informed Council they would be willing to pay back Council an amount of \$51,000, based on an immediate payment of \$1,000 and establishing a loan balance of \$50,000.

The Club would like to see the \$50,000 as an interest free loan with a repayment schedule of not less than \$5,000 per annum, over a 10 year period, payable on or before 30 June, with the first repayment commencing 30 June 2012.

The Club also expresses a desire to have the flexibility to make additional lump sum payments during the loan period, if financial circumstances permit.

In respect to this proposal there are a few points of interest.

- The Council can accept and manage the proposal from the Hockey Club, with minimal administration needed to implement it.

4.2 Ballina Synthetic Hockey Field - Update

- Even though the project has cost more than the Council cash budget, the facts are that the Ballina Shire now has a first class asset, which normally would cost the community at least \$1.2 million, if not more.
- Unfortunately the Hockey Club ran into a number of cost increases in areas such as electrical works, which had to be expanded to manage all uses at Kingsford Smith Oval and prices for materials for the clubhouse, footpaths, netting and fencing were well above budget. The other major expenditure over-run was in respect to the civil infrastructure, which was undertaken by Council. This increase of \$80,000 reflected the actual cost of quarry and other products needed to provide an adequate base for the synthetic surface.
- Managing capital works remains an extremely complex and difficult process. In this time of heavy demand for resources, substantial variations in the cost of raw materials can result in significant changes in costs during the life of a project.
- Volunteer managed projects are always risky as the volunteers often do not have the time to commit the resources needed to manage the project. However, in saying this, the Ballina Hockey Club has done a magnificent job in delivering this project to the community.
- Council's Community Facilities Section 94 Plan has the provision of one synthetic hockey field listed in the works program at an estimated cost of \$1million. This expenditure is to be 100% funded from developer contributions. This means that Council is able to recoup all the Council funded expenditure incurred on the project as and when developer contributions are collected. It should be noted that grants and other private contributions cannot be recouped from the Section 94 contributions.

The 2010/11 Council budget includes an amount of \$940,000 as an estimate of the funds that Council will recoup from Section 94 developer contributions for works that have been previously funded by Council. The funds being recouped relate to projects such as:

- Lennox Head Community Centre
- Lennox Head Library
- Lennox Head Skate Park
- Northern Rivers Community Gallery
- Ballina Community Services Centre
- Wollongbar Sports Fields
- Ballina Synthetic Hockey Field

The \$940,000 is to be transferred back to the Community Infrastructure Reserve as this reserve has typically funded the original works.

The value of this recoupment depends entirely on the level of relevant Section 94 contributions collected each year. The \$940,000 for 2010/11 actually represents funds recouped over the past two to three years, along with estimated contributions to be collected for 2010/11.

4.2 Ballina Synthetic Hockey Field - Update

In the draft 2011/12 budget Council has estimated that approximately \$325,000 will be recouped per annum in future years and this figure will vary significantly each year as Section 94 contribution collection rates tend to be very lumpy, as they are based on development approvals.

In reviewing the level of section 94 contributions collected for the current financial year the actual funds that can be recouped total \$1.092 million as at 17 May 2011. This is \$152,000 in excess of the \$940,000 estimate and in effect this means that these additional funds will be added to the Community Infrastructure Reserve.

If the current shortfall of \$181,000 for the synthetic hockey field is now funded from the Community Infrastructure Reserve, the majority of that withdrawal will be able to be offset by an increased transfer to the reserve of \$152,000, from the additional Section 94 contributions recouped during the year. This recoupment figure could potentially increase further by the end of the financial year, if additional contributions are collected.

As Council is in a position to recoup its investment in the synthetic hockey field from Section 94 contributions it then raises the question as to whether or not the offer of the \$50,000 interest free loan should be accepted. The \$50,000 represents funds that the Hockey Club could reinvest back into their facility and with Council being in a position to recoup our investment in a reasonably short period from another funding source (Section 94), it may be reasonable to acknowledge that the Hockey Club has provided a big enough commitment to the project to date.

Legal / Resource / Financial Implications

As per the information section of this report the shortfall in funding will need to be sourced from Council's Community Infrastructure Reserve. The reserve can then be reimbursed from future Section 94 contributions and based on current collections that should occur within the next few months.

Consultation

There has been extensive consultation and co-operation between the Council and the Ballina Hockey Club in delivering the synthetic hockey field.

Options

The options outlined in this report relate to whether or not Council wishes to accept the \$50,000 interest free loan proposal from the Ballina Hockey Club. If Council does accept this proposal the Hockey Club will provide reimbursements based on \$5,000 per annum for a ten year period.

If Council does not accept the interest free loan proposal Council is still in a position to recoup the \$50,000 from future Section 94 contributions collected. In reality these funds will be collected at a faster rate than the 10 years proposed in the interest free loan.

4.2 Ballina Synthetic Hockey Field - Update

Council cannot consider utilising both options as the Section 94 contributions can only reimburse Council's expenditure on the project, excluding grants and contributions.

Assuming Council financed the entire \$181,000 shortfall, our total funding for the project would equal \$606,000 (\$425,000 plus \$181,000). This would be the amount that could be then recouped from Section 94 contributions.

Overall there is not considered to be any significant benefit in accepting the interest loan proposal from the Ballina Hockey Club and on that basis it is recommended that Council not accept the loan and congratulate the Club on bringing the synthetic hockey field project to fruition.

RECOMMENDATIONS

1. That Council notes the contents of this report in respect to the final cost of the synthetic hockey field for Kingsford Smith Oval, Ballina.
2. That Council approves a transfer from the Community Infrastructure Reserve of \$181,000 to finance the unfunded expenditure, with this transfer to be partially or fully offset by any Section 94 contributions collected during the year that relate to projects that have previously been funded by Council's Property Reserves.
3. That Council thank the Ballina Hockey Club for their offer of an interest free loan to assist with the budget over-expenditure, however Council's preference is to decline that offer as Council is in a position to recoup this expenditure from future Section 94 Developer Contributions.
4. That Council thank the Ballina Hockey Club for their extensive efforts in bringing the synthetic hockey field project to fruition.

