

**ADELAIDE HILLS COUNCIL
ORDINARY COUNCIL MEETING
Tuesday 28 June 2022
CONFIDENTIAL AGENDA BUSINESS ITEM**

Item: 18.5

Responsible Officers: David Waters
Director
Community Capacity

Paul Day
Coordinator Property Projects and Maintenance
Corporate Services

Subject: FABRIK Redevelopment Project – Construction Contract

For: Decision

1. FABRIK Redevelopment Project – Construction Contract– Exclusion of the Public

Pursuant to section 90(2) of the *Local Government Act 1999* the Council orders that all members of the public, except:

- Chief Executive Officer, Andrew Aitken
- Director Community Capacity, David Waters
- Director Corporate Services, Terry Crackett
- Acting Director Development & Regulatory Services, Melissa Bright
- Director Infrastructure & Operations, Peter Bice
- Executive Manager Governance & Performance, Lachlan Miller
- Governance & Risk Coordinator, Steven Watson
- Manager Property Services, Natalie Westover
- Coordinator Property Projects and Maintenance, Paul Day
- Director Fabrik Arts and Heritage, Melinda Rankin
- Project Coordinator, Nick Taarnby
- Minute Secretary, Pam Williams

be excluded from attendance at the meeting for Agenda Item 18.5: (FABRIK Redevelopment Project – Construction Contract) in confidence.

The Council is satisfied that it is necessary that the public, with the exception of Council staff in attendance as specified above, be excluded to enable Council to consider the report at the meeting on the following grounds:

Section 90(3)(d) of the *Local Government Act 1999*, the information to be received, discussed or considered in relation to this Agenda Item is commercial information of a confidential nature (not being a trade secret) the disclosure of which –

- (i) could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party by disclosing specific pricing by the tenderer; and**
- (ii) would, on balance, be contrary to the public interest; and**

Section 90(3)(k) of the Local Government Act 1999, tenders for the supply of goods, the provision of services or the carrying out of works.

Accordingly, on this basis the principle that meetings of the Council should be conducted in a place open to the public has been outweighed by the need to keep the information and discussion confidential.

2. FABRIK Redevelopment Project – Construction Contract– Confidential Item

SUMMARY

The purpose of this report is to:

- seek approval for additional funding to undertake the construction works to complete the FABRIK Redevelopment Project
- delegate authority to the CEO to sign a construction contract with Nehco Pty Ltd.

Over the last five years Adelaide Hills Council has undertaken an extensive divestment process of the former Onkaparinga Woollen Mill but retained a cluster of classic industrial buildings to be transformed into an Arts and Heritage Hub. Aligning with the site's previous life as a business incubator, the facility now known as Fabrik, provides physical spaces and programs to support creative industries, provides space to exhibit art, retail locally produced artisan wares and celebrate the heritage of the former woollen mill. **Appendix 1** contains a visual representation of the proposed development.

As the “home of textile art” in South Australia, FABRIK immediately has an identity as a unique cultural tourism destination. This redevelopment will enable FABRIK's exhibitions, heritage interpretation, artist studios and retail to provide authentic cultural experiences and products. Businesses in and around Lobethal and other art and cultural offerings have the opportunity to benefit through increased visitation and opportunities to cross-promote with the facility.

Council called open tenders for the FABRIK Redevelopment Project in March 2022, with a closing date of 21 April 2022, due to COVID 19 the date was extended to 1 May 2022. The tender was then readvertised with a reduced scope of works in Building 21 (**Appendix 4**) closing on 6 June 22, due to all submissions being over budget.

Council received two complying tender submissions and after detailed evaluation Nehco Pty Ltd is the recommended company to complete the works at a total cost of \$3,945,600.

RECOMMENDATION

Council resolves:

- 1. That the report be received and noted.**
 - 2. To approve an additional capital budget allocation of \$560,600 to enable the FABRIK Redevelopment Project to be completed for a total cost of \$4,435,600.**
 - 3. That external funding be sought, if possible, to cover the additional \$560,600 budget.**
 - 4. To delegate to the CEO the authority to finalise and execute the contract with the preferred tenderer, Nehco Pty Ltd, to complete the construction works aligned to the FABRIK Redevelopment Project for a total cost of \$3,945,600.**
-

1. BACKGROUND

The Onkaparinga Woollen Mill site has a remarkable presence with its classic industrial architecture, proximity to the Lobethal main street and eclectic mix of spaces both large and small making it ideal for a community cultural facility. The site has proven itself as an incubator for innovation and new ideas and the buildings allocated to the FABRIK redevelopment provide a diverse array of spaces – many with outstanding natural light and classic industrial architectural features. This enables the inclusion of a range of facilities within the site, which will be suitable for tourism, community development, business innovation and arts and culture activities.

The benefits of the facility will be broad and far reaching, with anticipated growth in visitation to the Adelaide Hills and more specifically Lobethal, which will provide positive economic and social outcomes. Fostering creative industries will increase the number of cultural jobs within the region, not only providing specific economic benefits but also influencing the physical landscape and encouraging community cultural activity that celebrates identity and preserves heritage. On a community level, the creative and cultural opportunities will foster a greater sense of community pride and provide health and wellbeing outcomes. The programming presented at Fabrik since 2019, with resulting artist involvement, strong community engagement and the attraction of visitors from outside the region, demonstrates the potential for the site after redevelopment.

To enable these historic buildings to be utilised to their fullest it was decided that a project to upgrade the site was required and subsequent funding sought in September 2020. Council was successful in securing \$3M of funding via the Local Economic Recovery (Bushfire) Funding Program, a jointly funded program between the Federal and State Governments. Council also committed \$1.3M towards the project costs.

Council staff have been working with consultants since 2019, to develop plans and consult with the community to ensure that the final concept and design for the redevelopment met the needs of the community and Council. Initial concept designs were completed by Grieve Gillett Anderson Architects, and then Walter Brooke and Associates were successful in securing the tender to develop the design, and create documents to achieve full Development Approval. This process was extremely detailed with over 100 pages of drawings and in excess of 200 pages of specifications and schedules that detail every component of the project. Full development approval was achieved on 2 June 2022.

2. ANALYSIS

Tenders were advertised for the construction works via the SA Tenders website and closed on 21 April 2022. The closing date was extended to 1 May 2022, following feedback from potential tenderers around the impacts of COVID-19 on their ability to submit tenders. Two tenders were received.

Following an initial evaluation of tenders, which were discussed with Council Members at a confidential workshop on 17 May 2022, it was determined to reissue a revised scope of works to the two tenderers and seek revised pricing. The revised scope excluded some cosmetic elements of the project and reduced facilities in Building 21. The process also sought componentised prices for specific elements which could then either be included or excluded at the Council's discretion.

Both tenderers submitted a revised tender by the closing date of 6 June 2022.

As discussed in the financial implications section of this report, the lowest (and preferred) tender price is \$3,945,600. The tender price, plus the remaining project costs (see below) equate to a final project cost of \$4,435,600, against a remaining budget of \$3,875,000, i.e. a shortfall of \$560,600 (including a \$100,000 contingency).

It is noted that the scope of works within the \$4.435m total includes elements which *were* considered for removal such as:

- A bridge connecting Buildings 20 and 14 to render the whole site to be fully accessible (potential savings of \$100,000 if excluded)
- Artist studio spaces (for rent to support creative businesses) (\$60,000)
- A void between the ground and upper floors in Building 21 which provides a visual connection to the upstairs (main) gallery at the entry point for visitors (\$68,000)
- Way-finding signage and building signage (\$55,000)
- Heritage interpretation infrastructure (\$50,000).

