

18.2 PLAYFORD CITY SPORTS PRECINCT - LAWN BOWLS SCOPE OPTIONS

Contact Person: Mr James Pollock

Why is this matter confidential?

Subject to an order pursuant to Section 90 (3) (b) of the Local Government Act 1999, this matter is confidential because of the financial and political nature of the data presented in this report.

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

No action – this motion passed in the open section.

B. THE BUSINESS MATTER

Released 29 April 2019

18.2 PLAYFORD CITY SPORTS PRECINCT - LAWN BOWLS SCOPE OPTIONS

Responsible Executive Manager : Mr James Pollock

Report Author : Mr Nigel Fox

Delegated Authority : Matters which have been delegated to staff but they have decided not to exercise their delegation.

Attachments : 1. Proposed Redevelopment Conceptual Designs

PURPOSE

Council to support a proposed change in scope for the Playford City Lawn Bowls Centre.

STAFF RECOMMENDATION

Council authorise the project scope change of the Playford City Lawn Bowls Centre, to deliver three undercover synthetic greens, a redeveloped clubhouse and upgrades to associated surrounds in lieu of two outdoor synthetic greens, one undercover synthetic green, new clubhouse and upgraded associated surrounds.

EXECUTIVE SUMMARY

It is proposed to alter the scope of the Playford City Lawn Bowls Centre to redevelop the existing Elizabeth Bowls Clubhouse and cover three greens as opposed to one. This would avoid a \$2.4M project overspend and deliver a facility inline with best practices.

1. BACKGROUND

The Elizabeth Bowls Club have voted unanimously in favour of the proposal during a special AGM held on the 4th November 2016.

The construction of the Playford City Lawn Bowls Centre received in principle approval to proceed from Council in August 2014 followed by budget approval in 2015. The approval was for a new bowls centre featuring a new clubhouse, new synthetic greens and the covering of one green.

Since that time, design workshops involving clubs and investigations including an audit of facilities across Australia undertaken by Bowls SA, have arrived at the conclusion that the sport of lawn bowls is evolving towards a greater emphasis on covered greens than on clubhouse facilities. In summary, complexes which have a focus on greens cover rather than clubhouse features will be more viable in the future and attract more members and activation.

Detailed design reviews throughout this process including the services of a quantity surveyor have revealed that to build a new clubhouse, create three synthetic greens and cover one green would cost approximately \$7.3M. With pressures on costs, the budget for the Lawn Bowls Centre arrived at \$4.7M. Proceeding with the construction of the facility as intended would see Council with a \$2.4M deficit.

In response to these considerations, an initial cost estimate backed by market investigations including a market focused Expression of Interest, derived that Council could cover all three

greens and redevelop the existing clubhouse for approximately \$4.7M. This would save Council \$2.4M in capital expenditure and deliver a more bowls centric facility while avoiding a budget deficit. It was determined that this can be achieved while transposing the intent of the new facility into the redevelopment of the existing structure.

The two clubs (the Elizabeth Bowling Club and the Munno Para Lawn Bowls Club) have voted to amalgamate to form a single entity to be known as the "Playford Bowling Club" and function from the new centre. This amalgamation centred on the benefits of the clubs operating as one with the previous site concept being referenced in the amalgamation documentation. As such concepts representing the new scope have been generated and provided to the club stakeholders to seek feedback from their members.

The Elizabeth Bowling Club held a Special General Meeting on the 4th December and voted favourably for the redevelopment option. The Munno Para Bowls Club have a Special General Meeting scheduled on the 17th December, the results of which will be known at the time of the Council General meeting.

2. RELEVANCE TO STRATEGIC PLAN

5: Smart Sport Program

Outcome 5.2 Healthy and socially connected community

The delivery of the Playford City Lawn Bowls Complex is a fundamental piece of infrastructure facilitating the outcomes of the strategic plan with respect to the Smart Sport Program. The positive outcome of this decision will enable this program to run within its currently approved budget.

3. PUBLIC CONSULTATION

There is no requirement to consult with the public on this matter.

4. DISCUSSION

4.1 Financial Implications: Proceeding with the redevelopment option would save council \$2.4M of capital funds translating to approximately \$144k in ongoing operational funds, bringing the project into line with the approved budget of \$17.5M. It should be noted that the \$2.4M is currently beyond the approved budget and hence unfunded.

4.2 Stakeholder Acceptance: The Elizabeth Bowls Club and the Munno Para Bowling Club have been presented with the proposed concept and have provided formal feedback. It appears that the majority of club members are receptive to the redevelopment option as proposed with the Elizabeth Bowls Club voting in favour of the redevelopment option. Munno Para Lawn Bowls Club are scheduled to vote on the 17th December. Some Munno Para Bowls Club members feel that they are being asked to move back into the bowling clubhouse they separated from when Munno Para Bowls Club was created in proceeding with this option, and would wish to fund the covering of the remaining greens themselves. It is believed that as the Elizabeth Bowls Club have members voted unanimously and have more members than the Munno Para Bowls Club, the majority of the members in total support the redevelopment option.

