



## 6 Confidential Items

### 6.1 Marino Community Hall Section 48

<b>Report Reference</b>	FRAC221213F6.1
<b>Originating Officer</b>	Project Manager – Architect – Birgit Stroeher
<b>Corporate Manager</b>	Manager City Activation – Charmaine Hughes
<b>General Manager</b>	General Manager City Development – Tony Lines

### CONFIDENTIAL MOTION

That pursuant to Section 90(2) and (3)(b) of the Local Government Act 1999, the Council orders that all persons present, with the exception of the following persons: Tony Lines, Tony Harrison, Charmaine Hughes, Ray Barnwell, Birgit Stroeher, Michael Arman, be excluded from the meeting as the Council receives and considers information relating to Marino Community Hall prudential report, upon the basis that the Council is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to commercial information including financial figures and concept designs.

### REPORT HISTORY

Report Reference	Report Title
GC260618F01	Potential property acquisition at Marino
GC180828M02	Preliminary options for Marino Hall and Land at 2 Bakewell Crescent
GC181211R08	Marino Hall Preliminary development options
EMF190521R05	Marino Hall Preliminary development options update
SGC200729R01	Marino Hall redevelopment feasibility options
GC201124R12	Marino Community Hall - Community consultation update and project progression
EMF221122R02	Marino Community Hall project update

### REPORT OBJECTIVE

To provide a Section 48 prudential report as required under the Local Government Act to the Finance, Risk and Audit Committee for review. The report prepared relates to the Marino Community Hall project.

### EXECUTIVE SUMMARY

The Marino Community Hall project is listed within the City of Marion's (CoM) 2019/23 Business Plan as a project and included as a \$6M project in the endorsed Annual Business Plan 22/23 in June 2022. Community consultation was undertaken to inform Council on the project scope and detailed designs including a feasibility and business case were completed.

Council provided endorsement in 2021 to proceed with detailed design in readiness for 50% partnership funding and tender to the market in the first quarter of 2023.

Council also endorsed Administration to proceed with a Prudential Report.

Administration engaged BRM Advisory as consultants to prepare a Section 48 report to review Administration's prudential activities in relation to progressing with the upgrade of this project. **Refer Attachment 1.** The Section 48 report is in accordance with the Local Government Act and examines the project in its entirety in the following key areas:

- Relationship with strategic management plans.
- Objectives of the Development Plan.
- The project's potential contribution to the local economy.
- Consultation that has been undertaken with the local community.
- Potential risks and mitigation strategies.
- Financial Assessment: implications, viability and sustainability of the project both in the short and long term.
- Project delivery.

It should be noted that the Section 48 states that all Prudential requirements have been met.

## RECOMMENDATION

That Council:

1. **Notes that the Section 48 Prudential Report addresses requirements under the *Local Government Act 1999*.**
2. **Recommends to Council the adoption of the Section 48 Prudential Report and confirms the report adequately addresses the following issues in relation to the Marino Community Hall project:**
  - a. **The project's support of Council's strategic objectives.**
  - b. **The project's alignment with the objectives of the Council's Development Plan.**
  - c. **The assessment of the potential economic impacts of the Project.**
  - d. **The level of consultation identified for the Project.**
  - e. **The assessment of the Project's risks and the appropriateness of the mitigation strategies developed.**
  - f. **The Project's financial viability in the short and long term.**
  - g. **Council's capacity to deliver the project within its financial sustainability targets.**
3. **In accordance with Section 91(7) and (9) of the Local Government Act 1999, orders that the attachments to this report Marino Community Hall prudential report,' having been considered in confidence under Section 90(2) and (3)(b)(i) and (ii) of the Act be kept confidential and not available for public inspection upon the basis that the information contains commercial information including financial figures and concept designs. This order is to remain in force until such time as it is reviewed, at which time a further order of confidentiality may be made. This confidentiality order will be reviewed at the General Council Meeting in December 2023.**

## DISCUSSION

The City of Marion Strategic Plan 2019-2029 highlights Council's 10-year plan to provide excellent facilities that meet the present and future needs of the community.

In recent years, Council has taken significant steps towards achieving this strategic goal, developing new facilities at Mitchell Park Sport and Community Centre (MPSCC) (2022), Edwardstown Soldiers' Memorial Recreation Ground (ESMRG) (2019), Kellett Oval (Morphettville Park Sporting Club) (2019), BMX facility and the Southern Regional Soccer Complex at Majors Rd (O'Halloran Hill Conservation Park).

The Marino Community Hall is in the Southern area of the City of Marion at 44 Newland Avenue, Marino. It will provide a vibrant integrated arts and community facility providing economic and social benefit to the region's community.

Marion Council is seeking to reinvigorate local health, social, education, and creative industries by building a new community facility. The Marino Community Hall will address the shortage of fit for purpose creative facilities in southern Adelaide and be a hub for new community events.