Each of the above were considered to be key to achieving the overall objectives of the site, including the ability to support creative industries, improve the tourist economy, ensure the site is accessible for people with disability and honouring the heritage of the mill.

The potential to reduce the size of the entry pavilion was also considered (saving \$175,000), however this will eliminate the potential for any future set up of a small visitor café, reduce the pavilion's capacity for retail activities and reduce the visual impact of the facility.

Revisions to the initial scope which have been made in the recommended proposal include:

- Slight reduction in the size of bathroom facilities in Building 21
- Some reduction in the scope of fittings in Building 21
- Some reduction in the proposed landscaping
- Other minor cosmetic reductions.

These revisions were made with a mind to reducing the intervention in Building 21, which is the building having arguably the most heritage integrity. Furthermore, Building 21 has proven an attractive and effective venue for mass visitor events such as once-off themed markets and bespoke exhibitions. It has consistently attracted good visitor numbers (e.g. 6,000 over a weekend market) and the revised scope will ensure it can continue to be used in a flexible manner for that purpose, while also incorporating a heritage interpretation as originally planned and studio spaces.

In short, the scope revisions and second round of tendering has resulted in a lower preferred tender price, but still \$560,600 above the available funding for the remaining total project cost. The Administration considers that further reducing the scope to proceed with only the available funding, i.e. by eliminating some of the elements in the initial dot-point list above, will compromise the integrity of Fabrik and the ability to achieve its economic, social and cultural objectives. It also has the potential to impact on the achievement of future revenue targets that have been provided for within the current iteration of the LTFP.

The Financial Implications section of this report considers funding in more detail, including potential sources to cover the shortfall.

➤ **Strategic Management Plan/Functional Strategy/Council Policy Alignment**

Strategic Plan 2020-24 – A brighter future

Goal 1	A functional Built Environment
Objective B4	Sustainable management of our built assets ensures a safe, functional and well serviced community
Goal 3	A prosperous Economy
Objective E3.3	Work with our local communities and businesses to create active, attractive and vibrant places.

➤ **Legal Implications**

Local Government Act 1999 - s49—Contracts and tenders policies

(a1) A council must develop and maintain procurement policies, practices and procedures directed towards—

- (a) obtaining value in the expenditure of public money; and
- (b) providing for ethical and fair treatment of participants; and
- (c) ensuring probity, accountability and transparency in procurement operations

Council staff followed Council’s procurement procedures during the tender advertising and evaluation processes. Council’s Procurement Officer was not involved in the evaluation process but had oversight over both the advertising and evaluation of the tenders. This was to ensure staff followed all relevant process, procedures and policies of Council.

Local Government Act 1999 – s48 – prudential review

The expected construction and anticipated operating costs of the project at commencement did not exceed the triggers contained in legislation and the Council’s *Prudential Management Policy* for a formal prudential review. However, Utintja consulting was engaged in 2021 to undertake a review covering similar areas to what the legislation requires in a prudential review. The outcomes of this review, including a revised risk profile for the project, were workshopped with Council Members on 15 June 2021. A copy of the Utintja Consulting Review is contained in **Appendix 5**.

➤ **Risk Management Implications**

The additional funding to enable the construction works to be completed to the level required to maximise the usage of the site will assist in mitigating the risk of:

Inadequately planned and managed community sites that don’t meet user needs, or require significant, unplanned asset management.

Inherent Risk	Residual Risk	Target Risk
Medium (3C)	Medium (3C)	Low (1C)

There are a range of other risks associated with the Fabrik project and these were analysed in the Utintja Consulting Review (**Appendix 5**) in 2021 and presented to Council Members on 15 June 2021.

➤ **Financial and Resource Implications**

Total funding available for the project, less money already committed or spent on preliminary works and design is \$3,875,000.

Following the second round of tendering, the price submitted by the preferred tenderer for all works considered necessary to achieve the fundamental objectives of the project under a revised scope is **\$3,945,600**. Together with other remaining project costs of:

- Wayfinding signage \$55,000
- Interior furniture/ fittings \$75,000
- Landscaping \$35,000
- Heritage interpretation project \$50,000
- Project management costs \$175,000
- \$390,000**

Together with a contingency of \$100,000, total remaining project costs equate to \$4,435,600, resulting in a projected funding shortfall of \$560,600 (or \$460,600 without contingency).

As Council Members will be aware, in the last 12-18 months, tender prices for construction works have generally been higher than expected and this has been exacerbated in more recent months by further escalations in the cost of construction materials, energy and fuel.

The revised tender prices for the Fabrik redevelopment are consistent with this recent experience, albeit the difference is still relatively low in percentage terms due to the re-scoping and retendering efforts made.

It is necessary to move expediently on this matter as prices are likely to escalate further over the next 6 – 12 months.

The Administration has considered potential sources of funding for the additional \$560,600 cost. A request has been made for additional State and Federal Government funding from the Local Economic Recovery Program, however initial indications are that this will not be forthcoming and staff have been advised to seek alternative sources of funding.

Council Members will be aware that Council has recently been advised on a further tranche of Local Roads and Community Infrastructure Program (Commonwealth) funding, with Adelaide Hills Council set to receive \$785,000 to allocate to eligible initiatives. While the specific guidelines for this additional funding have not yet been released, they are expected to be similar to previous LRCIP funding rounds. That is, the funding is to be spent on local roads or community infrastructure projects in the public realm under the Council's care and control. The funding is not available until 2023. This fund is relatively discretionary in the sense that the Council can allocate it to projects without the need to match the funding and without the need to apply (except for eligibility checking). Most grant programs have very specific objectives, require a co-contribution of funding or cannot be used for initiatives related to projects which have already received government funding.

The Administration is of the view that it is unlikely that the Council would receive grants through other regular government grant programs to 'complete' the Fabrik redevelopment. In any event, none of the regular significant government grant programs are currently open.

The LRCIP funding is therefore considered to be the Council’s best option to ‘top up’ the project budget with external funds. It should be noted however that because the guidelines for the latest LRCIP funding have not yet been released, it is not possible to say with certainty whether Fabrik will be eligible.

As a consequence of the clash between the uncertainty in the LRCIP eligibility and the need to move forward with the project, it is recommended that the Council approve the awarding of the contract now, with an intention to allocate LRCIP funding if possible, but with the contingency that the Council will apply its own capital funding if necessary to complete the works. Noting that it is likely that if the Council allocates additional funding as recommended, this will likely make the project ineligible for LRCIP funding if the LRCIP Round Extension Guidelines are consistent with the existing guidelines.

Should the Council need to use its own funding, it is noted that some proceeds, of approximately \$700,000 from the divestment of other Council assets at the former woollen mills site are as yet unallocated. It is a condition from the initial acquisition of the mill in the 1990s that the proceeds from the sale are invested back into the local community. Noting that revenue from the sale of the final portion of the site is not projected to be received until late in the 22/23 financial year or in the 23/24 financial year, subject to drainage culvert works being undertaken and agreement to purchase the land by the current tenant.

It should also be noted that if the Fabrik project is not eligible for LRCIP funding, the Council is likely to nominate projects for LRCIP that would otherwise have cost the Council from its own capital budgets in future years.

It should also be noted that should the additional funds be approved to complete the project the annual operating costs for borrowing expense as well as depreciation will also need to be captured within the LTFP. It is estimated that this will equate to approximately \$22,000 per annum at the completion of the project.