Attachment(s)

Nil

4.3 Ballina Surf Club Redevelopment - Update

File Reference	Assets Management - Ballina Surf Clubhouse
CSP Linkage	Resilient and adaptable communities
Delivery Program	Commercial Services
Objective	To provide an update on the status of the redevelopment of the Ballina Surf Clubhouse and to obtain direction from Council on matters where staff and the Surf Club have not been able to form a consensus of opinion.

Background

Council has funding available of \$5.8 million to finance the construction of a replacement surf club for Ballina. This funding is sourced from:

Council Property Reserves	\$3.2 million
Federal Government Grant	\$2.3 million
Ballina Surf Club Contribution (the Club)	\$0.3 million

The \$5.8 million figure includes \$5.2 million for the building plus \$600,000 to realign the existing road network. The contribution from Council is based on the following calculation:

- 50% of building cost = \$2.6 million
- 100% of estimated road costs = \$0.6 million

Council has now obtained a planning consent for the redevelopment and a copy of the approved site layout and building plans for this approval are included as the first attachments to this report.

The re-development of the surf club has had a long history with the Club initially having extensive discussions with their members as to which beach, Lighthouse or Shellys, was the preferred site for the surf club.

Following direction from the Club to proceed with Lighthouse Beach there were further discussions with the Land & Property Management Authority (LPMA) as to where the surf club could be located on the beach.

The original preference from the LPMA was for the surf club to be located behind the dunes and this resulted in the design being prepared as per the now approved development consent.

4.3 Ballina Surf Club Redevelopment - Update

However, during the two to three years this project has been running, the LPMA's stance on surf club locations has softened. This culminated in late 2010 where the advice received by Council from the LPMA was that they would have no objection to the new surf club being located anywhere on Lighthouse Beach and they would be guided by the planning assessment of any new development application.

The Club Executive and a number of the members have never been entirely satisfied with the approved plans for the building due to its location behind the dunes and their preference is to have the building located closer to the beach.

The member concerns relate to the fact that the approved building is a significant distance from the beach which could hamper on-going beach patrols. Even though a separate Life Guard Tower is provided close to the beach the advice from the Club is that beach visibility from the surf club is important to assist with patrols and for on-going monitoring, when there are no surf life savers on duty. The distance from the beach can also make it difficult to manage nipper days and surf carnivals.

With these concerns in mind, and the softening position of the LPMA, discussions were held with the architect (Archimages), consulting engineers (Ardill Payne) and town planners (Newton, Denny Chapelle) responsible for preparing the approved plans to determine whether or not improvements could be made to the building layout and location.

The answer from all three was yes and preliminary designs based on a revised location have been prepared. The report that now follows reviews those designs and seeks Council approval to firstly, proceed with the amended proposal and secondly, direction in respect to specific issues regarding the management of the building.

Key Issues

- Benefits to be gained from amended design
- Cost of amending design
- Operation and management of the building

Information

The second attachment to this report provides the concept plans for an alternative site layout and design for the Ballina surf club. These designs were based on the design brief provided by the Club which is as follows.

Ground Floor	Area	Requirements
Patrol Room	8.0 x 4.0	Must have view of beach Must have external deck Must have external access to beach
Eastern deck	Min width 3.0m	Should enable partial access for café patrons. Be separated from patrol section to avoid conflict of uses.
Changes room		Solely for the use of members Comply with BCA in terms of facility requirements Be accessible from the patrol room Be accessible from the storage area/office and

4.3 Ballina Surf Club Redevelopment - Update

Ground Floor	Area	Requirements
		foyer Contain accessible compliant facilities. Incorporate space for lockers for use of patrolling members.
First Aid Room	3.0 x 2.7m	Located in close proximity to patrol room. Be located such that injured persons are not directly exposed to members of the public or café patrons when receiving treatment. Dignified access from beach. Lockable
Patrol Room Store	3.0 x 2.1m	Provide sufficient storage space for patrolling equipment. Lockable
Foyer	Architects discretion	Provide suitable entrance to facility. Allow access to office area Allow access to lift Provide restricted internal entry to club facilities for use of members only Incorporate Memorial in recognition of fallen soldiers/members
Office	5.2 x 3.3m	Provide entry point for club facilities Provide sufficient space for file storage Provide counter facilities to foyer Provide sufficient space for administrative functions and equipment including photocopiers etc.
Lift	Manufacturers specification	Lift to be accessible Low maintenance and operating costs.
Surf Club Storage	Approx 530m ² Min 12m depth for 10m width. Remainder min 10m deep. Height 4.0m to surf boat Area – 2.7m elsewhere	Required to store <ul style="list-style-type: none"> • 4 surf boats • 3 inflatable rescue boats • Beach access vehicle • Rescue boards • Rescue equipment • Bunded Fuel Store • Spare Motors • Nipper store – boards/flags etc. Wide roller door access Manoeuvring areas Direct access from IRB store to beach
Junior Activities Club Room	40m ²	Located adjacent to grassed area. Have access from nipper's store area Contain sink/tea and coffee making facilities for parents
Canteen	15m ²	Suitable for the sale of drinks/ice creams and basic confectionery. Provides alternative to café which may not wish to have nippers running in and out. Not intended to act as competition for café.
Cafe	Architect's discretion	Commercially viable space/ kitchen prep area Unimpeded view to beach Protection from southerly winds Sufficient storage space Adequate coolroom space Accessible back of house area Garbage store Total independence from surf club operations Sewerage pre-treatment device Independent access

4.3 Ballina Surf Club Redevelopment - Update

Ground Floor	Area	Requirements
Public Amenities	Suitable size to meet Building Code requirements	Located so as not to interfere with Surf Club operations Located to assist crime prevention

First Floor	Area	Requirements
Function Area	Approx 250 - 280m ²	Suitable to cater for small – medium functions Access to external balcony to east Large glazed windows to beachfront Includes min 30m ² storeroom for the storage of tables and chairs
Kitchen	Min 50m ²	Provision for sufficient space to enable possible commercial viability in future Provision for plumbing and electrical services Provision for coolroom
Servery	Min 6.0m x 3.0m	Provide sufficient servery for kitchen, including fridges for drink storage
Training/Meeting Room	70m ²	Used for holding of Club meetings/training Contains sufficient storage space for the storage of training aids
Gymnasium	100m ²	Use by club members Preferred to have additional/separate access from main club area so that access can be obtained without having to access whole of facility.
Surf Com	40m ²	Separate Access Provided with communication infrastructure for regional needs.

