



**CONFIDENTIAL SERVICES COMMITTEE
MEETING**

CONFIDENTIAL MATTERS

9.1 Grenville Hub Project (Attachments).....4

9.1 GRENVILLE HUB PROJECT

Contact Person: Mr Thornton Harfield

Why is this matter confidential?

Subject to an order pursuant to Section 90 (3) (d) of the Local Government Act 1999, this matter is confidential because it contains information relating to the project budget that could potentially confer an unfair advantage to a third party during the tender process.

A. COUNCIL/COMMITTEE TO MOVE MOTION TO GO INTO CONFIDENCE

No action – this motion passed in the open section.

B. THE BUSINESS MATTER

9.1 GRENVILLE HUB PROJECT

Responsible Executive Manager : Mr Thornton Harfield

Report Author : Mr Rino Pace

Delegated Authority : Matters which cannot be delegated to a Committee or Staff.

Attachments :

- 1↓. CBD locality Plan
- 2↓. Perspective, Site & Floor Plans

PURPOSE

To seek approval and commit an additional \$2.82M in capital to the Grenville Hub Project as part of the 2019/20 Annual Business Plan and Budget Process.

STAFF RECOMMENDATION

Council approve this report and proceed to public tender for construction of the Grenville Hub.

EXECUTIVE SUMMARY

Council has funds budgeted for the 2018-19 financial year to allocate to the Grenville Hub project. Quantity surveying estimates indicate that additional funds will be required to deliver the new facility. The project now needs to proceed to tender in order to further verify the actual costs, as informed by market responses.

The design for the Grenville Hub building has undergone value management to reduce the costs while still meeting the requirements of users.

Some features of the building which would positively improve sustainability, energy efficiency and overall building operating costs have been removed to reduce the construction cost. These items should be revisited prior to awarding the tender to ensure that Council does not

incur unreasonable building operating costs (e.g. energy costs) over the expected life of the asset.

1. BACKGROUND

Council is finalising Stage 1 of the Northern Central Business District (CBD). A major component of the CBD is the existing Grenville Hub which has been operating since 1983 and caters for our older community by providing them with a range of activities and services. As part of creating a multi-storey high density Northern CBD, Council is constructing a new two-storey facility on a new lot, in the heart of the CBD.

This new facility (known as the Grenville hub) provides a range of services that promote lifelong learning, physical activity, healthy living, social connections and participation in a range of services. One of Grenville's aims is to continue to support the ageing community to remain independent for as long as possible, ensuring our residents are living life to the fullest.

In 2018/19 Council allocated \$5.189M towards the new Grenville Hub. The original budget was based on the facility being incorporated as part of an integrated mixed use building and community centre. This model would have allowed many of the expensive building services to have been shared and as such, the original budget estimate would have been more realistic.

However due to the relocation of the Grenville Hub onto a smaller, stand alone and irregular shaped allotment, the design of the facility now requires a two storey solution with all building services being fully contained in the stand alone facility (i.e no shared services). This is the key reason for the cost of the building increasing.

This original budget included \$1.8M from the Asset Management Plan to recognise the renewal component of the project. Since that time, thorough consultation with Grenville patrons, the Grenville Advisory Group (GAG) and key stakeholders has been undertaken, allowing detailed designs to be completed. The Grenville patrons have been advised that the final building will include key items from the concept plans such as larger stage, hall, dining, commercial kitchen and two lifts appropriate for catering for DDA mobility devices.

The current design incorporates all of these requirements for Grenville Hub to function in its current capacity and the building is designed to allow for future growth or re-purposing should funding for Grenville activities become unavailable in the future.

A Quantity Surveyor (QS) cost estimate has recently been received, indicating that the total construction cost is expected to be higher than originally anticipated. Accordingly, to deliver the project to its current scope an additional budget allocation will be required. Based on estimates, the additional allocation required will be in the order of \$2.82M, taking the total project budget to \$8.009M. However through the tender process, further value management and cost saving initiatives will be pursued to reduce this cost.

2. RELEVANCE TO STRATEGIC PLAN

4: Smart CBD Program

Outcome 4.4 Increased social connections

3. PUBLIC CONSULTATION

There is no requirement to consult with the community in this instance. Extensive consultation and stakeholder engagement has occurred to date as part of the design phase with Grenville patrons through a range of workshops, information forums and Grenville

Advisory Group (GAG) established with key personal providing valuable input into the detailed design phase.