See discussion elsewhere in this report around the scope of works and other options.

As noted in the legal implications section of this report, the review undertaken by Utintja Consulting in 2021, is contained in **Appendix 5** for reference.

➤ **Customer Service and Community/Cultural Implications**

The upgraded facilities in the recommended format, will enable the fostering of creative industries that will in turn increase the number of jobs within the region, not only providing specific economic benefits but this will also influence the physical landscape and encourage community cultural activity that celebrates identity and preserves heritage. On a community level, the creative and cultural opportunities will foster a greater sense of community pride and provide health and wellbeing outcomes. There is a heightened level of expectation in the local and broader community around the Fabrik redevelopment. Should the project not proceed, or proceed at a significantly reduced scope, those expectations will not be met.

➤ **Sustainability Implications**

There has been a previous report detailing that the site once upgraded, will have a multiplier effect of 2.0, which will see at least \$2 injected into the local economy for every dollar invested in the facility.

➤ **Engagement/Consultation conducted in the development of the report**

Consultation on the development of this report was as follows:

Council Committees: Not Applicable

Council Workshops: 17 May 2022

Advisory Groups: Not Applicable

External Agencies: Not Applicable

Community: Not Applicable

3. OPTIONS

Council has the following options:

- I. Enter into the construction contract as recommended, including the additional \$560,600 as described in the report (Recommended)
This option will enable the project to proceed and include all key elements to achieve the desired objectives of the facility.
- II. Enter into the construction contract with some elements of the project removed with a view to completing them later using external sources of funding if they can be obtained (Not Recommended)
This option is not recommended as there is a real risk that the Council will not be able to obtain future major capital grants toward this project and that construction prices are likely to escalate further in the short-medium term. It is also reasonable to suggest that the cost of completing the remaining works later will be more than \$560,600 as it will be tendered out as standalone works and therefore not achieve the economies of being included in a larger construction contract. Omitting further elements of the project will also jeopardise the ability to achieve the objectives of the facility, including revenue streams.
- III. Not proceed with the project and/or retender the project later (Not Recommended).
This option is not recommended because the \$3m already awarded to the Council was contingent on the funds being spent by the end of 2024. The funding was provided specifically to support the economy in bushfire impacted areas and there is therefore a clear expectation that the funding is spent sooner rather than later.

4. APPENDICES

- (1) Site location plan
- (2) External modelling images of the project
- (3) Initial design of Building 21 for tender
- (4) Revised design of Building 21 for tender
- (5) Utintja Consulting Review

Appendix 1
Site location plan



Appendix 2

External modelling images of the project

WALTERBROOKE

EXTERNAL VIEWS



LOBETHAL ROAD - STREET VIEW



LOBETHALROAD - STREET VIEW



ARTPLAZA



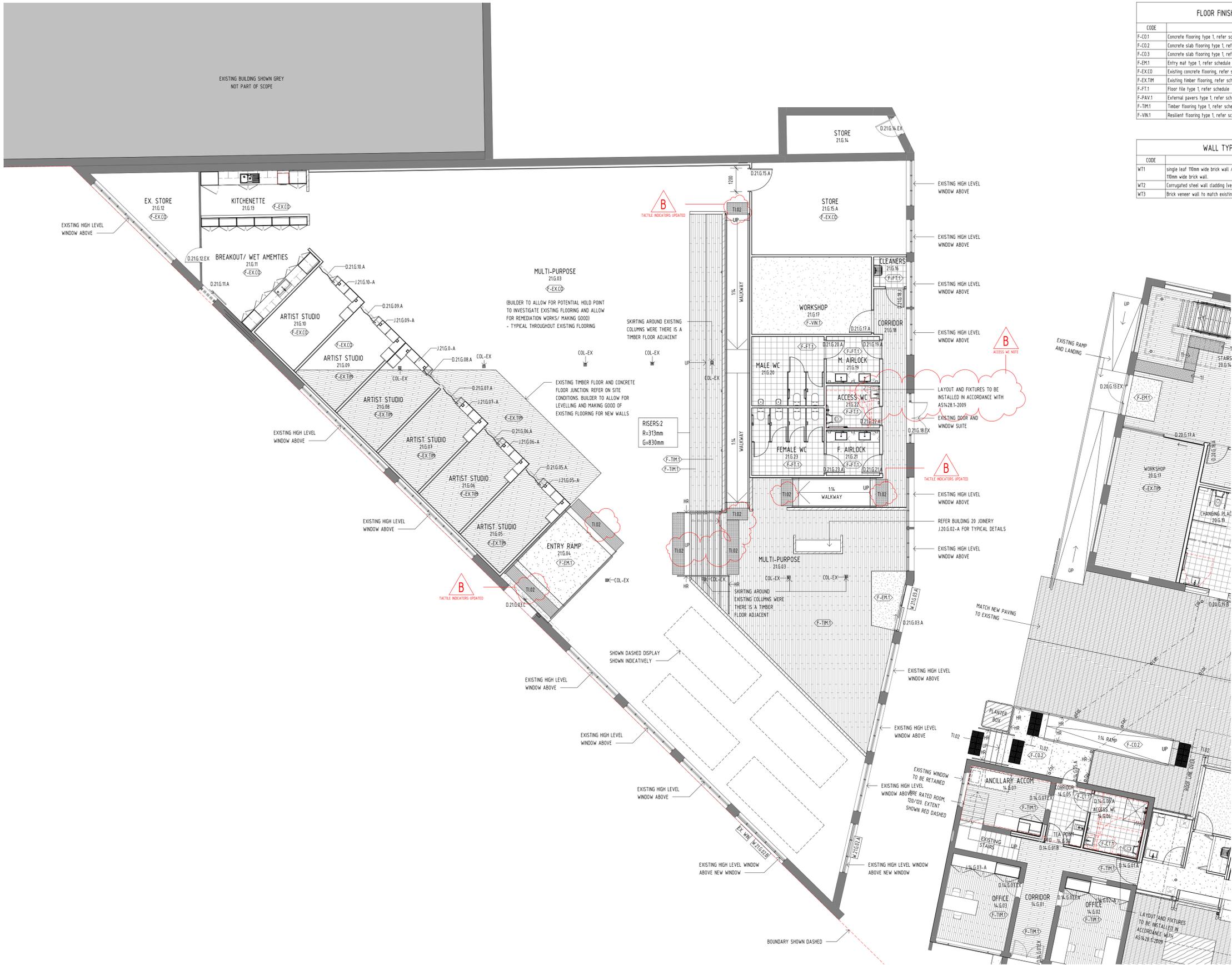
DRIVEWAY AND ART PLAZA



LOBETHAL ROAD - BUILDING 14 AND BUILDING 21

Appendix 3

Initial design of Building 21 for tender



FLOOR FINISHES SCHEDULE	
CODE	DESCRIPTION
F-C01	Concrete flooring type 1, refer schedule
F-C02	Concrete slab flooring type 1, refer schedule
F-C03	Concrete slab flooring type 1, refer schedule
F-EM1	Entry mat type 1, refer schedule
F-EXC0	Existing concrete flooring, refer schedule
F-EXC1M	Existing timber flooring, refer schedule
F-F11	Floor tile type 1, refer schedule
F-PA1.1	External pavers type 1, refer schedule
F-TM1	Timber flooring type 1, refer schedule
F-VN1	Resilient flooring type 1, refer schedule

WALL TYPE SCHEDULE	
CODE	DESCRIPTION
WT1	single leaf 10mm wide brick wall / 40mm cavity / insulation as spec. / single leaf 10mm wide brick wall
WT2	Corrugated steel wall cladding vertical on top hat sub-framing
WT3	Brick veneer wall to match existing adjacent wall. Packing to suit existing wall width.