4.3 Functionality of Design: There is little that separates the functionality and suitability of a redeveloped clubhouse and the construction of a new clubhouse with the exception of the cost difference. The covered greens however, will ensure that maximum utilisation of the greens is achievable and the complex will be the location of choice for bowling club members in the area and competitions.

5. OPTIONS

Recommendation

Council authorise the project scope change of the Playford City Lawn Bowls Centre, to deliver three undercover synthetic greens, a redeveloped clubhouse and upgrades to associated surrounds in lieu of two outdoor synthetic greens, one undercover synthetic green, new clubhouse and upgraded associated surrounds.

Option 2

Proceed with the existing proposal of one green under cover and a new clubhouse delivering the infrastructure for a \$2.4M deficit.

The net operational impact of \$216,000 per annum will need to be reviewed as part of the current budget review and next year's budget process.

6. ANALYSIS OF OPTIONS

6.1 Recommendation Analysis

6.1.1 Analysis & Implications of the Recommendation

The proposed scope change delivers a similar clubhouse to what has previously been agreed to with the clubs, with the main exception that the covering of greens will extend to all greens. This will deliver a better outcome for the club, and for the sport of lawn bowls in our region. A key benefit for Council will be the avoidance of overspend for the project with respect to the budget.

Capital costs are reduced in using existing services, clubhouse structure, avoiding stormwater alterations and upgrading rather than providing holistically new infrastructure in terms of landscaping and carparks.

The detailed design will proceed under contractual conditions and construction will remain subject to a competitive tendering process, maintaining our responsibilities with respect to public money in accordance with procurement policies. Construction timeframes will remain similar with the construction of the site being completed in time for the penant season (October 2017) with the redevelopment option reducing pressure on construction activities to meet this timeframe. This deadline is also inline with the land sale contract for the Munno Para Bowling site on Mingari Street, removing pressure on Council with respect to having the site available for acquisition by the purchasing party.

Risks to Councils reputation with its acceptance of this option are traded between the risk of delivering public works for a greater cost than budgeted and requiring a rate rise vs the risk of Council being seen to change plans with the Bowls clubs. Council officers have managed the risk by meeting with the stakeholders and providing the concepts forward, whilst maintaining respect for the detailed design process achieved with the clubs thus far.

6.1.2 Financial Implications

There are no financial or resource implications with the recommendation.

There are positive financial implications to the acceptance of the staff recommendation with both short term and long term impacts anticipated as a result of this decision, however these are measured in forecast figures not budget.

The current scope is projected to cost council \$2.4M greater than is currently budgeted for and this proposal will bring councils forecast inline with current short and long term budgets. Hence the option represents zero net impact to both operational and capital expenditure inline with the existing budget and plans.

Assumptions within the presented figures are inherent that existing quantitative forecasts are accurate, and that the construction market remains suppressed inline with existing conditions experienced through competitive tender processes.

6.2 Option 2 Analysis

6.2.1 Analysis & Implications of Option 2

Proceeding with the existing proposal of one green under cover and a new clubhouse delivering the infrastructure for a \$2.4M deficit will result in the completed facility having one third of the greens covered and Council spending beyond the current project budget.