## **Background**

On 30 July 2018, Council acquired the land at the rear of the Marino Hall located at 2 Bakewell Crescent, Marino. The purchase of the additional land facilitates the opportunity to expand Marino Hall to complement the services provided to the community in Southern Adelaide.

In 2018, Council endorsed to undertake a feasibility study on options to redevelop the Marino Hall to complement the existing services and provide a fit for purpose facility to accommodate additional community programs.

The modern centre will be built on the site of an ageing existing facility which will continue to require extensive maintenance and is at the end of its useful life. It can no longer meet the needs and expectations of the community. This project will provide numerous social benefits through the delivery of arts, multicultural and social programs increasing community participation across all ages of the region's population profile. This includes programs that support people who are socially isolated, new arrivals, multicultural groups and people with disabilities.

An extensive community engagement process was conducted in 2019 and the feedback themes assisted in informing the concept proposal for the site.

At the General Council meeting dated 29 June 2020, Council endorsed the full rebuild concept design option then costed at \$5.13M. Council also endorsed a commitment to fund 50% of the project cost.

The Marino Community Hall Committee will continue to manage the facility. They manage and attract a range of community-based hirers for the facility. The new facility has a similar mix of spaces however these are no longer fit for purpose and are spatially not connected. The new facility will have a more efficient floor plan and some additional spaces to support the facility's functions now and into the future. Council's Community Connections team will also collaborate with the Hall Committee on aligned program delivery opportunities in the new facility.

## **Project Outcomes**

The current facility is not fit for current purpose. It requires significant investment and cannot support future needs.

The new Marino Community Hall will address the need for several markets and segments of the community supporting the following range of social outcomes and services.

- Provide a centre for arts, performance, recreation and community activities.
- Address the gap in supply of arts and cultural facilities across all ages.
- Support people of all ages to be involved in community groups and meet the high demand for people who are ageing.
- Enable people of all socio-economic backgrounds to participate in activities and pursuits through the provision of well apportioned multi-use activity spaces.

- Be a welcoming place for young people and meet the high demand for space for hobby groups amongst young people.
- Be utilised by a range of community, multicultural clubs/groups and individuals.
- Provide opportunities to improve the community's physical, mental and spiritual health and wellbeing through the centre's programs and services.
- Create opportunities for younger and older people to connect and interact.

Performance and community facilities play an important role in supporting, developing and celebrating social and cultural vitality in our communities through group and individual activities, events and programs.

Physical changes to the site will include the construction of a new building, off-street car parking and landscaping elements. There is space for a community café and hireable spaces for occupation by small businesses such as fitness trainers, creative industries groups, performance groups and general community use. The surrounding car park and decking spaces can support community events.

The proposed facility comprises of:

- A main hall that can be divisible for smaller groups or for performance including a stage
- A multipurpose activity space
- Kitchen facilities
- Community operated café
- Gallery/studio space
- Amenities
- Outdoor decking
- Car parking and landscaping
- Roof mounted solar panel system and stormwater retention tank

## Community Consultation

The concept design formed the basis for community consultation undertaken in October 2020. This consultation assisted in refining the current design prior to seeking partnership funding.

A report outlining the community feedback was noted at the 24 November 2020 General Council meeting prior to completing the Section 48 prudential report.

Following the closure of the consultation, analysis was undertaken of the community feedback:

### Communication approach

- 4 x sponsored social media posts reaching a total of **3,759** views.
- (Email newsletter) sent to key stakeholder involved in past consultations in Marino area – this e newsletter was sent to **72** registered participants with an open rate of **62%**.
- Flyer distribution to **935** households across the suburb of Marino.
- 2 x emails sent to Seacliff Kindergarten, Marino Early Learners and Seacliff Primary School to notify of consultation and seek support in distributing through school communications.
- E-newsletter distributions by the 5049 Coastal Community Association.
- Social Media post distributed by the 5049 Coastal Community Association.

### Community Feedback

- Over the life of the consultation, we had **293** visitors to the site.
- **46** people completed the survey.

The feedback provided indicates most people agreed overall that the concept met the objectives of the principles including sufficient flexible space, improving car parking, fit for purpose and contributing to local character.

The large hall space was of most importance to people who responded, followed by café and studio space.

We heard from a good cross section of both current users and non-users of the Hall. A broad cross section of community groups participated in the survey from exercise and fitness groups to community garden members, committees, and school.

## **Section 48 Prudential Report**

Section 48 of the Local Government Act 1999 (the 'Act') requires Council to consider a report for any project where the expected capital cost is likely to exceed \$4M indexed over the ensuing 5 years and addresses a number of key prudential issues.

A Section 48 prudential report has been commissioned from BRM Advisory and is attached as Attachment 1. The report considers the requirements under the Act, in particular the financial viability and sustainability of the project. The Section 48 makes the following observations, however, importantly confirms that all the Prudential requirements have been met:

### **Section 2.1 Relationship with strategic management plans**

#### **Requirements of Section 48 (2) (a) have been met.**

CoM should ensure that provisions for the Project are included in future updates of the Asset Management Plan.