LEGEND - FLOOR PLAN	
Col.	column to engineer's drawings
Control	control joint to engineer's drawings
FFL	Finished Floor Level, FSL/Finished Slab Level
FWG	external floor waste grate to civil engineer's drawings
D-...	door reference, refer to door schedule
FD	fire door as scheduled/spec.
SD	smoke door as scheduled/spec.
WIN...	typical window number, where "M" noted, mirror the configuration external window reference, refer to window schedule
W-...	external window reference, refer to window schedule
WV-...	internal window reference, full height UNO, refer to internal elevations
RT1	roof type 1, 3 as spec.
GS	gutter sump as spec.
EJ	expansion joint to box gutter
F	fall
HRxx	Handrail Type xx: Refer to Specification
BALxx	Balustrade Type xx: Refer to Specification

NOTES:

- Refer to services drawings to confirm all duct clearances prior to construction.
- Refer to services drawings to confirm all roof/wall/slab penetrations. Provide all necessary flashings/sealants to ensure waterproof seal.
- Refer to External Elevations (including courtyard) and Mechanical Engineer's drawings for all external 'outside' air intake & exhaust grilles. Provide all necessary trims/sealants to perimeter of openings.
- Refer to Mechanical & Hydraulic Engineer's drawings for location of all fundish.
- Refer to Internal Elevations Legend for Fixtures & Fittings/Equipment codes.

Services:
Coordinate all services, stacks, vents, fundishes, equipment and associated penetrations on site. Coordinate locations and numbers with services engineers drawings.

PARTITION TYPE SCHEDULE			
CODE	PARTITION DESCRIPTION	FIRE WALL RATING	NOTES
PT1	1 x 10mm flush plasterboard (MR plasterboard or FC to wet area) as spec./ 92mm wide steel stud framing as spec. / insulation as spec. / 1 x 13mm flush plasterboard (MR plasterboard or FC to wet area) as spec. /		
PT2	1 x 10mm flush plasterboard (MR plasterboard or FC to wet area) as spec./ 92mm wide steel stud framing as spec. / insulation as spec. / 25mm thick MR MDF board (to artist studio side) /		
PT3	25mm thick MR MDF board / 92mm wide steel stud framing as spec. / insulation as spec. / 25mm thick MR MDF board /		
PT4	25mm thick MR MDF board to one side (to artist studio side) / 92mm wide steel stud framing as spec. / insulation as spec. /		
PT5	2 x 10mm flush plasterboard (MR plasterboard or FC to wet area) as spec./ 150mm steel stud framing / insulation as spec. / 2 x 13mm flush plasterboard (MR plasterboard or FC to wet area) as spec. /		
PT6	100mm thick brick wall /		
PT7	1 x 10mm flush plasterboard (MR plasterboard or FC to wet area) as spec. (one side only) / 92mm wide steel stud framing as spec. / insulation as spec. /		
PT8	2 x 10mm flush Fire Rated plasterboard (MR FR plasterboard or FC to wet area) as spec./ 92mm wide steel stud framing as spec. / insulation as spec. / 2 x 13mm flush Fire Rated plasterboard (MR FR plasterboard or FC to wet area) as spec. /	120/120	
PT9	2 x 10mm flush Fire Rated plasterboard (MR FR plasterboard or FC to wet area) as spec./ 2 x 13mm flush Fire Rated plasterboard (MR FR plasterboard or FC to wet area) as spec. /	120/120	Pack out wall where applicable to suit existing wall thickness.
PT10	1 x 10mm flush plasterboard (MR plasterboard or FC to wet area) as spec./ insulation as spec. / 35mm non top hat framing as spec. /		Provide packers/trimming as required
PT11	1 x 10mm flush plasterboard (MR plasterboard or FC to wet area) as spec./ insulation as spec. /		
PT12	1 x 10mm flush plasterboard (MR plasterboard or FC to wet area) as spec./ 150mm steel stud framing / insulation as spec. / 25mm thick MR MDF board (to artist studio side) /		
PT13	1 x 10mm flush plasterboard (MR plasterboard or FC to wet area) as spec./ insulation as spec. / 1 x 13mm flush plasterboard (MR plasterboard or FC to wet area) as spec. /		
PTxx	1 x 10mm flush plasterboard (MR plasterboard or FC to wet area) as spec.		

1 FLOOR PLAN
2-100 1: 100

ARCHITECTURE - INTERIOR DESIGN
LANDSCAPE ARCHITECTURE
MASTERPLANNING

contractors must verify all dimensions on the job before commencing work or making shop drawings

Rev	Date	Reason for Issue
A	16.03.2022	Tender Addendum
B	11.04.2022	Response to BRC RFI's

FABRIK
Owner
ADELAIDE HILLS COUNCIL
BLDG 21 - GROUND FLOOR PLAN

project no: 21-0214
scale: As indicated @ A1
date: 11.04.2022
drawn: MO/DG
sheet no: WD-1-300 revision: B

FOR TENDER
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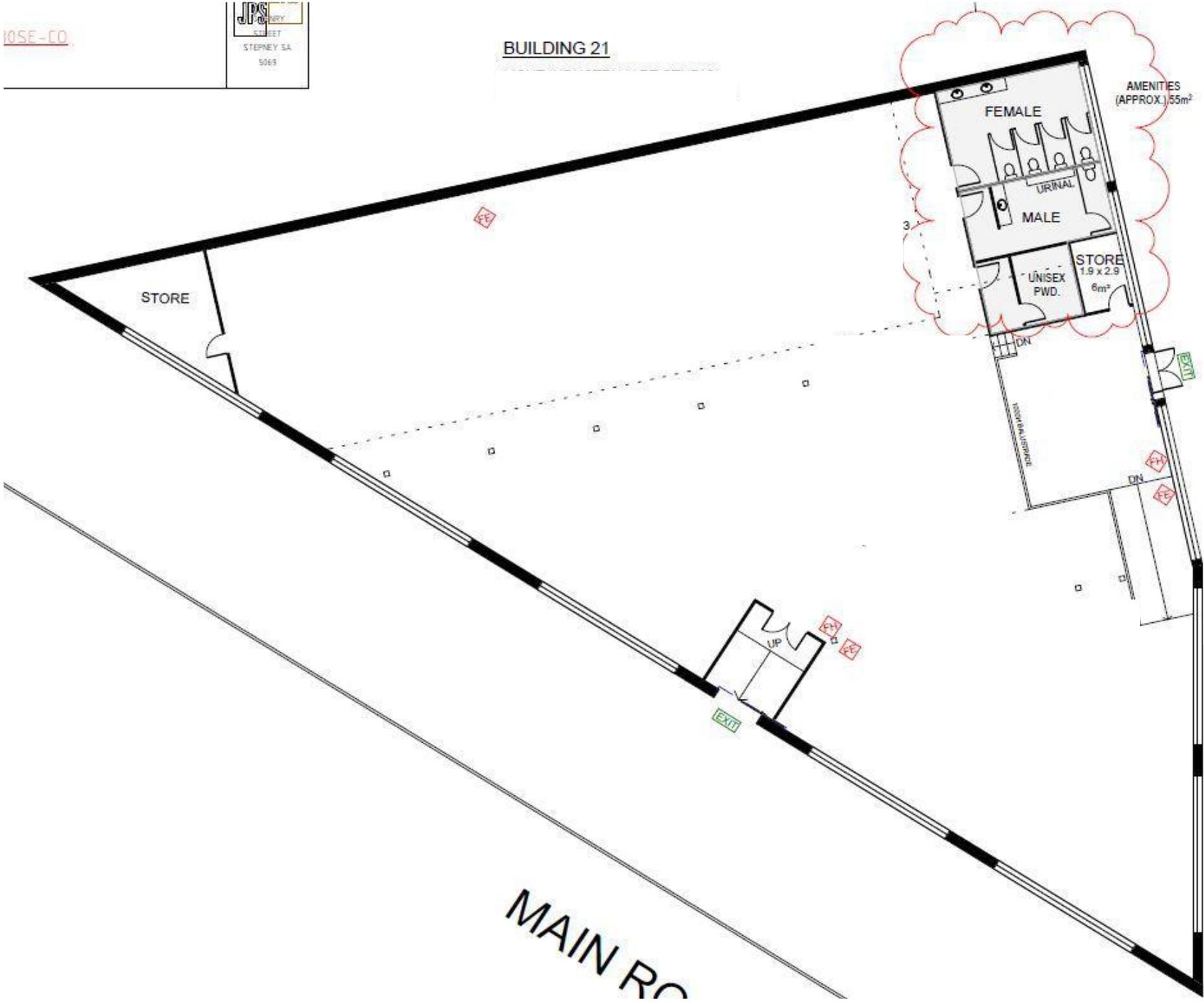
Appendix 4

