CONFIDENTIAL MINUTES OF THE MEETING OF THE BAROSSA COUNCIL
held pursuant to the provisions of Section 90(2) of the Local Government Act 1999 on Tuesday 18 June 2024 commencing at 6.29pm.

CONFIDENTIAL MINUTES

1. ATTENDANCE RECORD

1.1 Members Present

Mayor Bim Lange, Crs John Angas, Don Barrett, David de Vries, Tony Hurn, Kathryn Schilling, Jane Evans, Bruce Preece, Jess Greatwich, Rick Lane and Heidi Thompson.

1.2 Officers Present

Martin McCarthy, Chief Executive Officer, Glen Carter, (Acting) Director Infrastructure and Environmental Services, Jo Moen, Director Corporate Services and Business Innovation, Jake McVicar, Director Development and Community Services, and the Minute Secretary.

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

8.1.2 CREATIVE INDUSTRIES CENTRE TENDER FOR ARCHITECTURAL, ENGINEERING AND OTHER TECHNICAL SERVICES AND CONSTRUCTION GOVERNANCE MODEL
24/44713

MOVED Cr de Vries

That Council, having consider the information and assessments contained within this report, and subject to finalisation of the Funding Agreement with the Commonwealth Government:

(1) Approve the engagement of Phillips Pilkington, immediately, but subject to a clause to terminate the contract immediately if the Commonwealth Funding agreement is not finalised, and all associated service support as identified in this report as necessary for the construction of the Barossa Creative Industries Centre on the basis they represent the most efficient form of engagement, have been

through a prior tender process for the project and have the prior IP and knowledge, relationships and materials to support the project needs and timeframes.

(2) Authorise the Construction Delivery Model as outlined in the report being a Managing Contractor supported by internal and external resources as identified.

(3) Amend the budget by $100,000 to support preliminary set up costs for ongoing service delivery, external industry assistance from Play Your Part and other contingencies to ensure successful commencement of construction.

(4) Note the costing analysis contained in the report, specifically the timeframes from the costing used for the Grant application and the passage of time since that estimate.

(5) Having considered this matter in confidence under Sections 90(2) and 90(3)(k) of the *Local Government Act 1999*, makes an order pursuant to Section 91(7), that the minutes, agenda report and attachments other than the minutes relating to this confidentiality order of the Confidential Council Meeting held on 18 June 2024 in relation to item 8.1.2 Creative Industry Centre Tender for Architectural, Engineering and Other Technical Services and Construction Governance Model be kept confidential and not available for public inspection and Council to review the order as part of the Annual Review of Confidential Orders.

SECONDED Cr Greatwich **CARRIED CO 2022-26/476**

PURPOSE

To update Council on the Barossa Creative Industries Centre (BCIC) project and seek approval for the delivery model and the engagement of architectural, engineering and other technical services.

REPORT

Background

As Council are aware the BCIC forms part of the first phase priorities for The Big Project.

Introduction

Council has been successful in receiving a grant for the construction of the BCIC from both the Commonwealth and State Governments totalling $7.461M.

The project is estimated, from an independent cost assessment in February 2023 at $13.922M, this is provided for in the Long Term Financial Plan and 2024-2025 Budget tabled for consideration earlier in this agenda. As a word of caution, because of the delay in the grant processes and the fact we could not amend the value of the project when developing and submitting the business case to the Growing Regions Fund program, this costing is now 16 months old and by the time construction will start most likely up to 20 months old.

Significant contingencies were included for the project, however in my opinion this budget is unlikely to be enough for the desired outcomes without some reduction in scope as such an increase in funding or a combination of both will likely need to be considered soon. This will become more apparent in the next 3 months and especially so when the revised design is considered by Council. The current costing detail is provided at Attachment 1.

Discussion

Activity to Date

Since receiving the news of the successful grant application, I have engaged the original architect Susan Phillips from Phillips Pilkington to undertake a rapid design review process. This has involved to date:

- Two community engagement sessions on Tuesday 4 June and 11 June with 43 community and stakeholder attendance.
- A staff consultation session on Tuesday 11 June 2024.
- Start-up meeting with architect and seeking updated project costing.

The feedback has been excellent and valuable with highly engaged stakeholders, ensuring the best possible outcome can be achieved.

The architect is now working through the feedback and will present at a workshop to Council on 26 June 2024 to brief you and get your input, with a view of getting a final design to you by the following week, in a special meeting, for endorsement.