The concept designs now presented attempt to address all these requirements and the feedback from the Club is that the plans appear to meet their needs. However there remains one issue unresolved.

This relates to the fact that the current designs have been based on an assumption that the Club will manage all the ground floor facilities, along with the gym on the first floor, and Council and / or a licensee will manage the upstairs café and the function area.

It is considered important from the Architect and Council staff perspective to ensure that there is a clear delineation between the area of the building that is controlled by the Club and by other entities, such as the Council or a future licensee.

This delineation is essential in ensuring that all parties understand their responsibilities and authorities under any usage agreements, which then helps to ensure the building functions effectively and reduces the potential for conflict between users.

Under the latest design the Club members will be able to access all the ground floor facilities and the gym on the first floor.

There were concerns as to whether or not it was the role of Council to provide a gym in a surf club, or whether the Club was the best entity to operate that gym.

4.3 Ballina Surf Club Redevelopment - Update

The Club have emphasised the need for a gym to assist in training and maintaining the fitness of their members. Based on this feedback and on the assumption that Council would not be responsible for providing the equipment, it was agreed by staff to provide a space for a gym as part of the concept plans.

The current design has the gym on the first floor as there was insufficient space to locate it on the ground floor. The gym is only accessible from the ground floor which allows the Club to control its use.

The one point where Council staff have not been able to reach consensus with the Club is in respect to the area referred to as function rooms on the concept plans (first floor)

The Club's position is that they wish to manage these rooms as part of their usage of the facilities. The Club had originally indicated that they would provide a submission for consideration by Council as part of this report, however they subsequently advised that their preference was to defer this report until further discussions were held with NSW Surf Lifesaving.

An extract from that advice, which was received Monday 16 May 2011, is as follows:

Following discussions at our Club Executive Meeting in the last few days, and consequent discussions with SLS NSW President and CEO, we are not in a position to lodge a formal submission for the May meeting, as proposed in the email below. We would ask that this submission be deferred for one month to allow meaningful consultation that includes SLSNSW.

At the request of the Club Executive, I have formally advised Mayor Phil Silver of this also.

Once again, we would request that Council staff separate the DA/ planning process from the management considerations over the use of the upstairs surf lifesaving facility. We have previously advised that we understand the Council's desire to manage the Café space, and have agreed to this position.

SLSNSW has pointed out that it appropriate that they have representation in discussions to understand the matter and assist in engineering an appropriate solution, as they wish to ensure the treatment of surf lifesaving clubs through the State is consistent and in the spirit of LPMA consultation currently underway.

We understand that council staff may still wish to submit their report, though we respectfully ask that you defer doing this to allow the above consultation to take place.

Regards

Kris Beavis | Club President | Ballina Lighthouse and Lismore SLSC Inc.

Following discussions with the Mayor it was agreed to proceed with this report as it is considered important for Council to provide direction to staff in respect to matters such as building location and management arrangements. This direction may then allow matters to be resolved promptly.

4.3 Ballina Surf Club Redevelopment - Update

As the Club has not made a submission as to their reasons why they wish to manage the function rooms staff can only surmise what those reasons are based on the discussions held to date.

It appears that the reasons relate mainly to generating income from the function rooms and to ensure that they have a facility readily available for club gatherings, both on a formal and informal basis.

From a Council staff perspective these needs are acknowledged however there are a number of reasons why Council staff are not supportive of this proposal.

These include:

- The management of the function room, which will also be used as meeting rooms for the public, is not a core responsibility of the Club. This then places a greater demand on what are voluntary resources.
- Any professional management of the function rooms requires systems in place to promote and manage bookings, cleaning etc. The Club has not yet demonstrated that it can implement the systems or infrastructure to provide this service.
- The enthusiasm of Sporting Club Executives change over time and even through the current Executive may wish to manage the facility, this may not always be the case. This raises concerns about consistent professional management over a longer period of time. Essentially the previous building became derelict as the Club's commitment to the building decreased.
- Typically, when a sporting group manages a facility, the community perception, rightly or wrongly, is that the facility is solely or primarily for that group. This then creates reluctance from the broader community to use that facility.
- There is a risk that the function rooms will become utilised for a range of surf club paraphernalia which could reduce the effectiveness of the rooms and space available for hire.
- If Club members are accessing the rooms constantly this could result in sand, salt water etc being a constant management issue.
- The down stairs area, as per the concept plans, provides significant space for Club members to meet, conduct training, store items and to socialise.
- There is a strong link between the functions room, the café and the upstairs amenities in the current design and each of these areas need to integrate to operate effectively. As there is a high level of integration this then creates difficulty in clearly defining roles if the Surf Club is managing part of this upstairs area. This can then create on-going management issues.
- The current design has been able to segregate Club members from the general public by providing complete access to the ground floor and the entrance to the gym is also from the ground floor. It will not be able to provide this segregation if the Club manages the function rooms.
- The Federal Government is providing \$2.3 million in funding and has made it clear in discussions with Council staff that the facility should benefit the broader community and not just the Club.
- Council is providing over \$3 million in funding and it is important that Council also maximises the broader community use.

4.3 Ballina Surf Club Redevelopment - Update

- Council staff do not see the function room as a large income generator as this is typically not the case with similar facilities. The key objective is to ensure maximum community use of the building with any income generated being a secondary benefit.

In summary the Club is extremely keen to manage the function rooms to help promote a stronger culture within the Club, to provide a facility for social activities and to assist in generating revenue. On the other side Council and the Federal Government are investing approximately \$6 million of community funds to this project therefore it is essential that the broader community are as actively involved in the facility as possible.

Many of the Club's needs can be met through an agreement with Council and options that have been suggested include:

- The Club having dedicated times for use of the function rooms. For example, every Sunday during the surf club season could be a dedicated Club booking. Also one evening a month could be a dedicated night for Club functions.
- Revenue generated from the functions being allocated back to the building or Club. It has always been assumed that any revenue generated from the Council management of the building would be allocated back to maintaining the facility. As it will be located in a harsh weather environment it is important that adequate maintenance funds are allocated to the building.