Revised design of Building 21 for tender

10SE-CO

JPS
STREET
STERNEY SA
5069

BUILDING 21



MAIN RO

Appendix 5

Utintja Consulting Review

Adelaide Hills Council Review of Fabrik Redevelopment



Alan Rushbrook
March 2021
alan@utintja.com.au

Executive Summary

Adelaide Hills Council (AHC) is developing an Arts and Heritage hub at the site of the former Onkaparinga Wolleen Mill in Lobethal. The hub is called Fabrik. Its vision is to be *“a sustainable and distinctive facility, that offers exceptional cultural experiences and provides valuable social, educational and economic outcomes for the region.”*¹

This report completes a suite of information which form a Prudential Review of the Fabrik project. Council has undertaken significant work on Business Planning, identifying consistency with Strategic and Development Plans and impact on Council Long Term Financial Plan.

This report was commissioned to provide an independent assessment of:

1. revenue, revenue projections and potential financial risks;
2. recurrent costs associated with the project, including any costs arising out of proposed financial arrangements;
3. the financial viability of the project, and the short and long term estimated net effect of the project on the financial position of the Council; and
4. any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks.

Using the adopted Business Development Framework (BDF) and other project documents a set of operational assumptions were developed with Council staff. These operational assumptions then formed the basis of financial projections, which were compared to the financial projections in the BDF. Using Council’s 2020/21 budget as a base, it is estimated that Fabrik’s budget will require an additional \$46k (i.e., \$304k less \$258k) per annum once the facility is fully operational. Total funding requirements will increase from \$258k to \$397k, an increase of \$121k per annum. The net cost is higher than described in the BDF, primarily due to less revenue being anticipated to be received from grants and the hire of studio spaces.

The risks associated with the project have been carefully reviewed and reassessed. The current risk assessment is robust, but the events the past five months and the comments in this report suggest it would be timely to revisit the assessment of project risks. It is the view of the consultant that some risks have a lower residual risk rating and others such as planning and external funding have increased. Two additional risks have also been identified, and they are Governance structures and Construction risks. Both risks would benefit from further evaluation and management.

¹ Page 7, Adelaide Hills Arts and Heritage Hub – Lobethal, Business Development Framework 2018-2023.

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Introduction

Adelaide Hills Council (AHC) is developing an Arts and Heritage hub at the site of the former Onkaparinga Wolleen Mill in Lobethal. The hub is called Fabrik, and its vision is to *“a sustainable and distinctive facility, that offers exceptional cultural experiences and provides valuable social, educational and economic outcomes for the region.”*²

A Business Development Framework (BDF) has been developed for the site and operations, and in August 2020, AHC endorsed a Facility Development Plan (FDP). The Council has allocated approximately \$1m in capital funds to the project in its Long-Term Financial Plan, plus approximately \$230k of Local Roads and Community Infrastructure Program funding plus Council has been successful in receiving a further \$3m in Local Economic Recovery Program (LERP) funding. The total capital spend is approximately \$4.3m, with some cost already incurred. Some capital works on a range of property improvements have already commenced, and plans are being developed for the capital expenditure related to the \$3m LERP funding.

Prudential Review

Section 48 of the Local Government Act requires a prudential review when the project will be greater than \$4.798m or if the project has a value of greater than 20% of operating expenditure which is over \$10m for AHC. The decision to undertake the initial development was made prior to the announcement of the LERP grant, basically splitting the project into a number of different parts, each requiring its own approval process. With each component, and with the total project expenditure being less than the amount required by legislation, there is no legislative requirement to undertake a section 48 prudential review.

Despite no legislative requirement to conduct a section 48 prudential review, it remains good practice for an undertaking of this size to undertake an examination of the project, and the requirements of section 48 (2) provide a useful list of items to consider. As part of the development of the project, the following items have already been considered by the Council.

- a) The relationship between the project and relevant strategic management plans;
- b) the objectives of the Development Plan in the area where the project is to occur;
- c) the expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in the proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the market place;
- d) the level of consultation with the local community, including contact with persons who may be affected by the project and the representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes;

² Page 7, Adelaide Hills Arts and Heritage Hub – Lobethal, Business Development Framework 2018-2023.

- i) the most appropriate mechanisms or arrangements for carrying out the project;

The remaining items from section 48(2) form the basis of this independent review of the Fabrik review.

- e) if the project is intended to produce revenue, revenue projections and potential financial risks;
- f) the recurrent costs associated with the project, including any costs arising out of proposed financial arrangements;
- g) the financial viability of the project, and the short and longer-term estimated net effect of the project on the financial position of the Council;
- h) any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks;

It is also worth noting that the Council has already commissioned a study on the potential economic impact of Fabrik development. Also, in its long term financial plan, Council has included depreciation, which assists the Council to understand the whole of life costs of the project.

Initially, the project was to examine the \$1m and \$4m options for the project and consider two scenarios for each option. Events moved quickly once work on this report was started. Work was commenced on the \$1m redevelopment, and after a draft of the report was produced the commonwealth government announced the approval of the \$3m grant. Therefore, the final report was scaled back and only addresses the full development option of \$4.3m.

Financial projections

As part of the project, three financial scenarios were initially developed. There were:

Scenario 1

Current buildings, with "WHS" renovations completed, which would provide lift access to Building 20, refurbishment of stairs in Building 20, improved entry to buildings 14 and 21 and installation of fire safety in buildings. This scenario would create:

- Hireable studio spaces downstairs in Building 20;
- Gallery/workshop spaces upstairs in Building 20; and
- Toilets in Buildings 21.

Scenario 2

Completion of Facility Development Plan building improvements, which would include conversion of Building 14 to a Residence / Workshop, a new entry point for Building 21 and creation of retail area and an "Old Mill Heritage Experience". This scenario would include:

- Six new studio spaces in Building 21;
- Retail/reception area in Building 21; and
- Residence for the artist in residence program.