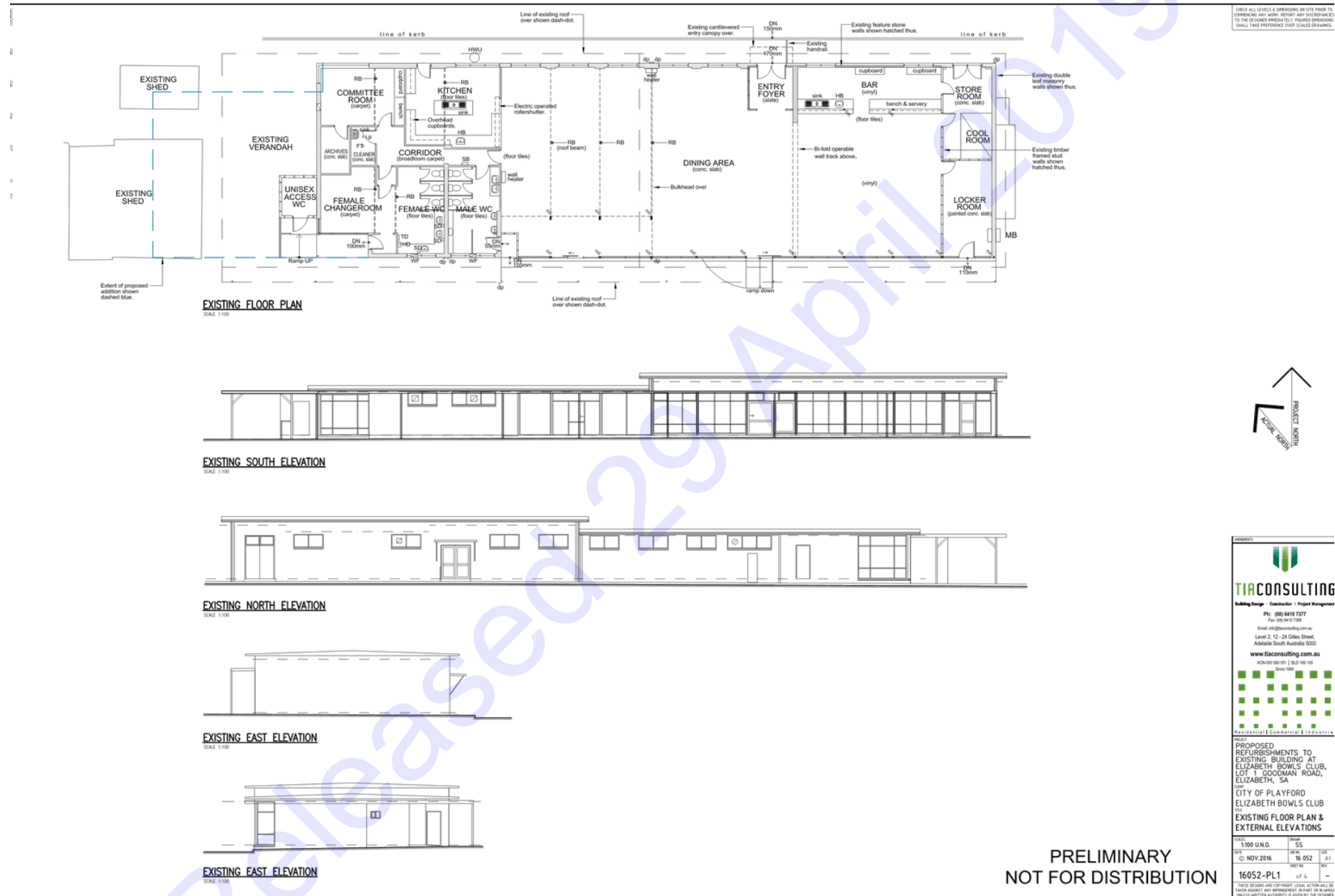
6.2.2 Financial Implications

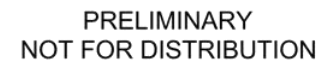
Long-term = impacts extending beyond one year, primarily implications on achievement of the LTFP and associated financial sustainability ratios.