In addition to the above work, the following activities are underway:

- Development of a Continuity of Service Plan and engagement with stakeholders, this will be ready in the next fortnight. The current thinking is to try and use other spaces and pilot the hub and spoke model, additional resourcing is going to be needed to support this model including support users (like the Liedertafel) to relocate and continue to function.
- Internal planning and engagement for the contract delivery model discussed later in this report.
- Writing to the Executive Director of Planning and Land Use Services to seek further extension to the current planning consent.
- Commence tender documentation for approach to market for a Managing Contractor.
- Seeking tender quotation updates from Phillips Pilkington under the prior market approach to inform this report.

Architectural, Engineering and Other Technical Services

To support the project, consideration and advice has been taken to determine the best delivery method and this is explored later in this report. Currently its recommended a Managing Contractor method of delivery be undertaken. This is the same model being used for the Lyndoch development.

Regardless of the actual delivery model we need to have services to support the project technically. There has been a full tendered market approach in 2018 which Phillips Pilkington was awarded the contract for this project and a contract entered on 12 October 2018. This Tender was for the Stage 1 services in summary providing the necessary support for the design, engagement, and planning processes. The cost of that contract was $160,140 and has been completed. The Tender process at the time contemplated, once funding was sourced and allocated by Council, as it is now, the Stage 1 service provider to likely be the provider of choice for the following reasons, these remain as relevant now as they did in 2018:

- They have the investment already in the IP, knowledge and actual design files.
- The costs of developing the project with another Architect would incur further unnecessary costs.
- The design ethos and alignment is understood by the Architect.
- The stakeholders and Council have established a relationship that aligns to the vision for the facility; and
- Is the most efficient delivery model.

The prior Tender process had 8 companies attend the briefing, the request was sent to 17 companies and 10 submissions were received. The quote to support Stage 2 of the works at that time was $197,000. Their quote for the comparable services (not the full service being providing in this report) is now $239,750 or 2.3975% of construction cost total, compared to the 2018 quote being 2.8143%.
In accordance with the above principles, I have sought and received a full-service quote from Phillips Pilkington, and that has been received and is at Attachment 2.

A full-service quote includes all necessary technical support for the project which includes:

- Architectural design.
- Technical project management and support.
- Civil, mechanical, and electrical engineering support.
- Building Surveyor services.
- Acoustic service.
- Landscape architectural services.
- Interior and furniture design.
- Traffic engineering.

In assessing the current submission, it is recommended that Council engage Phillips Pilkington including all the identified technical services in the submission and in the summary table below. Please note the proposed estimates provided are based on a $10M construction cost (net of all other costs) and allows for construction cost to increase to $12M. The estimated budget for these works at the current $10M construction cost, as outlined in the following table, is $765,920 (with contingencies) and reflects a saving against the budget of $45,420. If the construction cost is $12M then it would be a deficit of $98,680. It is understood from the submission, and I have sought final clarification the contractual management is as follows by Phillips Pilkington:

- Engage all technical consultants and manage the interface with you as lead and architectural outcomes.
- Support team will work with Council team and stakeholders, our Industry Advisor and Councils technical project manager who will be assigned to the project.
- Manage the administrative interfaces with the technical consultants including cross checking claims and the like.
- The technical consultants will Council direct and will be paid direct by Council once you and Chris Sale approve claims.

In assessing the pricing, we have the advantage of understanding the market at present using the same delivery methodology through Lyndoch. The comparable budget percentage for Lyndoch is 6.15%.