This scenario was dependent on a successful grant application of \$3.0m through the Bushfire Local Economic Recovery Program (LERP). During the conduct of the project Council was informed that they were successful in their application for funding.

Scenario 3

Initially, a third scenario was developed, a scaled-back version of scenario 1. However, with the publication of tender documents for the more extensive development, this had not been included in the report.

Using the BDP, FDP and Council budget for Fabrik and with two meetings with the Director of the Fabrik, a set of financial assumptions for the hub's future operations were developed and refined. These assumptions are reproduced in Appendix 1. The financial projections which arose from the assumptions for Scenario 2 were then compared to the financial forecasts in the BDF. The significant differences between the BDF and Scenario 2 are highlighted in the Notes in the Assumptions in Appendix 1.

All the financial modelling was undertaken in real dollars, with no allowance has been made for the effects of inflation. This facilitates an easier comparison between years.

Grant Income

Community outcomes are dependent on the level and types of activities that occur at Fabrick. The BDF assumed that Fabrik would be successful in obtaining annual grants from Festivals Australia and Arts SA. The financial scenarios presented in this report do not include income from these sources. Obtaining grant revenue requires success in a highly competitive grant application processes. The process for applying for grants, especially a series of grants, is resource-intensive and is a "chicken and egg" situation, where the application of additional resources would increase the probability of receiving more resources. Except for the Retail Coordinator position, the financial scenarios do not include additional paid staff resources. The current staff would be challenged to be able to manage the increased level of activity that would result from the redeveloped facilities and devote significant resources to submit new grant applications. Whilst this activity could be outsourced, it would require additional resources, which would need to be funded.

Events Strategy

The financial analysis assumes that the current strategy of partnering with Council to host events will continue.

No funds have been set aside for a Performing Arts Program as this was considered to be outside of Fabrik's core activities.



Retail Strategy

The proposed creation of a Retail / Reception area in Building 21 brings the need to resource this area plus the opportunity to create an additional attraction for Fabrik and another income stream. Scenario 2 includes a new position of Retail Coordinator which will manage Fabrik's retail strategy, meet and direct visitors using the new entrance to Building 21 and assist with the management of activities in Building 21. The retail strategy would expand the sale of artist works on commission to the sale of third-party items, similar to book shops in art galleries and museums. This position reduces the need for casual staff to be employed on weekends to greet visitors when entering Buildings 21.

The financial projections below summarise the income and expenditure for Fabrik and show the comparative funding requirements. The comparative funding requirements deduct those items which relate to Fabrik operations but are funded in a separate area of Council's budget and provide an indication of the likely impact of Fabrik operations on the Council's total budget.

Adelaide Hills Council
Fabrik Arts + Heritage
Scenario 2

	Budget 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	BDF 2023
	no indexation							
Summary								
Operating Income and Expenditure								
Income								
User charges	41,656	8,600	65,560	173,420	237,520	216,320	243,320	287,027
Grants, subsidies and contributions	5,000	-	3,000	3,000	3,000	3,000	3,000	55,000
Other income								
Total income	46,656	8,600	68,560	176,420	240,520	219,320	246,320	342,027
Expenditure								
Employee costs	222,868	222,868	245,751	268,633	268,633	268,633	303,633	300,477
Materials, contracts & other expenses	81,793	58,050	144,625	273,300	326,700	306,700	339,200	335,000
Depreciation								
Total expenditure	304,661	280,918	390,376	541,933	595,333	575,333	642,833	635,477
Operating Surplus / (Deficit)	(258,005)	(272,318)	(321,816)	(365,513)	(354,813)	(356,013)	(396,513)	(293,450)
Less Council expenses								
Utilities		5,000	10,000	25,000	25,000	25,000	25,000	
Council IT and administrative charges		7,500	15,000	15,000	15,000	15,000	15,000	
Phone		2,500	2,500	2,500	2,500	2,500	2,500	
Building maintenance		2,000	20,000	40,000	40,000	40,000	40,000	
Security, gardening, fire monitoring etc		5,000	5,000	10,000	10,000	10,000	10,000	
		22,000	52,500	92,500	92,500	92,500	92,500	
Comparative funding requirement	258,005	250,318	269,316	273,013	262,313	263,513	304,013	

Detailed financial figures are included in Appendix 1.

The projections indicate that AHC will need to invest increased funds in Fabrik to fund the increase in activity levels which will emanate from increased utilisation of the facilities. It is estimated that Fabrik's budget will require an additional \$46k (i.e., \$304k less \$258k) once the facility is fully operational. Total funding requirements will increase from \$258k to \$397k, an increase of \$121k per annum.

The financial projections assume that Fabrik's activities will be disrupted for most of 2022, impacting the 2021/22 and 2022/23 financial years. It is estimated that over this period, income

will reduce by \$36k and expenses by \$58k. This will be impacted by the building program. As part of the project plan and development of the 2021/22 budget, these figures can be firmed up.

The BDF estimated Council's funding requirements to be approximately \$103k less. \$57k was from less income from Studio spaces and \$55k from less grant income. Expenditure estimates were broadly similar.

Estimates for building costs such as utilities, cleaning and maintenance will be dependent on building development plans and utilisation.

Risks

A Risk Assessment of the project was undertaken by Council in December 2017 and updated in August 2020. The table below summarises the risk identified in August 2020 and their residual risk rating.

The risk assessment undertaken by Council is robust. Comments have been made on each of the risks, and the consultant has provided an opinion, from his review, on the existing residual risk rating. Two additional risks have been identified and added to the list of risks.

During the gathering of information (which took place prior to the announcement of the approval of the TERP grant), it became apparent that significant planning was yet to be undertaken on how an expanded Fabrik would operate. Multiple retail outlets potentially requiring additional staffing, lack of a retail strategy, how large areas can be utilised during harsh winter temperatures, lack of clarity regarding key attractions (e.g. Old Mill Heritage Interpretation and Indigenous Interpretation). Until there is clarity about key activities and the facilities, there is a risk that the build will not meet the needs of the future Fabrik operations.

The following table expresses an updated risk register which is the consultant's view on the risks associated with the project. Items 9 and 10 are new items.

No	Risk	Residual Risk Assessment
1	<p>Insufficient demand for rental space leading to a shortfall in operating income envisaged in the BDF.</p> <p>Comments <i>Limited detail available on how and where rental space will be provided and likely fees to be changed. It is difficult to see how business plan income projections will be met. The likely financial impact is small.</i> <i>Further investigation into the requirements, demand and fees for studio space needs to be undertaken.</i></p>	Medium → Medium