4. DISCUSSION

- 4.1 As highlighted above, the original budget allocation of \$5.189M (\$1.8M from the Asset Management Plan for the renewal component) was based on the following project description that was allocated in the 2019/19 Annual Business Plan and Budget Process;

“This project will construct a new Grenville Centre. Comprised of an integrated mixed use building and community centre. The design will incorporate current and future requirements as well as service improvements (ie Grenville located in the same area, albeit as a floor or floors within multi-storey mixed use development which shall contain retail and residential.”

Through an Expressions of Interest process, the hotel developer (initially allocated to Lot 1 – the site of the new Grenville Hub) requested a significantly larger allotment and larger building footprint. This created a significant upside for Council in which the development increased from a \$15M, 104 room multi-level hotel to a \$40M, four and half star, 204 room, 7 storey hotel.

- Capital Value of \$15M = \$212K rates/year
- Capital Value of \$40M = \$564K rates/year

This, coupled with a long term lease will reap an additional \$352,000 in rates revenue for Council annually.

In addition to this, there are tangible and intangible benefits as a result of the increased hotel development;

Tangible

- Increased rates
- Increased employment of hotel being larger (165 staff from day of opening)
- Council will have a standalone building of significant asset value that can be repurposed and or sold

Intangible

- International exposure for Playford through the Hotel operator
- Additional employment opportunities through hotel subsidiary services (cleaning, catering, travel etc)
- Increased bookings and usage for major functions in Council Civic hall/facilities and Windsor Car Park

- 4.2 The Grenville Hub has been catering for our older community since 1983 and provides for a range of services that;

- Promote life long learning, physical activity;
- Encourages healthy living;
- Provides social and community connections;
- Provides a range of services through Grenville operations and Home Assist services;
- Supports the ageing community to remain independent;
- Provides respite programs.

In addition to these services, the centre will continue to provide ongoing dining services through the 120 seat dining room and functions in the hall, stage for musicals, concerts and various functions. The centre currently;

- Averages 10,000 attendees/month (120,000/year)
- Has 1,500 paid up members
- Has 2,000 people participating in activities every month (includes 12 different activities/day, 5 days per week (includes evening and weekends)
- Serves 2,100 'dine in' meals/month (in addition to 770 take home meals/month and 3,100 serves of morning/afternoon teas/month)
- Generates income from customer's \$350,000/year from user charges.

These services will continue to be provided in the new Grenville Hub delivering on the outcome and benefits to our community both now and into the future.

- 4.3 As can be seen from Attachment 1, Locality Plan, the new Grenville Hub site is irregular in shape and considerably smaller (4,000 sqm regular shaped lot – site of new hotel, compared to this site of an irregular shaped lot of 800 sqm). As a result, the design is challenging and complex in order to accommodate our services and requirements in addition to incorporating growth.

The design, has undergone significant stakeholder engagement through needs analysis workshops, information briefings, GAG feedback (ongoing throughout the design phase), Project Team (specialist staff) and Project Steering Committee (Executive) to accommodate Council's requirements. This is used to design the facility through our design team that includes architects, engineers (civil, structural, services and traffic) and interior designers, kitchen and stage designers. The result of this is shown in Attachment 2 – Perspective, Site and Floor Plans.

The plans include all reception, Grenville and Home Assist offices for staff and volunteers, Op Shop, games, art & craft rooms, meeting, technology and therapy rooms. Therapy room is designed with external access which creates opportunities to lease out to a third party (private operator). The second level, accessed via internal stairs (and external stairs which is an extension of Prince George Plaza and can be utilised as stage seating for functions in the Plaza in addition to two (26 person public lifts) and one service lift that provides access to commercial kitchen, café, dining and stage and hall facilities.

The facility will contain Wi-Fi facilities, secure access, stage and sound lighting, acoustic measures taking into account solar access. The roof design will also have capacity for 100 solar panels with an output of 25kW that could be accommodated at a future date. This coupled with a Building Management System that controls mechanical and electrical facilities that will reduce ongoing operating costs and minimise environmental impacts. Council's security system and CCTV is also included to provide the appropriate security for Council's assets.

5. OPTIONS

Recommendation

Council approve this report and proceed to public tender for construction of the Grenville Hub.

6. ANALYSIS OF OPTIONS

6.1 Recommendation Analysis

6.1.1 Analysis & Implications of the Recommendation

Funding of the additional capital will deliver on the outcomes and requirements of the Grenville Hub to continue to deliver on existing services and cater for additional growth of our growing community. The facility has been designed based on needs analysis workshops, information sessions, detailed input by the GAG, project team and steering committee along with technical and architectural inputs from the architects, service, structural and mechanical engineers to provide a functional and flexible facility well into the future.