The Club has asked Council to defer any decision on management issues to allow further discussions. However the Architect has advised that it is important that Council provide clarification on the management issues as it has implications for the design. The following is an extract from an email from Mr John Gray, on behalf of Archimages.

The issues for us as the designers of the building are:

It is a very tightly constrained site, into which we are putting a large building. There are complex architectural design, structural engineering, public access issues to address. To ultimately be successful the design needs to resolve the significant site constraints as well as the brief and operational issues. We are therefore addressing the whole building, not just the operation (and wants) of the Club. The BSC instructions to us, as designers working to a brief, have been that the Club is a significant stakeholder but not the ONLY one, it is a public building housing other public uses. The way the public interacts with, perceives and experiences the building is extremely important to its success. This is a significant building on a significant site.

During the design process decisions are made by us based on the info available and the brief we are given. Where that information (the brief) changes it always creates problems. The basis for the decisions already made changes, sometimes rendering them meaningless. We can not stress enough the need to resolve the brief in a clear and concise way. Designing to a 'rolling brief' is time consuming, frustrating, and will ultimately decrease the success of the end result. It is very important to resolve the basic management and occupational parameters early so that the brief and the assumptions/decisions made are correct.

4.3 Ballina Surf Club Redevelopment - Update

The current building has been designed around the concept of splitting in two, top part for the public, lower part for the Club with appropriate access between the two. This configuration, along with the commercial uses, public access and public space creates design complexities that ALL require careful resolution if it is to work successfully.

An example of this is the access to and usage of the Cafe, Function rooms, and Gym on the upper level. The design solution has been resolved to allow Public to access the Cafe and the Function rooms, via the internal northern Public Foyer or exterior ramps, without interfering with the Club operations. Likewise the Club has access via private internal stairs to the Gym so that it can be used exclusively by them, the Public have no access. When the Club want to use the upper level Function Rooms a connecting door to the Public Foyer allows them internal access to the upper level for private Club functions.

The design is not set in stone, the Club feedback is important and will be incorporated as appropriate, however as the 'lines are blurred' between the different users the potential for any conflict greatly increases. We believe the adopted design (with some modification) fulfills the requirements of all parties and reduces any conflicts of use that may arise between the users of the building. The Club suggest that the design can continue whilst the BSC and the Club resolve their differences, however the nature of the management and the relationship between the parties, and the parts of the building they occupy, is an essential core part of the brief. Therefore, as noted above, if the brief is not clearly resolved the design will flounder, reflecting that uncertainty or ambiguity.

An example of the effect of an uncertain brief and changing design is the Club feedback regarding the training, nippers, patrol room. Where the original brief requested certain room sizes these are now increasing as the various rooms are rearranged. The extra space is also being pushed east to the part of the building where it is architecturally and structurally difficult to accommodate. Another example is the storage size. Whilst most uses would benefit from the eastern aspect and views of the beach high priority needs to be given to some spaces, less to others. This is the only way we keep the size of the eastern end down, reducing the bulk and scale of the building and ultimately the cost. We need to use our judgement, as designers, on the best way of incorporating the feedback to achieve the outcome desired and ensure a successful integrated result.

We look forward to successful resolution of these matters so that we can continue in a productive and organised manner.

Regards John

As per these comments it is essential that clear direction be provided to the Architect to allow the project to move forward.

The second issue that this report seeks to clarify is whether or not Council wishes to continue to pursue this new location option, especially as there is a development consent in place for the original design.

4.3 Ballina Surf Club Redevelopment - Update

If Council wishes to proceed with an amended application the estimated additional costs are as follows:

Service	Amount (\$)
Architectural Fees	26,000
Geo-technical Investigations	20,000
Structural and Civil Engineering	10,000
Town Planning	5,000
Quantity Surveyor	4,000
Council Fees	10,000
Total	75,000

There will also be a delay in construction as it will take the balance of 2011 for a new application to be submitted and approved, which would then result in construction of the facility occurring during 2012.

As Council will be providing a facility with a life span of 50 years or more it is important to ensure the building is as functional as possible. The \$75,000 in additional costs represents approximately 1% of the current project cost and is not a huge cost in the life of the overall project. However it is still an allocation of scarce funding and Council needs to be mindful of incurring this additional expenditure.

Nevertheless the main priority must be to ensure that the building operates effectively and on that basis it is considered that the benefits to be gained outweigh the additional cost and it is therefore recommended that Council proceed with pursuing development consent for the amended design.

One major hurdle that still remains uncertain in respect to the amended design is the revised cost estimate for the project. The location of the facility closer to the beach does bring operational benefits, however it may also bring increased costs.

Unfortunately the ground conditions closer to the beach require significant piling works to support the building and there are concerns that these works may result in a budget overrun.

To understand the implications of the amended design a quantity surveyor has been engaged to provide an updated project cost estimate. It is hoped that this estimate will be available prior to the Commercial Services Committee meeting and if there are budget issues it may well be necessary to amend the design.

In respect to the proposed design it is important to acknowledge that the building is of a significant size, with large storage spaces provided. If cost is an issue there may need to be a reduction in certain components of the building.

Legal / Resource / Financial Implications

The funding sources for the proposed surf club are as follows:

Council Property Reserves	\$3.2 million
Federal Government Grant	\$2.3 million
Surf Club Contribution (the Club)	\$0.3 million

The Federal Government grant has time restrictions and it is important that Council progress the project as promptly as possible to retain that grant. The latest correspondence from the Federal Government identifies 15 June 2011 as a key date and they are seeking to ensure all approvals are in place by that date. This does raise concerns in respect to retaining the Federal grant although, at this point in time, staff are confident they can work with representatives from the Department of Regional Australia, Regional Development and Local Government, to ensure the grant is retained.

Importantly this highlights the need to move the project on as quickly as possible.

Consultation

There have been on-going discussions between Council staff and members of the Club. The original development application was subject to public exhibition.

Options

This report raises two main issues.