2	<p>Low visitation (less than 4,000 per year) leading to unfilled economic expectations.</p> <p>Comments <i>Since the 2019/20 visitor numbers greatly exceed 4,000 there is no reason to think this would not be achieved with a new facility and resultant activities.</i></p>	Low → Low
3	<p>Insufficient interest in the arts community leading to a lack of utilisation and therefore unfilled expectations.</p> <p>Comments <i>No change in risk assessment.</i></p>	Medium → Medium
4	<p>Insufficient volunteer interest to meet the needs of operating the site, leading to restrictions on opening hours and pressure to resource with paid staff.</p> <p>Comments <i>Use of volunteers requires additional clarification.</i></p>	Medium → Medium
5	<p>Difficulties achieving development approval leading to inability to develop site as proposed.</p> <p>Comments <i>Recent approvals have reduced inherent risk. The complexity of developing development plans which produce an efficient, attractive and iconic set of buildings that is compatible with the heritage of the existing built structures will be challenging. A clear list of operational needs (see Risk 7) could assist in managing this risk.</i></p>	Medium → Low
6	<p>Anticipated small grants (for programs, events and specific activities) is not forthcoming leading to a shortfall in funding to run the associated activities.</p> <p>Comments <i>Risk reassessed due to the comments made earlier in the report concerning the difficulty of resourcing the grant application, program delivery and acquittal processes with the current level of staffing.</i></p>	Medium → High
7	<p>Lack of robust planning.</p> <p>Comments <i>There was evidence of changing thoughts regarding use of facility spaces. There was a lack of clarity about how different spaces may be used. Using BDF as a framework for more detailed planning would assist in clarifying physical and operational plans.</i></p>	Low → High
8	<p>Insufficient external funding for the full development leading to unfulfilled expectations and/or additional pressure on ratepayers funds to deliver the Council's objectives for Fabrik.</p> <p>Comment <i>Significant grant funding has been confirmed.</i></p>	High → Low
9 New	<p>Governance structures not defined.</p> <p>Comments <i>See comments below.</i></p>	→ Medium
10	<p>Risk of construction program not meeting project goals.</p>	→ High

New	Comments	
	<p><i>See comments below.</i></p> <p><i>A separate risk management plan should be developed to manage the construction risks.</i></p>	

Note: Residual Risk Assessment. Risk Rating on the left of → are from Council's August 2020 assessment and the residual risk ratings to the right of → are the consultant's residual risk ratings

The future governance structure of the facility is uncertain. Using a "Board" or reference body would be valuable to test strategy and provide links to the local community and artistic communities. The adopted management plan identifies a Board to assist in the oversight of Fabrik operations and provide connections to the arts community. Whether this Board is commenced and how it interfaces the Council management structures needs to be decided. Such a Board or reference group would be invaluable at the present time as strategic decisions are made about Fabrik's operations. A new Risk (No. 9) has been added to the list of risks. It has been assessed as having medium residual risk, cognisant of the strong management structure already in place and recognising the impact a lack of independent and "expert" Arts Industry advice may have on strategic decisions.

The possibility of a \$3m renovation brings its own risks (i.e. probity, value for money, contract, execution), and this requires a specific project and risk management plan. Council has strong project governance structures in place. The current construction activities will add complications to developing updated plans. The tight project timing will put pressure on planning activities which could lead to sub-optimal project outcomes.

Given the significant events that have taken place in the last five months (i.e. EOI for construction work and confirmation of LERP grant), it is recommended the project risk management plans be reassessed, and consideration be given to including the new risks identified above. Immediate attention should be given to planning the future operational needs for the facility to ensure future construction plans fully encapsulate the desired functions of the facility.

Referenced documents

The report referenced the following documents.

1. Report of Ordinary Council meeting 25/8/2020. Report 12.1 "Fabrik Development Proposal", which included Facilities Development Plan (referred to as the FDP), which includes August 2020 Risk Assessment.
2. Adelaide Hills Arts and Heritage Hub – Lobethal, Business Development Framework 2018 – 2023 (referred to as the BDF)
3. Fabrick Council budget report to December 2020
4. Data Collection KPI's 2019-20
5. Adelaide Hills Council 2019/20 Annual Report

About Utintja Consulting

Utintja Consulting is a South Australian consulting firm that specialises in providing financial governance services to local government. The owner and author of this report is Alan Rushbrook.

Alan Rushbrook is a Fellow of CPA Australia and has over 25 years of local government experience. He has worked for four South Australian councils, and during his 10 years working as a consultant he has provided services to most Councils in South Australia, the SA Local Government Financial Management Group, Local Government Association SA, and the Office of State / Local Government Relations. Alan currently provides services to clients throughout Australia.



Appendix 1 – Financial Assumptions

	Notes	Scenario 2
Lease / Hire Fees	1.	
Studio spaces	2.	Bldg20. 10 private spaces, minimal facilities. \$50 mth. 50% occupancy and increasing. Bldg 21. 6 public spaces. \$75. 80% occupancy.
Venue hire		Estimate. \$6,000.
Temporary site hire fees		Estimate. \$4,000.
Grant funding		
Festivals Australia	3.	
Country Arts SA		1 program a year. Costs 100% of income. \$3,000.
Arts SA	4.	Aspirational.
History SA		Aspirational funding
Donations and Sponsorship		
Door donations	5.	Minor, \$200 with small increases.
General sponsorship		\$5,000, increasing to \$10,000.
Artist in Residence rental	6.	\$100pw 26 weeks pa
Textile Award sponsorship		\$25,000 bi annual, matched by expenditure

Program Income		
Ticket Sales - performance & events	7.	
Workshop fees		\$15,000, increasing to \$20,000. Costs 90% of income.
Textile Award entry fees		\$2,000 biannual
Forums & training fees		\$4,500. Breakeven.
Sales income		
Commission sales - exhibitions	8.	\$15,000. 30% profit.
Commission sales - retail pop-ups	8.	\$8,000, 30% profit.
Sales - retail Bldg 21	9.	6 days a week, \$500 sales pd, 45 weeks. 60% markup.
Salaries & Wages		
Employee costs – Director and Program & Marketing Coordinator		Per 2020/21 budget.
Salary - Heritage & Project Officer	10.	
Salary - Retail Coordinator	11.	6 days a week, 6 hours a day, \$30 ph plus super and wc
Salary - Textile Project	12.	\$35,000 biennial
Casual Pool Staff	13.	
Consultants Fees		



Consultants Fees		
Marketing and promotion		
Marketing and promotion	14.	Launch \$10,000. Growing to \$10,000 pa.
Web site development and maintenance		Minor, In consultants budget.
Program expenses		
Minor Program expense in budget		
Artist in residence		\$10,000.
Exhibitions		Growing to \$20,000
Forums, Training etc		100% of income.
Community Arts Projects	15.	
Workshop Program		100% of workshop income.
Grants Program expenses		80% of grant.
Events Program	7.	\$5,000 pa
Performing Arts Program		
Textile Award		\$25,000 biennial
Operating Expenses		
Equipment and supplies		
Minor budget items		



Printing and stationary		\$ 3,000
Travel and accommodation		\$5,000
Utilities	16.	25,000
Commission sales stock	8.	70% of sales
Retail stock	9.	60% markup
Council IT and administrative charges	17.	\$15,000
Phone		\$2,500
Advisory Board sitting fees	18.	\$5,000
Vehicle Expenses	19.	\$14,000
Volunteer program		\$3,000
Property expenses		
Contractors		
Cleaning		\$20,000
Building maintenance		\$40,000
Security, gardening, fire monitoring etc		\$10,000

An allowance has been made in the model for a reduction in activities during the construction period, which is assumed to be all of 2022.