BCIC Quotation for All Technical Services						
Summary of Suppliers and Costs	Based on construction cost of $10M					
Supplier	**Services**	**Mandatory Need**	**Recommended Optional Take Up**	**Stage 1**	**Stage 2**	**Total**
Phillips Pilkington	Architectual, Project Management	Yes		175,000	64,750	239,750
Koush Design	Interior and Furniture Design	Yes		43,500	8,550	52,050
WGA	Structure/Civil/Geotechnical Engineering	Yes		102,000	34,000	136,000
Bestec	Services Engineering	Yes		85,000	25,000	110,000
TCL	Landscape Architects	Yes		20,875	14,125	35,000
Chris Sale Consulting	Quantity Surveying	Yes		14,500	57,250	71,750
Arketype	Site Brand and Wayfinding Signage Desgin		Yes	29,250	7,800	37,050
Frank Siow and Assocaites	Traffic and Oarking Consultants		Yes	3,500	0	3,500
Trento Fuller	Building Certifier		Yes	7,600	0	7,600
Resonate				19,800	8,000	27,800
Recommended Total Engagement				**501,025**	**219,475**	**720,500**
Contingency	Allows for budget construction cost of $12.0M			100,205	43,895	144,100
Budget Preduction for Total Engagemetn with Contingency				**601,230**	**263,370**	**864,600**
Estimated Budget						
Professional Fees						663,421
Relative Portion of Contingencies						102,499
Total Estiamted Budget						**765,920**
Variance to Budget						
$10M construction cost - Suplus (Deficit)						45,420
$12M construction cost - Suplus (Deficit)						-98,680
*Hourly rates shall apply outside of above scoped work						

Delivery Model

There have been three main delivery models explored for this project:

(1) Design and Construct – a model where we engage the builder, and they design and deliver within a broad scope. This has advantages in managing risk of delivery and timeframes, however you lose considerable scope and input into design outcomes from visual to engineering, technical solutions, finishes and the like. This has traditionally not been used by Council for these reasons and is not recommended for this project especially due to the visual amenity outcomes needed.

(2) Traditional Model – inhouse managed with all consultants and contractors and contracts managed directly. All design and engineering done before market approach. This has benefit in terms of control but is extremely time consuming and we simply do not have the resources to support this type of delivery. There is also no way this model can be achieved in time to commence construction.

(3) Managing Contractor – the engagement of a builder who managers all subordinate subcontractors and is supported by our consultants and technical staff in designing packages, issuing them to market in a rolling fashion. This model provides the quickest way to market, delivery and commencement, de-risking the funding requirements. The main risk is some loss control over decisions

and costs, however this is mitigated by having a strong contract, project governance and quantity surveyor who can independently attest to cost outcomes as market packages are procured by the managing contract. This is the Lyndoch model and the recommended model for this project.

The overall governance model is recommended as follows:

- Project Director, Director, Development and Community Services.
- Internal technical Project Manager, one of the Capital Project Managers from the Directorate of Infrastructure and Environmental Service.
- Project Support, Manager Community Development.
- Project Support, Team Leader, Gallery and Creative Industries.
- External Industry Consultant – Play Your Part.
- A small and agile Stakeholders Group run by the Project Director and External Industry Consultant and support by staff of up to 10 people with specific expertise.
- Executive Officer to the project, Executive and Technical Support Officer as to the project.
- A stakeholder community group who will be provided updates and communications only. This is the group that was communicated with and invited to the recent engagement sessions, there are approximately 130 people registered on this group.

In addition to the above, normal strategic and operating support will be provided by the Chief Executive Officer, Finance, Corporate Services and the Executive Leadership team. Masterplan has also been asked to provide planning support for this project, which is likely to be minimum as the project already has planning approval, however the delivery method will require rolling approval requirements.

It is not recommended to have a small subcommittee of Council members, instead the Mayor and Deputy Mayor will form part of the internal governance group, which will consist of the above and other members who will be responsible for ongoing service provision from the site. This was envisaged as necessary for Lyndoch but has proven, due to the rapid nature of that development, to be unnecessary with all relevant updates and material scope changes coming to full Council in any case, as is proposed for this project.

The Governance Model is diagrammatically provided at Attachment 5.

Funding Update

Please see the letter from the Commonwealth about the funding outcome at Attachment 3 and State Government at Attachment 4.

At this time the Agreement with the State has been returned to the Minister and awaits approval and is unremarkable in its structure, and within my delegations.

The Commonwealth Agreement has not yet been released and until that is provided, I cannot advise the actual start and end date needs and other conditions. Once received it will be tabled for Council review due to the value of the Grant. Based on our knowledge of the Grant Guidelines it is expected construction will need to start by

September at the latest and until that is all known a revised project plan cannot be finalised.

