TheBarossaCouncil

MINUTES OF THE MEETING OF SPECIAL COUNCIL MEETING

held on Monday 6 January 2025 commencing at 5.30 pm
in the Council Committee Room, 43-51 Tanunda Road, Nuriootpa.

M I N U T E S

Welcome by Mayor Bim Lange declared the meeting open at 5.30 pm.

1. ATTENDANCE RECORD

1.1 Members Present

Mayor Bim Lange, Crs Don Barrett, Cathy Troup, Jane Evans, Bruce Preece, Heidi Thompson and John Angas

Apologies

Crs Kathryn Schilling, Jess Greatwich, David de Vries, Rick Lane and Tony Hurn

Not Present

Nil

Leave of Absence

Nil

2. DEBATE REPORTS

2.1 Office of the Mayor and CEO

2.1.1 BAROSSA CREATIVE INDUSTRIES CENTRE - FUNDING AGREEMENT, FINAL DESIGN DRAWINGS AND COST ESTIMATE APPROVAL
24/116546

MOVED Cr Troup

That Council having reviewed the Funding Agreement, final design drawings, cost estimate and the updated Long Term Financial Plan, and noting a prior prudential management report has been undertaken pursuant to Section 48 of the *Local Government Act 1999*:

(1) Authorise the Chief Executive Officer to sign and execute the Funding Agreement with the Minister for Infrastructure and Transport as presented at Attachment 1.

(2) Authorise the Chief Executive Officer to accept any revisions to the Funding Agreement, the subject of part 1 of this resolution, conditional upon Council's material risk remaining unchanged.

(3) Approve the updated and final design drawings as presented at Attachment 2, noting that there will be requirements for changes and amendments as the build proceeds, and any significant matters will be reported to Council.

(4) Approve the final cost estimate as presented at Attachment 3 as the budget ceiling for the project plus contingency being a budget of $17,100,000 and authorise the Chief Executive Officer to amend the budgets as outlined in the Long Term Financial Plan and this report.

(5) Approve the revised Long Term Financial Plan as presented at Attachment 4.

(6) Require the Project Director, being the Director Development and Community Services to provide at least quarterly updates on progress of the project to Council.

SECONDED Cr Evans **CARRIED 2022-26/609**

PURPOSE

To approve the funding agreement, final design drawings and revised cost estimate and budget for the construction and operation of the Barossa Creative Industries Centre, a key strategic investment under Council's successful 'The Big Project' vision.

REPORT

Background

The Big Project is Council's long term, intergenerational strategy for community infrastructure redevelopment. The strategic vision extends for a target period of 35 years and touches upon four key areas of service:

- Sport and recreation.
- Culture, the arts, heritage, and history.
- Aquatics.
- Cycling, adventure and leisure.

The Barossa Creative Industries Centre (BCIC) development is one of the first phase priorities and only major investment in the plan under the banner of culture, the arts, heritage and history key area of service for The Big Project.

With the securing of a Growing Regions Fund grant from the Commonwealth Government for $6.961M the project work has proceeded to bring the vision to reality. The State has also awarded a grant of $500,000 to the construction of the open spaces associated with the facility.

To date Council has approved various matters leading to starting construction of the Barossa Creative Industries Centre, this report finalises all necessary approvals. Approvals to date are:

- Adoption of the budget on 18 June 2024 allocated the initial funding of $13.922M over two financial years with grant funding support of $7.461M
- Appointing the architectural and technical consultants and the project governance model for the project at the meeting of 18 June 2024. Council also received advice that due to the passage of time from the initial estimated provided for the grant application costs would increase and made an initial provision in the long-term financial plan for this impact.
- At the 16 July 2024 ordinary meeting of Council the final rapid design review work undertaken was approved the Chief Executive Officer was instructed to proceed with the implementation of the project. Council also approved a $100K allocation to support internal costs for relocating services and other establishment costs.
- Council by authorising the updated Long Term Financial Plan at is 19 November 2024 also made allocation changes increasing the base budget for the project by 10% and adjusted the timing of expenditure due to anticipated starting date being later than originally forecast due to the timeframe of receiving a funding agreement for the Growing Regions Fund grant.

Introduction
With Councils approval to proceed with implementation the managing contract has been engaged under the Early Contractor Involvement component of the tender. The managing contractor has been working with the Working Group to develop the project in readiness for commencement. This has involved various meetings to align scope, revise the budget estimates, with the input of the architect, staff and technical consults revise risk, engineering needs and the like. Minor changes have been made to the rapid design review plans previously approved.