Appendix 2- Financial Scenario 2

Adelaide Hills Council
Fabrik Arts + Heritage
Scenario 2

	Budget 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	BDF 2023
		no indexation						
<i>Summary</i>								
Operating Income and Expenditure								
Income								
User charges	41,656	8,600	65,560	173,420	237,520	216,320	243,320	287,027
Grants, subsidies and contributions	5,000	-	3,000	3,000	3,000	3,000	3,000	55,000
Other income								
Total income	46,656	8,600	68,560	176,420	240,520	219,320	246,320	342,027
Expenditure								
Employee costs	222,868	222,868	245,751	268,633	268,633	268,633	303,633	300,477
Materials, contracts & other expenses	81,793	58,050	144,625	273,300	326,700	306,700	339,200	335,000
Depreciation								
Total expenditure	304,661	280,918	390,376	541,933	595,333	575,333	642,833	635,477
Operating Surplus / (Deficit)	(258,005)	(272,318)	(321,816)	(365,513)	(354,813)	(356,013)	(396,513)	(293,450)



	Budget 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	BDF 2023
Detailed								
Operating Income and expenditure								
Operating Income								
Lease / Hire Fees								
Indigenous space								13,791
Studio spaces		-	3,660	7,920	8,520	8,820	8,820	65,236
Venue hire	5,000	1,000	1,500	5,000	6,000	6,000	6,000	6,000
Temporary site hire fees		500	1,000	3,000	4,000	4,000	4,000	6,000
Total Lease / Hire Fees	15,000	1,500	6,160	15,920	18,520	18,820	18,820	91,027
Grant funding								
Festivals Australia								25,000
Country Arts SA		-	3,000	3,000	3,000	3,000	3,000	
Arts SA	5,000				-	-	-	30,000
History SA		-	-	-	-	-	-	
Total Grant funding	5,000	-	3,000	3,000	3,000	3,000	3,000	55,000
Donations and Sponsorship								
Door donations		100	150	400	400	400	400	16,000
General sponsorship				5,000	7,000	10,000	10,000	10,000
Artist in Residence fees				2,600	2,600	2,600	2,600	10,000
Textile Award sponsorship					25,000		25,000	25,000
Total Donations and Sponsorship	-	100	150	8,000	35,000	13,000	38,000	61,000
Program Income								
Other budgeted income	4,500				-	-	-	
Ticket Sales - performance & events					-	-	-	30,000
Workshop fees	8,556	1,000	4,500	15,000	17,500	20,000	20,000	18,000
Textile Award entry fees					2,000		2,000	2,000
Forums & training fees		500	1,500	4,500	4,500	4,500	4,500	4,500
Total Program Income	13,056	1,500	6,000	19,500	24,000	24,500	26,500	54,500
Sales income								
Commission sales - exhibitions		3,000	6,750	12,000	15,000	15,000	15,000	2,500
Commission sales - retail pop-ups		2,500	6,000	10,000	10,000	10,000	10,000	40,000
Sales - retail Bldg 21			40,500	108,000	135,000	135,000	135,000	38,000
Retail Income - general	13,600							
Total sales income	13,600	5,500	53,250	130,000	160,000	160,000	160,000	80,500
TOTAL INCOME	46,656	8,600	68,560	176,420	240,520	219,320	246,320	342,027

	Budget 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	BDF 2023
Operating Expenditure								
Salaries & Wages								
Employee costs	222,868	222,868	222,868	222,868	222,868	222,868	222,868	
Salary - Retail Coordinator			22,883	45,765	45,765	45,765	45,765	
Salary - Textile Project					-	-	35,000	
Casual Pool Staff								
Total salaries and wages	222,868	222,868	245,751	268,633	268,633	268,633	303,633	300,477
Consultants Fees								
Consultants Fees								
Total Consultants Fees	-	-	-	-	-	-	-	-
Marketing and promotion								
Marketing and promotion	3,100	2,000	10,000	10,000	10,000	10,000	10,000	
Web site development and maintenance								
Total Marketing and promotion	3,100	2,000	10,000	10,000	10,000	10,000	10,000	31,500
Program expenses								
Minor Program expense in budget	5,500	2,000	3,000	5,000	5,000	5,000	5,000	
Artist in residence				10,000	10,000	10,000	10,000	12,000
Exhibitions		2,000	3,000	5,000	7,500	12,500	20,000	20,000
Forums, Training etc		500	1,500	4,500	4,500	4,500	4,500	5,000
Community Arts Projects					-	-	-	10,000
Workshop Program	20,693	1,000	4,500	15,000	15,000	15,000	15,000	20,000
Grants Program expenses		-	2,400	2,400	2,400	2,400	2,400	
Events Program				5,000	5,000	5,000	5,000	20,000
Performing Arts Program					-	-	-	10,000
Textile Award					25,000	-	25,000	25,000
Total Program expenses	26,193	5,500	14,400	46,900	74,400	54,400	86,900	122,000
Operating Expenses								
Equipment and supplies	11,200				-	-	-	
Minor budget items	900				-	-	-	
Printing and stationary	1,000	500	1,500	1,500	3,000	3,000	3,000	3,000
Travel and accommodation		2,500	2,500	2,500	5,000	5,000	5,000	6,000
Utilities		5,000	10,000	25,000	25,000	25,000	25,000	22,000



	Budget 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	BDF 2023
Commission sales stock		3,850	8,925	15,400	15,400	15,400	15,400	
Retail stock	10,400		25,300	67,500	84,400	84,400	84,400	20,000
Council IT and administrative charges		7,500	15,000	15,000	15,000	15,000	15,000	15,000
Phone		2,500	2,500	2,500	2,500	2,500	2,500	2,500
Advisory Board sitting fees		2,000	5,000	5,000	5,000	5,000	5,000	15,000
Vehicle Expenses	14,000	14,000	14,000	14,000	14,000	14,000	14,000	
Volunteer program		700	3,000	3,000	3,000	3,000	3,000	3,000
Total Operating Expenses	37,500	38,550	87,725	151,400	172,300	172,300	172,300	86,500
Property expenses								
Contractors	15,000				-	-	-	
Cleaning		5,000	7,500	15,000	20,000	20,000	20,000	25,000
Building maintenance		2,000	20,000	40,000	40,000	40,000	40,000	50,000
Security, gardening, fire monitoring etc		5,000	5,000	10,000	10,000	10,000	10,000	20,000
Total Property expenses	15,000	12,000	32,500	65,000	70,000	70,000	70,000	95,000
TOTAL EXPENSES	304,661	280,918	390,376	541,933	595,333	575,333	642,833	635,477
OPERATING SURPLUS / (DEFICIT)	(258,005)	(272,318)	(321,816)	(365,513)	(354,813)	(356,013)	(396,513)	(293,450)
Less Council expenses								
Utilities		5,000	10,000	25,000	25,000	25,000	25,000	
Council IT and administrative charges		7,500	15,000	15,000	15,000	15,000	15,000	
Phone		2,500	2,500	2,500	2,500	2,500	2,500	
Building maintenance		2,000	20,000	40,000	40,000	40,000	40,000	
Security, gardening, fire monitoring etc		5,000	5,000	10,000	10,000	10,000	10,000	
		22,000	52,500	92,500	92,500	92,500	92,500	
Comparative funding requirement	258,005	250,318	269,316	273,013	262,313	263,513	304,013	



5. **FABRIK Redevelopment Project – Construction Contract– Duration of Confidentiality**

Subject to the CEO, or his delegate, disclosing information or any document (in whole or in part) for the purpose of implementing Council’s decision(s) in this matter in the performance of the duties and responsibilities of office, Council, having considered Agenda Item 18.5 in confidence under sections 90(2) and 90(3)(d) of the *Local Government Act 1999*, resolves that an order be made under the provisions of sections 91(7) and (9) of the *Local Government Act 1999* to retain the Items in confidence as detailed in the Duration of Confidentiality Table below:

Item	Duration of Confidentiality NB: Item to be reviewed every 12 months if not released
Report	until execution of contract but no longer than 30 September 2022
Related Attachments	NIL
Minutes	until execution of contract but no longer than 30 September 2022
Other	NIL