The standalone nature of the facility will allow Council options, should Grenville funding change in the future, to repurpose the building or sell the asset. As you will appreciate, taking into account the position, location of such a facility adjacent Prince George Plaza and the significant other private investments made by a new four and half star international hotel, a new medical facility and plans for other multi-level, mixed use facilities within the CBD locality, this site and building will be sought after and a significant asset for Council.

Grenville patrons have endured a shift to a temporary facility in Council's function centre and 'The Precinct' in Coventry Road for home assist services which has caused angst amongst our patrons however this has been minimised by the prospect of moving into a brand new purpose built facility meeting current standards and requirements for now and into the future. Any deviation from this will cause significant reputational and political risks if this is unable to be achieved.

The facility is such that it will be of civic quality (ie as per existing Civic Centre, Stretton Centre as examples) which is fitting for building in the core of the CBD adjacent Prince George Plaza. This coupled with a four and half star hotel and medical centre will provide a significant community for future generations within the precinct.

The implication of the recommendation will be to commit to the project sufficiently to proceed to the tendering stage with confidence, with the current building design.

6.1.2 Financial Implications

Council have already funded a capital cost of \$5.189M and \$458k operating cost in the 2018/19 Annual Business Plan and Budget process. This additional capital of \$2.82M and \$319k operating will be funded via the 2019/20 Annual Business Plan and Budget process taking the total project budget to \$8.009M.

The benefit to Council of this is that the original vision was to build a \$15M, 104 bed hotel on lot 1, however the expression of interest provided an opportunity for a developer to propose to build a \$40M, 204 bed, four and half star hotel on former Grenville Centre site, creating an additional \$352K in commercial rates revenue every single year.

The additional rates revenue from the hotel development achieved will offset the additional capital costs in building the Grenville hub in approximately 8-10 years.

Given that the new building asset would have an expected useful life of 30-40 years, there is ample time for council to recoup funds whilst providing important community services. Importantly the facility will be in Council ownership which provides opportunity for repurposing for future sale.

Should approval be given for additional funds, this will proceed to an open tender for construction which will provide true market costs to construct such a facility. This will commence in April for a six week period. An evaluation and negotiations will occur with a contractor mid to late May with commencement of some works in June. This will create least

course of impacts in terms of timing and commencement as detailed designs and documentation are complete. Construction is likely to take approximately 12 months subject to weather.

6.2 Alternative option

Should Council determine to not proceed with allocation of the required funds, there will be significant political and reputational risks involved as the Grenville patrons have been advised through various mediums that that will be handed over a new purpose built facility that will be 40% larger containing larger stage, dining for 120 people, hall for 170 people, space to cater for existing services run from Grenville including Home Assist, all serviced by internal stairs and two x 26 person lifts that are able to access gophers, wheelchairs which cater for our ageing population.

Taking into account the current market, based on the Quantity Surveying costs, Council will not be able to achieve the desired design outcomes within the existing project budget. In other words, a significant reduction in floor area will need to be achieved (over 1/3rd of the size – 500 sqm) which is nearly the size of the ground floor. This will not allow the facility to operate as intended and will eliminate Grenville's capacity to generate revenue through its commercial kitchen via dining, take home meals, morning and afternoons teas and functions using the hall and stage facility.

Any redesign will incur significant design cost. This will also involve a significant delay in commencement which has flow on effects from a reputation, political and financial basis as Grenville will need to continue to operate out of a temporary facility and fragmented operations (Home Assist currently at the Precinct) and will further delay the Function Centre returning to its intent of running facilities and functions, thus further extending Council's ability to generate revenue from these operations.