The receipt of the draft funding agreement on 24 December 2024 now allows the project to move towards final contract requirements and execution and delivery in full.

Discussion

Funding Agreement with Minister for Infrastructure and Transport
The agreement from the Minister has been reviewed and is appropriate and in alignment with the funding program and the business case that was successful. Whilst the Growing Regions Fund is a Commonwealth program it is being delivered through the State in this case.

The agreement is at Attachment 1.

The agreement provides for greater upfront funding support than budgeted with 50% of the grant to be paid by the actual construction commencement. Please refer to

Long Term Financial Plan analysis for more detail as this payment has the effect of deferring borrowings and thus reducing the net financial liabilities ratio.

The funding of $500,000 from the Minister for Housing and Urban Development from the Open Spaces program has already been received and the agreement executed under delegation.

Early Contractor Involvement Works

As outlined in the introduction work has proceed and reached an advanced state were finalization of the funding agreement and full contract with eh managing contractor will facilitate the next phases being:

- Minor variations requiring planning approval changes, these have already been briefed to the State Planning Department and are confirmed as minor and will be dealt with under delegation. The variation has been submitted and we are awaiting a revised approval shortly.
- Finalisation of contract with the managing contract, all terms and conditions have been agreed it is delayed in its execution pending the funding agreement.
- Full technical drawings, building rules approvals and tendering of sub-contractors (which is undertaken by the managing contractor).
- Commencement of works current targeted commencement onsite on 13 June 2025.
- Practical completion by 24 April 2026 with full hand over with contingency on timelines by 18 June 2026.
- Planning to provide services through alternative arrangements is well advanced and will be provided in due course to Council for review.

The detailed ECI work has resulted in the following design changes to better align usage of the site, and buildings with technical needs. Cost estimates have increased as foreshadowed in prior information which includes contingencies and value management to $16,927,300, noting the initial estimates were undertaken in February 2023 and construction will now commence more than two years since that time.

The fully revised costing by the cost consultant is at Appendix 3. It is recommended the ceiling for the project be placed at $17.1M. The updated long term financial plan reflects this amount in its modelling. There are further value management components that have been identified but are still being verified. The estimated value is $329,000 (with two still to be costed) and are not included in this analysis as the true impact of these changes is still being assessed on service delivery requirements and verification of the cost reduction estimate. There are also two significant risks still being investigated and they are provided as part of the tables below also. The project ceiling includes significant contingencies, locality loading and price escalation to April 2025 totaling $2,630,860. The increase to the ceiling is 10.94%.

The main design changes, since presentation of the design to Council on 26 June 2024 are summarised in the following table together with the rationale for these changes:

Appendix 2 provides the updated set of plans.

Item	Reasoning
Creative Art Workshop	
Operable wall removed	To promote engagement between 'Artists in Residence' and the Barossa creative arts community and increase flexibility overall.
Partition Screens between Artist in Residence Studios removed	To create large unencumbered flexible space with mobile screens to be used when greater privacy required
Meeting /Music	
Windows adjusted	To enable placement of large AV screen on short dimension of room to provide necessary meeting resources.
Joinery removed	To maximise useable area for activities such as band music recordings. Moveable cabinets to be investigated as required.
BBBfm Radio	
Reception point created adjacent to carpark entry	To provide space for volunteers to welcome guests appearing on radio programs and increase functionality for Public Radio activities.
Recording Production relocated adjacent to Heritage Centre	To enable shared use with Heritage Centre increasing access for the general public alongside Triple B personnel.
Voice recording booth added to Recording Production area	To provide quiet space for recording e.g. podcasts and voice / sound capture for Heritage Centre / Storybank activities.
Airlock created to entrance to Studio 1 & 2 and to Recording Production	To improve acoustic isolation
Heritage Centre	
Access to Recording Production through shared airlock with BBBfm	To improve acoustic isolation and promote shared use of Recording Production Studio
Amenities	
The toilets, changing places, parent facilities and cleaners' room have been reconfigured to provide an additional toilet pan for both male and female and to create a services area for the main switchboard	An additional toilet to male and female reduces queuing during events. The main switchboard is substantial in size and has been located discretely away from the main circulation to avoid negative impact on visitor experience
Entry / Foyer	
The main entrance doors have been set back by approximately 1.0m	To provide more generous forecourt area for groups to assemble prior to entering building e.g. school groups deposited by bus at front entrance
Bar reconfigured and reduced in size	To maximise foyer area for patrons/event goers, whilst still maintaining functionality of drinks service area.