Issue One - Location

The options are to proceed or not proceed with the amended location. Arguments in favour of proceeding relate to an improved facility and arguments against relate to increased costs and time delays. The line of thinking in the report is that the benefits to be gained outweigh any additional costs or time delays incurred. The amended location was always the preferred location and with the LPMA now being more amenable to this proposal it is recommended that Council pursue this option.

Issue Two - Management

The majority of the management issues have been resolved and the only area of uncertainty relates to the function / meeting rooms. The two options are to design the building assuming the Club will control those areas or alternatively to allow for the rooms to be controlled by Council or ultimately the café licensee. The reasons why Council is the preferred option are outlined in the report and the second recommendation endorses this approach.

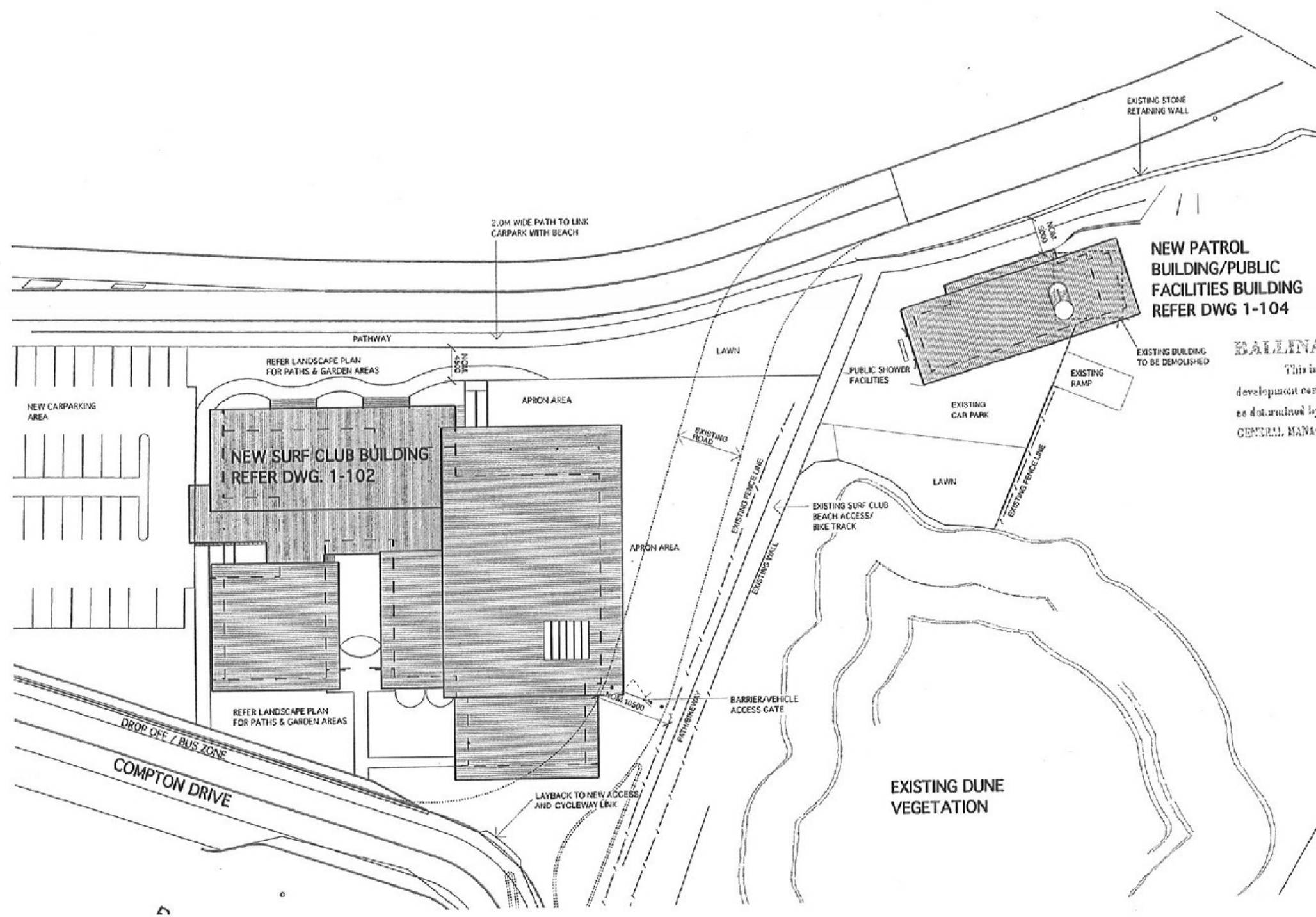
RECOMMENDATIONS

1. That Council authorises the lodgement of an amended development application, for the Ballina Surf Club, based on a location closer to the beach as per attachment two to this report.
2. That in respect to this amended application Council confirms its preference is for Council to retain management control over the areas referred as the café, function rooms and first floor amenities and the building design is to proceed on that basis.
3. In respect to point two, Council authorises the General Manager to continue discussions with the Ballina Surf Club that allow the Club to have access to these facilities on a regular basis. These arrangements will be subject to a further report to Council and the preparation of a legal agreement once consensus has been reached on those arrangements.

Attachment(s)