6.2.2 Financial Implications

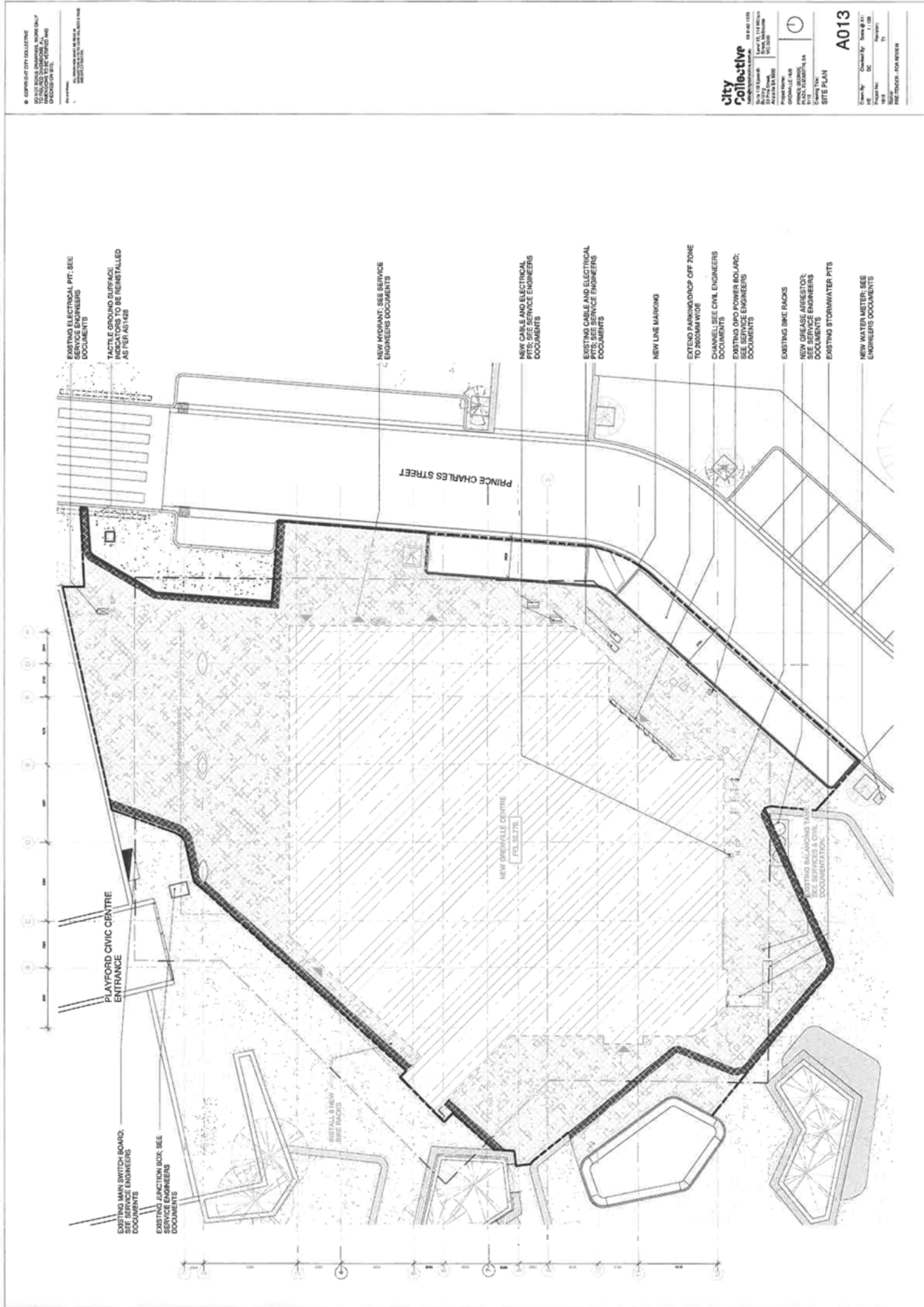
The financial implications of this option will reduce the capacity for the new Grenville Hub to run its services and functions from the facility and generate the necessary revenue to reduce Council's operating costs. Revenue is also lost as this will entail delays and thus further extends the Civic Centre's ability to generate revenue for Council.

NORTHERN CBD ALLOTMENT MAP

"LAYOUT FOR ILLUSTRATION PURPOSES ONLY"







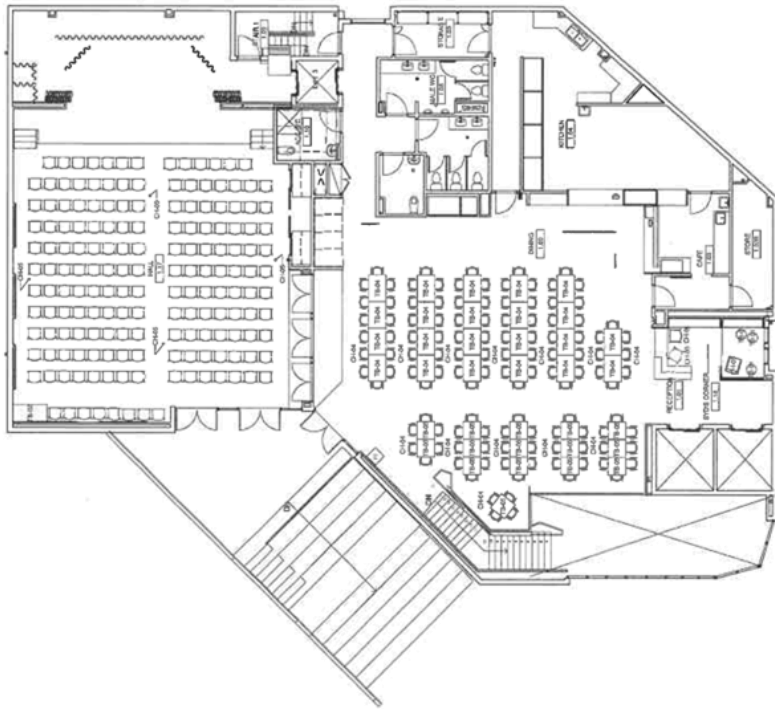
© COPYRIGHT CITY COLLECTIVE
 NO PART OF THIS DOCUMENT, WORKS ONLY
 OR ANY OF THE INFORMATION CONTAINED
 HEREIN MAY BE REPRODUCED OR
 TRANSMITTED IN ANY FORM OR BY
 ANY MEANS, ELECTRONIC OR MECHANICAL,
 INCLUDING PHOTOCOPYING, RECORDING,
 OR BY ANY INFORMATION STORAGE AND
 RETRIEVAL SYSTEM, WITHOUT THE
 WRITTEN PERMISSION OF THE
 ARCHITECT.