Kitchen relocated adjacent bar and reduced in size	Co-location with bar facilitates event catering. Kitchen is a new element (not part of original design that received grant funding). Reduced size is compatible with use as a reheat and staging kitchen for functions
Gallery	
Foyer Gallery increased in size	To create positive entrance to gallery and support smaller exhibitions and maintain profile and positioning of visual arts as a key function of the facility (as is the case now).
Retail decreased in size	To enable increase in Foyer Gallery with expectation that retail displays can spill out into foyer
Gallery 1 reduced in size	To enable retention of existing stair to mezzanine seating balcony at southern end and retention of original façade at northern end
Black Box/Digital Gallery reduced in size enabling creation of new Gallery 3	To enable retention of existing walls that were being demolished in previous proposal and provide additional gallery/hanging space to support range of exhibition sizes
Staff Area reconfigured	To create emergency egress path from balcony stair enabling the deletion of the proposed escape stair on the western side of the building
Gallery Collection Store reconfigured to create workspace and store	To utilise opportunity created by removal of formerly proposed escape stair
Gallery Storage reconfigured to create enclosed environmentally controlled storage space with racking system within larger storage/holding area	Environmentally controlled space supports Category A Gallery and preservation of permanent collection and borrowing of artworks of national significance.
Comms Room added, located in close proximity to new NBN connection	Dedicated Comms Room created to meet the data heavy requirements of the Gallery, Heritage Centre and BBBfm
Performance Hall	
Hall stores added adjacent to the Performance Hall	Two stores have been created for chairs and tables for functions and events directly accessed from the western hall doors to facilitate easy setup and pack down promoting flexible use of Hall
Backstage Facilities	
Backstage facilities have been consolidated to eliminate extension on southern side of building	2 Changerooms, Green Room and Access WC are still provided but they are slightly smaller. An access door has

	been created to provide better access to the outdoor Stage
Stage Store has been reconfigured and reduced in area with the loading dock deleted	The reconfiguration is a consequence of the deletion of the southern extension to the building. The smaller area on the western side of the building still accommodates the Grand Piano together with other potential furniture and equipment such as a lectern, microphones etc. The provision of storage for chairs and tables, which can be accessed from the Performance Hall provides a better location and enables a reduction in stage storage. The loading dock has been deleted as it would have required significant build-up of the adjacent ground level compromising access for to the Tanunda Club. The existing loading dock to the Gallery Storage can be utilised if needed.
Access to the below stage area used by the Liedertafel and the Organ Historical Trust (OHTA) has been reconfigured with consolidation of the OHTA & Liedertafels storage needs	The two access stairs have been rationalised to assist with the reconfiguration of the Backstage Area while retaining functionality. Lockable compactus are proposed to provide security for both OHTA and Liedertafel collections.
Outdoors	
The Valley of the Song Courtyard levels have been rationalised to match the Foyer floor levels	This change in floor level has been made possible by the proposed removal of the pine trees and will enable patrons at events to flow out into the courtyard without having to negotiate steps and ramps
Building Elevations	
All building elevations have been updated to reflect the updated planning changes. Key changes include: - Development of Lift overrun - Development of double height element to accommodate stair to Performance Hall - Creation of and screening to plant platform above toilets - Rationalisation of rammed earth wall to contractors accommodate contractors methodology - Retention of existing façade to Gallery	All changes to the elevations and 3D form of the building are a consequence of: - changes to the floor layout - development of Services design and size of plant required - facilitating constructability - Building Code requirements - Value management

- Replacement of twin-wall polycarbonate cladding with fire resistant Barestone to the eastern elevation	

Value management items worked through and have minor impact to the service outcomes are summarised in the following table.