1. Building Plans with Development Consent
2. Concept Plans - Revised Layout and Location

Attachment 1 - Building Plans with Development Consent



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REVISION

A. DA ISSUE	16.02.09
B. REVISED ISSUE	23.11.09

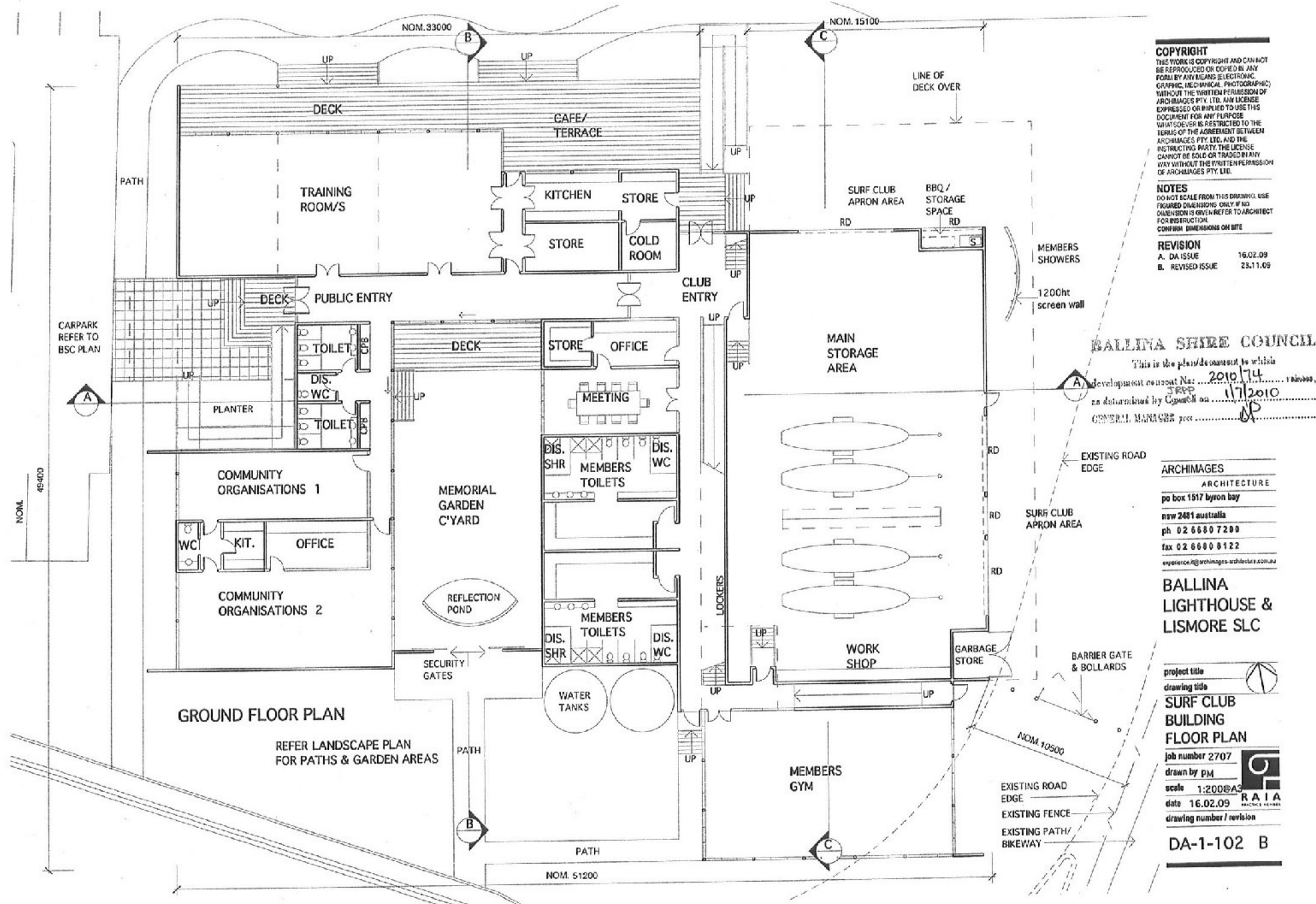
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 GENERAL MANAGER per: [Signature]

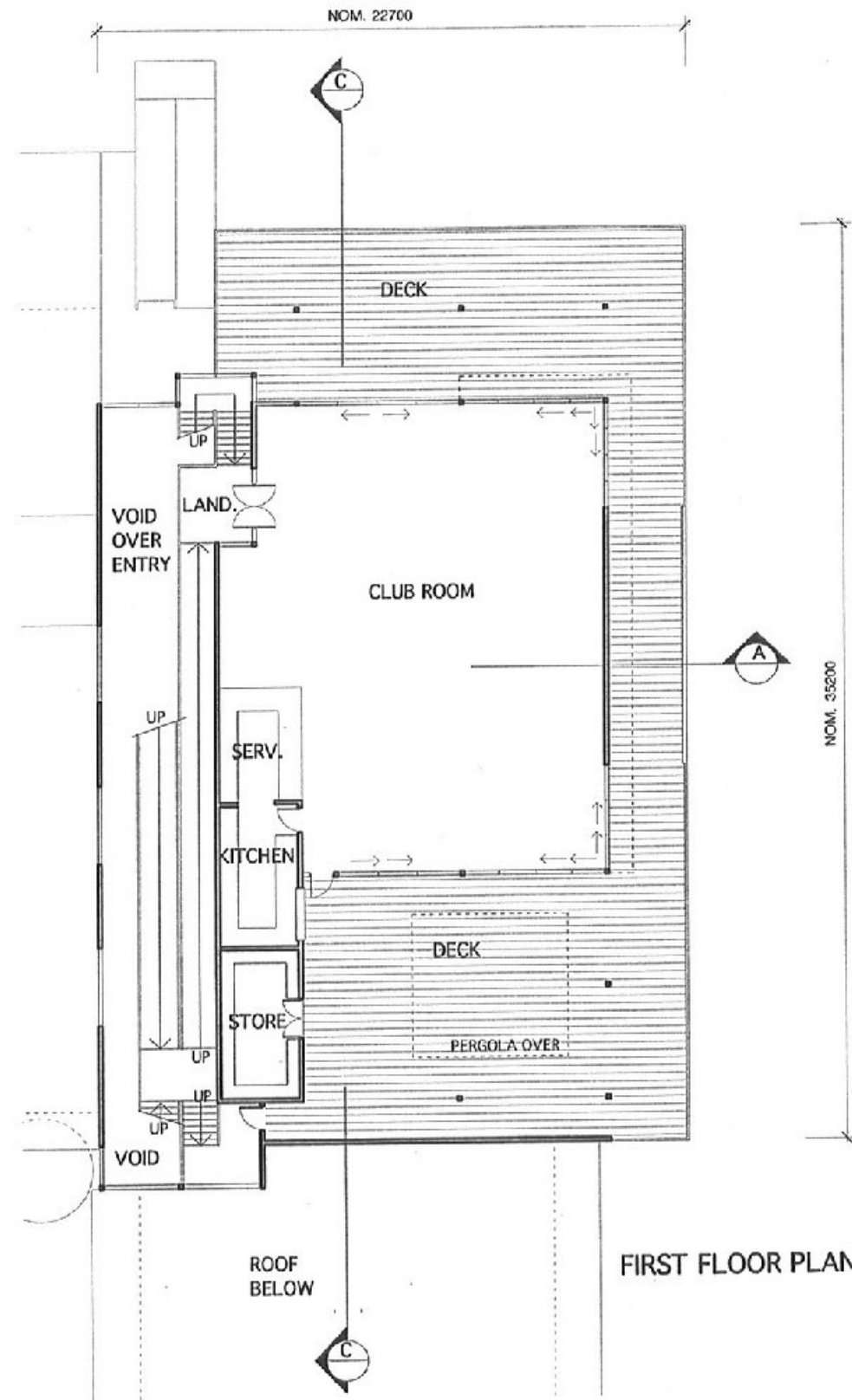
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BALLINA LIGHTHOUSE & LISMORE SLC

project title
 drawing title
SITE PLAN

job number 2707
 drawn by PM
 scale 1:500@A3
 date 16.02.09
 drawing number / revision
BSC-1-101 B