Summary and Conclusion

With the successful grant application, works have rapidly developed to ready the project for delivery and as outlined in this report preliminary works are well advanced and now require Council consideration and support.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1	Cost Estimate
Attachment 2	Phillips Pilkington Revised Tender
Attachment 3	Commonwealth Successful GRF Letter
Attachment 4	State Successful Open Space Letter
Attachment 5	Governance and Delivery Model

Supporting references

Nil

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Community Plan

Community and Culture

Infrastructure

Health and Wellbeing

Business and Employment

Goal

4. The Barossa fosters community resilience, connection and wellbeing through its social planning, recreation, safety, education, preventative health and social strategies especially for our youth and vulnerable people.
5. We are a strong community that is welcoming, safe and enjoys a quality lifestyle that celebrates our local identities, diversities, cultures and histories including our Aboriginal heritage.
6. The Barossa maintains and develops infrastructure that meets the needs of the region and is efficient.
7. Community infrastructure planning is aligned to both current and the future needs of the community
9. Our community has fair and equitable access to the resources and services they need to lead a safe, healthy, inclusive and connected lifestyle
10. Our region enjoys the benefits of sustainable community groups, networks and facilities that encourage everybody to participate in the community.
11. The Barossa has a strong local economy that adapts, innovates and thrives on change and strives for a diverse industry base that provides a sustainable range of business and job opportunities for people.

12. We are a visitor destination of choice
13. The Barossa is competitive and in a strong position to attract both private and public investment in the development of new and existing businesses, services and industry.

Strategies

4.1. Build on a strong sense of community pride with active community groups and individuals participating in local decision making and community building activities.
4.2. Continue creating strong and sustainable community networks, and support young people to actively participate in the community and develop the leaders of the future.
4.3. Embrace place-making principles when developing community infrastructure and regulate planning and development in public spaces and active recreation.
5.1. Support the development of activities that celebrate the history, art and culture of the Barossa and its people.
5.2. Create places where people want to live and plan for the future in a coordinated, affordable, appropriate and proactive way.
5.3. Create vibrant public spaces that provide places for creative development, cultural interaction and social connections.
6.2 Continue to ensure that infrastructure considers place-making is inclusive and accessible for all.
6.3. The use of new and emerging technologies, alternative and renewable materials where appropriate and cost effective will be trailed.
7.1. Build on sound asset management practices to deliver sustainable services to ensure that infrastructure is adequate to support the community.
7.2. Ensure both current and future infrastructure needs are met in a proactive rather than reactive way.
9.1. Work towards combating loneliness and social isolation and ensuring that people enjoy a sense of inclusion and feel connected.
10.2. Advocate for and encourage services that ensure equity and support inclusion and at risk members of the community.
10.3. Build on the capacity of community members to participate in cultural, creative, recreational, sporting and learning opportunities.
11.1. Work closely with State Government, Federal Government and other key stakeholders to support economic growth, development and job creation.
11.3. Promote the Barossa as a place for business's to thrive, invest, innovate, take measured risks and prosper.
12.1. Encourage and support the sector to further promote and develop tourism experiences including ecological, cultural and agricultural tourism.
12.2. Support economic development and destination awareness through events, festivals, creative enterprise and attractions.
12.3. Provide experiences and infrastructure that continue to support the needs of the tourism market.
13.1. Foster small business and industry confidence and growth that translates into innovation and strong employment figures.
13.2. Attract investment for new and innovative industries, and facilitate business growth by supporting local industry and their capacity to compete for government contracts.

Legislative Requirements

Local Government Act 1999 S49

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

Financial risks have been covered in the body of the report.

Resource risks have been addressed using an external industry consultant, internal resource capacity and external architectural and support technical services all part of the governance delivery model.

Other risks in this project are not dis-similar to other projects, other than the expertise and experience in the industry at this strategic level is not as present in the organisation as was present 12 months ago.

Against this is mitigated by engaging Play Your Part, a local supplier, Maz McGann who works across Australia in the industry including operating at CEO level. Normal construction risk is always present no matter what delivery model is engaged. Further there is significant community expectation now of delivery given the genesis of this project commenced in 1998 with the first discussions around a Regional Gallery and arts and culture industry.

Not the least this investment is the centre piece of a regional approach to culture, art, history, heritage, education, inclusion, and our main investment in The Big Project outside of the traditional sporting and recreation investment made or foreshadowed. It is also a significant centre piece of economic investment and diversification of our tourism industry and growing a fledgling industry in the Barossa and indeed northern peri-urban area of our State.

COMMUNITY ENGAGEMENT

Extensive community engagement has been undertaken with this project including the documents updates currently underway.

Resumption of open council meeting at 6.59pm

Confirmed at Council Meeting on 16 July 2024

Date:..................................... Mayor:..