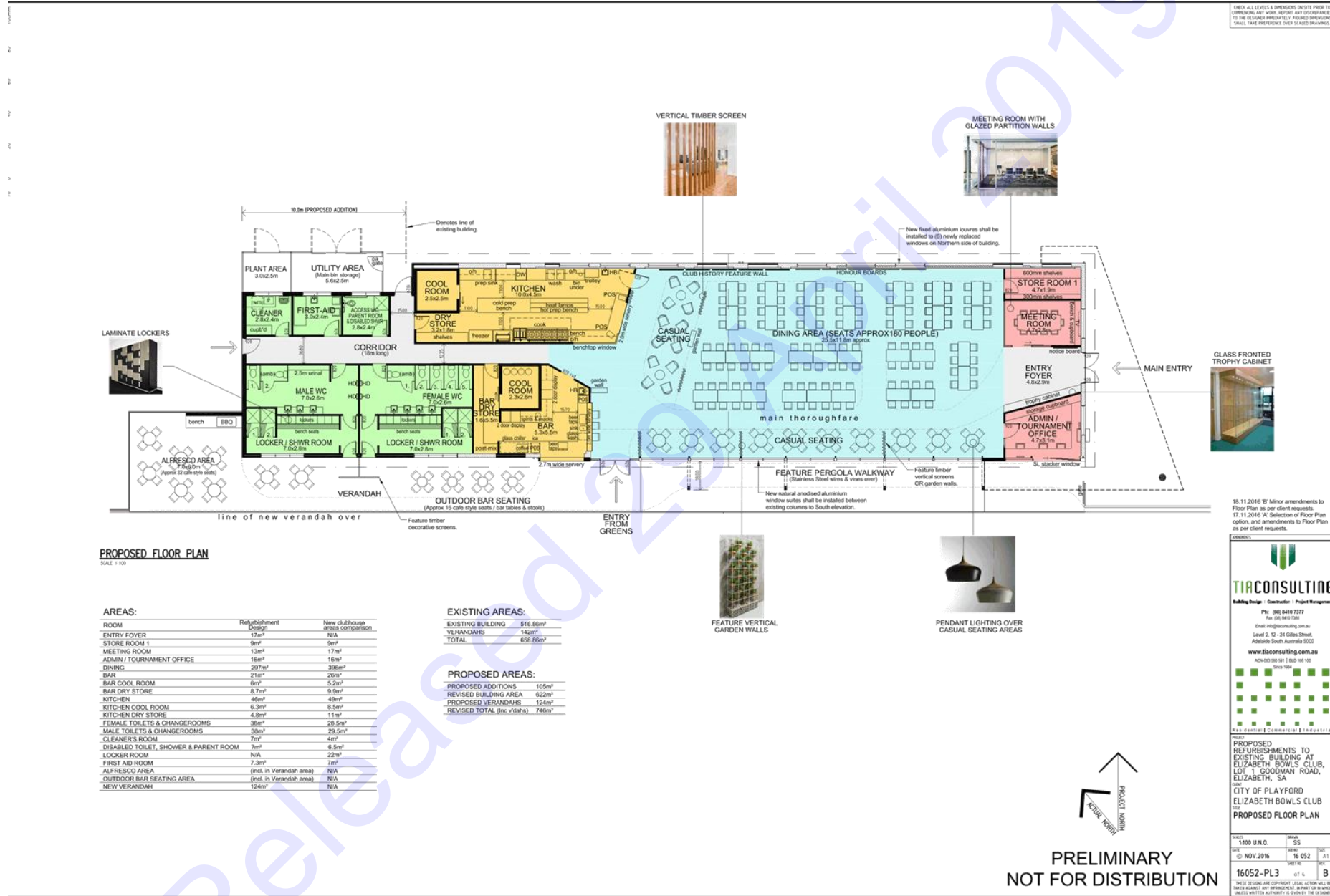
With construction anticipated to start in 2016/17 and conclude in 2017/18, the primary Capital deficit will appear in the 2017/18 budget. Associated depreciation, maintenance and interest resulting from the \$2.4M overspend translates to 9% of the capital overspend being added to the ongoing operational budget post completion (\$216k) with a half year Opex increase in 2017/18 being experienced (\$108k) due to the facility coming online in quarter 2.

	Current Year 2016/17 \$'000	Future Years 2017/18 \$'000	Ongoing \$'000
Operating Revenue	\$ 0	\$ 0	\$ 0
Operating Expenditure	\$ 0	\$ 108	\$ 216
Net Operating Impact	\$ 0	\$ 108	\$ 216
Capital – Investing Revenue	\$ 0	\$ 0	\$ 0
Capital Expenditure	\$ 0	\$ 2,400	\$ 0
Total Borrowings (Capital Investment)	\$ 0	\$ 2,400	\$ 0

The net operational impact of \$216,000 per annum will need to be reviewed as part of the current budget review and next year's budget process.









C. COUNCIL/COMMITTEE TO DECIDE HOW LONG ITEM 18.2 IS TO BE KEPT IN CONFIDENCE**Purpose**

To resolve how long agenda item 18.2 is to be kept confidential.

STAFF RECOMMENDATION

Pursuant to Section 90(2) and Section 91(7) of the Local Government Act 1999, the Council orders that the following aspects of Item 18.2 be kept confidential in accordance with Council's reasons to deal with this item in confidence pursuant to Section 90 (3) (b) of the Local Government Act 1999:

- Report for Item 18.2
- Attachment(s) for Item 18.2
- Discussion for Item 18.2
- Decision for Item 18.2

Duration of Order:

This order shall operate until Council representatives have been able to inform the respective stakeholders of Council's decision, 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.

Step 1 - Option for what aspects to retain in confidence:

Pursuant to Section 90(2) and Section 91(7) of the Local Government Act 1999, the Council orders that the following aspects of Item 18.2 be kept confidential in accordance with Council's reasons to deal with this item in confidence pursuant to Section 90 (3) (b) of the Local Government Act 1999:

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- Decision for Item 18.2

Step 2 - Options for duration of order:**Option 1 – Preferred Option**

This order shall operate until Council representatives have been able to inform the respective stakeholders of Council's decision, 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.

Option 2 – If Date is Unknown

This order shall operate until the next scheduled annual review of confidential items by Council at which time this order will be reviewed and determined in accordance with Section 91(9)(a) of the Local Government Act 1999.

Additional paragraph can be included by Committee/Council which delegates responsibility to the CEO for release

Pursuant to Section 91(9)(c) of the Local Government Act 1999, the Council delegates to the Chief Executive Officer the power to revoke this order at any time [subject to insert any conditions], and the Chief Executive Officer must advise the Council of the revocation of this order as soon as possible after such revocation has occurred.