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 A. DA ISSUE 16.02.09
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project title
 drawing title
SURF CLUB BUILDING LEVEL 1 FLOOR PLAN
 job number 2707
 drawn by PM
 scale 1:200@A3
 date 16.02.09
 drawing number / revision

DA-1-103 B

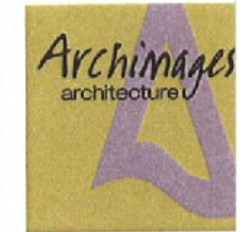
Attachment 2 - Concept Plans - Revised Layout and Location



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A-INITIAL ISSUE	04/07/11
B-REVISED DESIGN	18/03/11



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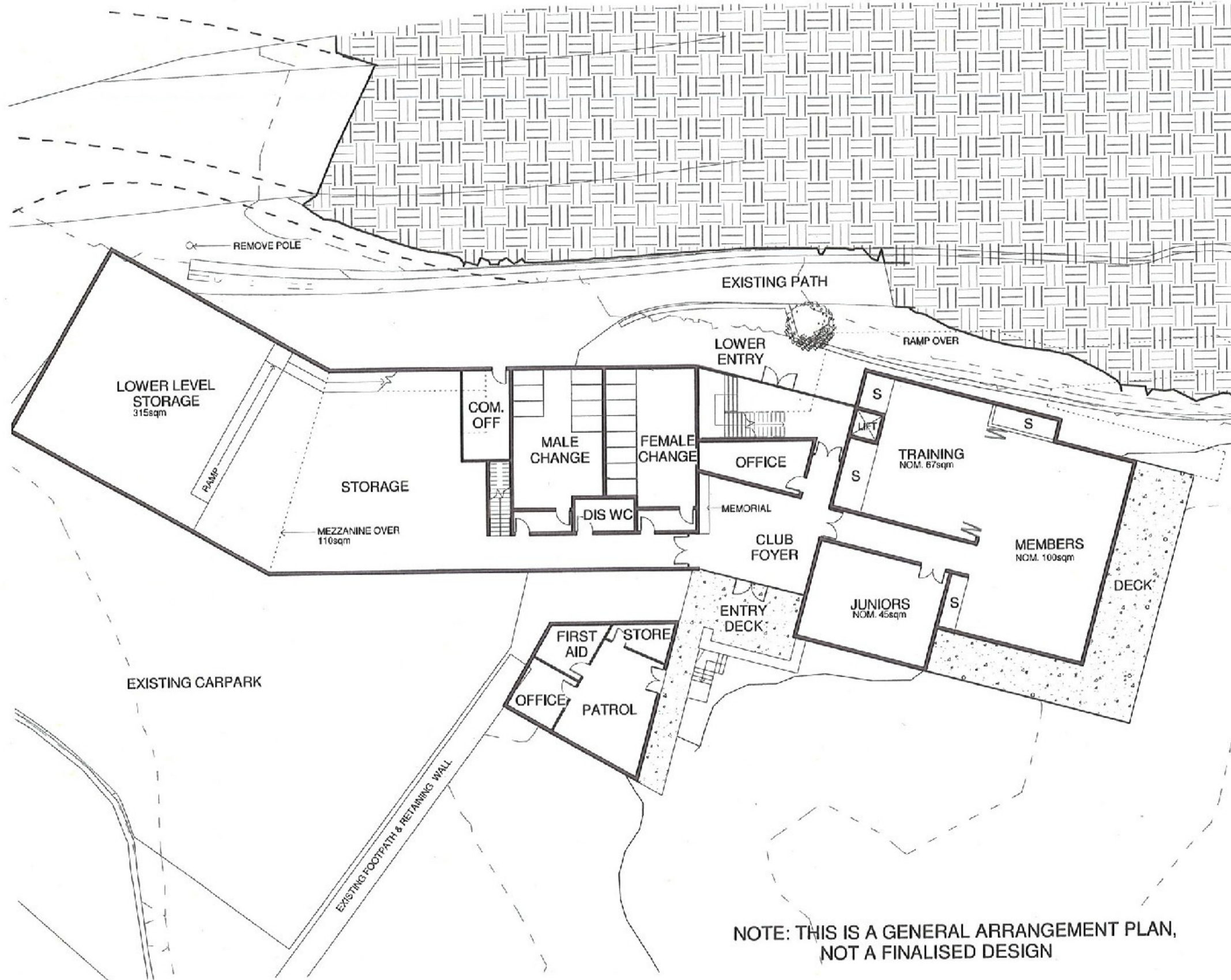
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REVISION