City Collective
 ARCHITECTS
 300 EAST 12TH
 SUITE 1100
 DENVER, CO 80202
 PHONE: 303.733.1100
 WWW.CITYCOLLECTIVE.COM

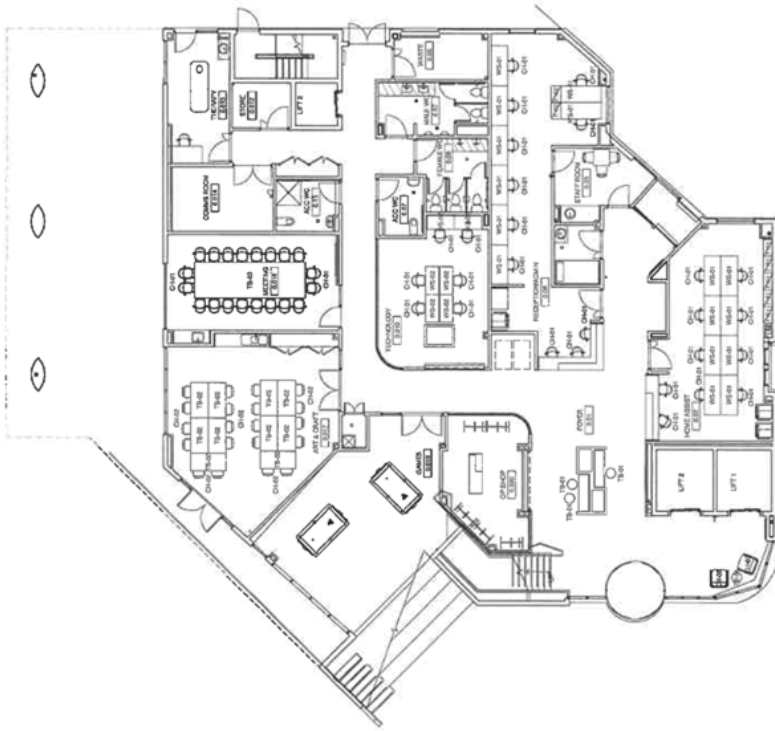
PROJECT NAME: CITY COLLECTIVE PLAZA
 PROJECT LOCATION: 1400 EAST 17TH AVENUE, DENVER, CO
 DRAWING TYPE: FURNITURE LAYOUT PLANS

Scale: 1/8" = 1'-0"
 Date: 11/11/16
 Project No: 16-001
 Drawing No: A140

Scale: 1/8" = 1'-0"
 Date: 11/11/16
 Project No: 16-001
 Drawing No: A140



2 LEVEL 1 FURNITURE LAYOUT PLAN
1/8" = 1'-0"



1 GROUND FLOOR FURNITURE LAYOUT PLAN
1/8" = 1'-0"

C. COUNCIL/COMMITTEE TO DECIDE HOW LONG ITEM 9.1 IS TO BE KEPT IN CONFIDENCE**Purpose**

To resolve how long agenda item 9.1 is to be kept confidential.

STAFF RECOMMENDATION

Pursuant to Section 90(2) and Section 91(7) of the Local Government Act 1999, the Council/Committee orders that the following aspects of Item 9.1 be kept confidential in accordance with Council's/Committee's reasons to deal with this item in confidence pursuant to Section 90 (3) (d) of the Local Government Act 1999:

- Report for Item 9.1
- Attachment(s) for Item 9.1

This order shall operate until the construction contract is awarded and made public, or will be reviewed and determined as part of the annual review by Council in accordance with Section 91(9)(a) of the Local Government Act 1999, whichever comes first.