### **Section 2.2 Requirements of the Development Plan**

#### **Requirements of Section 48 (2) (b) have been met.**

An application for Development Approval has been lodged. While the proposal broadly accords with the planning intent for the Zone, the adequacy of car parking provision is expected to be key consideration in the development assessment. However, a traffic, parking and access study conducted by consulting firm Cirqa concludes that the parking shortfall is manageable in the context of the timing of activities at the Hall, the potential to increase on-street parking on Newland Avenue by relocating a bus stop and current car parking arrangements where a theoretical shortfall does not result in significant spill over onto surrounding streets.

During the public notification period for the development application, one representation was received, however, the member of the public does not 'wish to be heard' and therefore the project cannot be assessed by Council's Assessment Panel (CAP). Council's Planning Assessment Team therefore have delegated authority for the application and confirmation of the planning approval status will be provided by the end of the year.

### **Section 2.3 Contribution to Economic Development**

#### **Requirements of Section 48 (2) (c) have been met.**

### **Section 2.4 Level of Consultation**

#### **Requirements of Section 48 (2) (d) have been met.**

### **Section 2.5 Revenue, Revenue projections and Potential financial risks**

#### **Requirements of Section 48 (2) (e) have been met.**

When CoM is able to confirm external federal grant funding for the Project, the Risk Register will need to be updated to reflect potential financial risks of any grant conditions to be determined in the deed, not being met. Minister McBain MP for Regional Development, Local Government and Territories released a media statement on 5 November 2022 advising that the federal grant funding has been confirmed.

## **Section 2.6 Recurrent and Whole of Life and Financial Arrangements**

### **Requirements of Section 48 (2) (f) have been met.**

Recurrent costs have been estimated by CoM administration to be \$195,129 per annum. Servicing the loan for Council's contribution is anticipated to be \$392,375 annually over the ten-year term of the loan.

The modelling of recurrent and whole of life costs should be updated once the final capital costs are known. It should be noted that the Marino Hall Committee will continue to be responsible for all day-to-day general maintenance as well as the operating costs of the facility. The Council will be responsible for structural repairs and maintenance.

## **Section 2.7 Financial Viability**

### **Requirements of Section 48 (2) (g) have been met.**

## **Section 2.8 Risk Management**

### **Requirements of Section 48 (2) (h) have been met.**

The effectiveness of the controls for risks with a residual rating of 'High' and 'Medium' will be kept under review in accordance with council's Risk Management Framework. Regular updates to the risk register will be undertaken as the project moves through the design, construction and commissioning phases.

## **Section 2.9 Project Delivery**

### **Requirements of Section 48 (2) (i) has been met.**

## **Section 2.10 Sale or Disposition of Land**

### **Requirements of Section 48 (2) (j) are not applicable to this Project.**

## **Programme**

The project programme is below, outlining key milestones.

Feasibility and business case phase	Completed 2019
Concept design phase	Completed 2020
Design development phase	Completed 2021
State Government partnership funding secured	Completed 2022
Detailed design and documentation, development approval	August 2022 - February 2023
Federal Government partnership funding deed finalised	Anticipated December 2022
Section 48 Prudential report for Council endorsement	January 2023
Tender (2 stage) process	January - April 2023
Construction	May 2023 - March 2024
Defects liability period	March 2024 – March 2025

## **Project Cost**

The cost estimate includes cost associated with the design and construction of the redevelopment. These are as follows:

- Design and construction contingencies
- Escalation of costs to construction tender
- Foreseeable Market trends and conditions
- Fees and levies
- Project scope
- Builder's margin and preliminaries

The original estimated project budget was \$5.13M based on the concept design in January 2021. As a result of the national and global market conditions, construction projects have experienced significant cost escalation and delays as a result a shortage of available materials and labour.

The project budget noted in the 2022/23 annual business plan is \$6M. This budget is based on the January 2022 project estimate, on then known market trends.

- The current estimate dated October 2022 is \$6.37M, which considers currently documented project scope and market forecasting for commencement of construction in May 2023. The bulk of expenditure will be in the 2023/24 financial year.

The current proposal has an increase in civil costs associated with the car parks and set back requirements to neighbours due to the topography of the site. There are also additional escalation costs due to national and global market trends regarding labour, supply and transport costs. This recent estimate is based on a now confirmed 2023 construction period.

The project will be tabled at a General Council meeting in March 2023, once tender documentation is 100% complete and a pre-tender estimate has been finalised.

## **CONCLUSION**

The Section 48 Report demonstrates that the City of Marion has the capacity to deliver the Marino Community Hall project for the future operation of the facility and that the project risks have been identified and appropriate strategies to mitigate risks have been developed and will continue to be monitored.

## **ATTACHMENTS**

1. Marino Community Hall Prudential Report - November 2022 [6.1.1 - 34 pages]