A-INITIAL ISSUE	01/03/11
B-REVISED DESIGN	18/03/11



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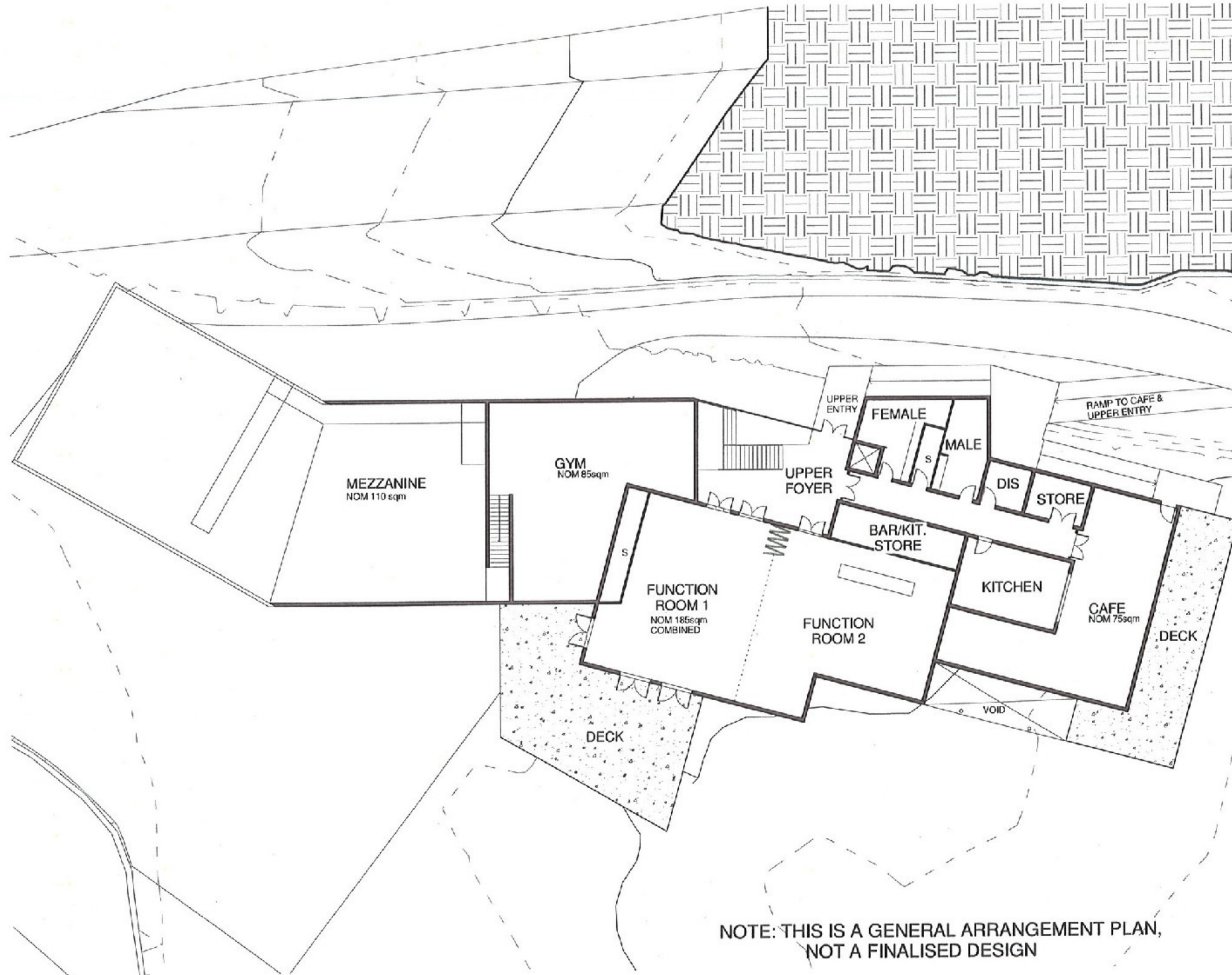
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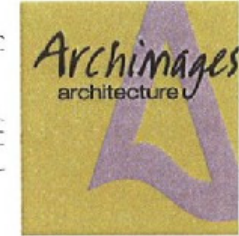
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REVISION
 A-INITIAL ISSUE 04/03/11
 B-REVISED DESIGN 18/03/11



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UPPER FLOOR

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 date 03/20
 scale 1:2

drawing number / revision
DD-03 B

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5. Confidential Session

5. Confidential Session

In accordance with Section 9 (2A) of the Local Government Act 1993, the General Manager is of the opinion that the matters included in the Confidential Business Paper, and detailed below are likely to be considered when the meeting is closed to the public.

Section 10A(4) of the Local Government Act, 1993 provides that members of the public are allowed to make representations to or at a meeting, before any part of the meeting is closed to the public, as to whether that part of the meeting should be closed.

A brief summary of each of the reports recommended for consideration in confidential session follows:

Item 5.1 - Wigmore Lease - 141 River Street, Ballina

This report contains information relating to commercial negotiations and if released to the public may affect Council's ability to negotiate a suitable outcome.

Item 5.2 - Lennox Head - Operational Land

This report contains information relating to development options for certain parcels of land and if released to the public may affect those options.

Item 5.3 - Southern Cross Industrial Estate - Operational Land

This report contains information relating to commercial negotiations and if released to the public may prejudice those negotiations.

5.1 Wigmore Lease - 141 River Street, Ballina

Reason for Confidentiality

This report is **CONFIDENTIAL** in accordance with Section 10A(2)(d) of the Local Government Act 1993, which permits the meeting to be closed to the public for business relating to the following: -

- (d) commercial information of a confidential nature that would if disclosed:
 - (i) prejudice the commercial position of the person who supplied it
 - (ii) confer a commercial advantage on a competitor of the council
 - (iii) reveal a trade secret

and in accordance with 10D(2)(c), on balance, the discussion of the matter in an open meeting is not considered to be in the public interest as it may effect on Council's ability to negotiate a suitable outcome in respect to the contents of the report.

5. Confidential Session

5.2 Lennox Head - Operational Land

Reason for Confidentiality

This report is **CONFIDENTIAL** in accordance with Section 10A(2)(c) of the Local Government Act 1993, which permits the meeting to be closed to the public for business relating to the following: -

- (c) information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business

and in accordance with 10D(2)(c), on balance, the discussion of the matter in an open meeting is not considered to be in the public interest as it may restrict the development options that could be considered in respect to the contents of the report.

5.3 Southern Cross Industrial Estate - Operational Land

Reason for Confidentiality

This report is **CONFIDENTIAL** in accordance with Section 10A(2)(c) of the Local Government Act 1993, which permits the meeting to be closed to the public for business relating to the following: -

- (c) information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business

and in accordance with 10D(2)(c), on balance, the discussion of the matter in an open meeting is not considered to be in the public interest as Council is currently involved in commercial negotiations and any publication of this information could prejudice those negotiations.