TO HIS WORSHIP THE MAYOR & MEMBERS OF COUNCIL

NOTICE is hereby given pursuant to Section 82 of the Local Government Act that a Special Meeting of Council will be held in the Council Chamber, Darling Terrace, Whyalla on MONDAY 2 NOVEMBER 2015 commencing at 6.45 pm.

The business of the meeting is:

- Whyalla Leisure Centre Improvement Project: Variation to Funding Deed
- Budget workshop to follow

A copy of the Agenda for the above meeting is supplied as required.

Peter Peppin
CHIEF EXECUTIVE OFFICER
AGENDA

1. ATTENDANCE RECORD

Apologies – Nil
Leave of Absence – Nil

Recommendation
That Council accept the apologies for the Special Council Meeting held on Monday 2 November 2015.

2. PRESENTATIONS – Nil

3. REPORTS

3.1 Group Manager Engineering and Infrastructure

3.1.1 Sign and Seal Whyalla Leisure Centre Improvement Project: Variation to Funding Deed

Recommendation
That the Mayor and Acting Chief Executive Officer be authorised to sign and seal the Whyalla Leisure Centre Improvement Project Regional Development Fund - Funding Deed Variation.

4. CLOSURE
SUMMARY

Council has been successful in its application to the Minister for Regional Development for a variation to funding deed under the Regional Development Fund: Community Infrastructure Program for the Leisure Centre Improvement Project. Council’s authorisation is required to enable the Mayor and Chief Executive Officer to sign and seal the Funding Deed Variation (Annexure “A”) for the changes to the Project Completion date, Project Milestone Achievement dates and Key Performance Indicator due dates.

RECOMMENDATION

That the Mayor and Acting Chief Executive Officer be authorised to sign and seal the Whyalla Leisure Centre Improvement Project Regional Development Fund - Funding Deed Variation.

GOVERNANCE

- **Strategic Management Plan**
  
  Sound Financial and Asset Management – 5.1 Infrastructure is appropriately planned, maintained and managed.

- **Legislation** – Local Government Act 1999

- **Sustainability**
  
  - [ ] Economic
  - [ ] Social
  - [ ] Environmental
  - [x] Governance
• **Budget**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital expenditure amount for 2014/15</td>
<td>$15,869</td>
</tr>
<tr>
<td>Capital expenditure amount for 2015/16 (from rates)</td>
<td>$624,131</td>
</tr>
<tr>
<td>Capital income amount for 2015/16 (from grants)</td>
<td>$320,000</td>
</tr>
<tr>
<td>Agreed additional funds 2015/16 (from rates)</td>
<td>$383,000</td>
</tr>
<tr>
<td>Budget Allowance for defects via Sept Budget review</td>
<td>$100,000</td>
</tr>
<tr>
<td><strong>Total budget</strong></td>
<td><strong>$1,443,000</strong></td>
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</tbody>
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**BACKGROUND**

During 2014, a funding opportunity opened and in September 2014 the Council of the day approved an application to the Regional Development Fund, Community Infrastructure Program for funds to be applied to further works at the Whyalla Leisure Centre.

*Moved Cr Carter, seconded Cr Velthuizen*

**C1636-2014**

“That Council approves the Administration to submit full application for the Leisure Centre Improvement Project and allocate $440,000 in its 2015/16 Capital Works Program, should Council be successful in receiving funding.”

Council received notification that this funding application was successful and a Funding Deed was signed and sealed at a Council meeting on 16 March 2015.

*Moved Cr Minney, seconded Cr Schmitz*

**C1945-2015**

“That the Mayor and Chief Executive Officer be authorised to sign and seal the Funding Deed for the Regional Development Fund: Community Infrastructure Program.”

In June 2015 tenders were called for and received for the works associated with the Leisure Centre Improvement Project. While incoming tender prices matched pre-tender estimates, the prices were above the project’s allocated budget and it became apparent that the approved budget would need to be increased in order to undertake the full scope of works. At a Special Council Meeting on 13 July 2015 it was resolved:

*Moved Cr Minney, seconded Cr Barnes*

**C2073-2015**

That option 2, as set out in Annexure A of Agenda item 6.1.1 - Leisure Centre Upgrading and Operating report, be implemented but noting that further
information will be provided, in particular in relation to alternative energy options and the boiler upgrade.

Option 2 was to “Defer upgrade until April 2016, Proceed with EOI”

A letter was sent to the Minister on 23 July 2015 explaining the situation and requesting a variation to the Deed to extend the Project Completion date, Project Milestone Achievement dates and Key Performance Indicator dates. A subsequent email was sent to the Minister on 6 August 2015, via the Senior Project Officer, Regions SA, requesting that no decision be made until a Special Council meeting was convened on 31 August 2015 which would supply additional information for the Minister’s consideration.

The Minister replied on 14 August 2015 agreeing to wait until after the meeting on 31 August 2015.

In parallel, a section of ceiling tile above the leisure pool in the aquatic area failed, leading to an investigation of the cause. Following investigation, the cause of the ceiling tile failure was deemed to be a combination of extraction fans being turned off and ceiling insulation above the leisure pool being installed incorrectly during previous upgrade works, meaning the vapour barrier was ineffective. The investigation led Council officers to recommend a budget allowance of up to $100,000 (ex. GST) be made in addition to the upgrade budgets.

At a Special Council meeting held on 31 August 2015 it was resolved:

 Moved Cr Carter, seconded Cr Antonio

C2185-2015

That Council:

1. Approves the allocation of $383,000 in unexpended funds carried forward from the 2014-15 budget to meeting the additional costs of the Leisure Centre upgrading works; and

2. Notes the result of further evaluation of alternative energy sources and endorses the recommended actions; and

3. Approves the amended project timelines set out in this Report; and

4. Writes to the Minister confirming that the project is now fully funded in the 2015-16 budget; and

Notes that up to $100,000 in additional costs will be required for rectification of building defects not associated with this project, to be funded through the September budget review.

A letter was sent to the Minister on 1 September 2015 advising him of the above resolution. A letter of reply from the Minister was received on 16 September 2015 accepting to vary the deed by extending the Project Completion dates and related Project Milestone Achievement dates and Key Performance Indicator dates by 12 months.
DISCUSSION

A letter was received on 19 October 2015 from the Director, Regions SA, confirming Council's request and supplying two copies of the Instrument to Vary No. 1 to be signed and sealed and returned for the Minister to sign.

The following changes form the variation:
- Item 8: The Project – 8.5 changes to wording;
- Item 9: Project Commencement Date – changed to 1 July 2015;
- Item 10: Project Completion Date – changed to 30 November 2016;
- Annexure B: Attachment A Milestones Schedules:
  - changes to Milestone Achievement dates;
  - changes to Total Recipient Budget for Milestone;
  - changes to wording in Milestone descriptions; and
- Annexure C: Attachment C Key Performance Indicators – changes to dates.

Council is advised that subsequent inspection of the defective prior works has given rise to optimism that the cost of rectification may be significantly less than $100,000. However, until the works are commenced it will not be possible to get a more detailed or accurate assessment of the likely cost and accordingly the budget allowance previously recommended should be retained.

ANNEXURE

Annexure A – Funding Deed Variation

REPORT AUTHOR

Ray Davy
Acting Group Manager Engineering and Infrastructure