Value Management Items as discussed during meeting at Phillips Pilkington 6 December 2024		
400	Item 3 - Reduce creative art workshop by 13m2	-51,000
401	Item 4 - Remove x 1 Artist workshop 11m2 reduction	-44,000
402	Item 5 - Reduce meeting / music room by 6m2	-24,000
403	Item 6 - Remove joinery from meeting/music	-10,000
404	Item 7 - Remove joinery from music	-8,000
405	Item 9 - Reduce heritage centre by 25m2	-50,000
406	Item 11 - Reduce joinery to story bank by 50%	-30,000
407	Item 13 - Reduce bar joinery	-30,000
408	Item 14 - Remove back of house extension and associated ramping and floor level changes. 95m2 reduction	-500,000
409	Item 15 - Remove extension to main art gallery. 15m2 reduction. Create display window in existing opening with new glazing	-70,000
410	Item 17 - Remove new escape stair to the west of the performance mezzanine, along with associated two storey extension, and demolition. Retain existing stair, walls, and roof. Allow for internal alternations, new openings, exterior repairs, painting, etc. Construct small new hall storage extension.	-150,000
411	Item 18 - Remove ramping to the west of the stage and reduce the size of the stage storage area (27m2 reduction) and the OHTA archive (29m2 reduction)	-170,000
412	Item 19 - Change the gabion walls behind the outdoor stage to mounding	-100,000
413	Item 20 - Reduce the outdoor stage by 30%.	-60,000
414	Item 21 - Stage the landscape artwork nodes. Deliver only three on the first instance	-33,000
415	Item 22 - Reduce the rusted fins on the east elevation by 30%.	-16,500
416	Item 23 - Reduce the height of the rammed earth walls by 500mm in height - Say 25m2	-40,000
417	Item 24 - Reduce the mullions in the art gallery display window and the entrance glazing	-5,000
418	Item 27 - Relocate the plant enclosures on the roof to the ground - Bestec to confirm if any additional services costs	-75,000
419	Item 29 - Reduce the curtain wall glazing by 30% and replace with solid wall elements. Assume clad with Barestone	-95,000
420	Item 40a - The detention pond	114,000
421	Item 40b - Deck to detention pond	26,400
422	Item 41 - The bi-fold doors - Heritage Centre	71,000

423	Item 45 - Remove wall recesses/straighten them up at roof level (highlighted below) These add additional steelwork	-6,000
424	Item 50 - Lighting changes - Reduce specialist lighting and stage lighting	-260,000
425	Item 51 - Change the mechanical system = Change AC plant from chilled water to VRF for all non critical areas	-550,000
426	Item 52 - AC reduction due to glazing reduction - Nominal Figure (Bestec to confirm)	-50,000
427	Item 53 - Removal of the fire tanks	-330,000
428	Item 57 – Tube stock to be supplied by the client	-20,000
429	Item 58 - Revise edging from Corten to Formboss Redcor	-5,000
430	Item 62 - Proposal for Stage Storage walls to be swapped from concrete to core filled blockwork.	-65,000
431	Item 63 - Proposal for lift shaft to be constructed from core filled brickwork not Precast	-30,000
432	Item 71 - Stair cladding; remove glazed façade and replace with slot windows	-45,000
433	Item 75 - Allowance for Detention storage $60k, is this covered by the detention pond?	-79,000
434	Item 81 - Can aluminium submains be utilised	-39,600
Total		**-2,829,700**
	Value Management Option Identified But Not Included In Analysis	
8	Reduce BBBfm radio by 8m2 - Saving $31,000	-31,000
28	Alter the in-situ concrete base element to the eastern elevation – step down, to be a feature around the entrance point, down to 100mm - Saving $6,000	-6,000
33	Reduce entrance foyer by 17m2 - Saving $67,000	-67,000
34	Remove the in-ground OHTA archive and relocate the same area to the ground floor level to reduce the extent of excavation, tanking etc. Retain the stair to the lower level. This needs further exploration to test feasibility.	-100,000
35	Reduce the outdoor stage by 50% - an additional 20 % on previously accepted reduction of 30%	-32,000
46	Do not remove load bearing walls in existing structure - Saving $13,000	-13,000
47	Adopt steel framed primary structure outside of rammed earth wall (in lieu of timber portal frames and steelwork within rammed earth wall) - Saving $10,000	-10,000
72	Reduce m2 rate/colour layering to rammed earth - Saving $37,000	-37,000
55	Stage the Landscape works reducing interpretive nodes to three - Saving $33,000	-33,000
New	Adopt steel framed structure throughout - Saving tbc	To be calculated
New	Reduce extent of External Walls, Fencing, Gates, Steps (current allowance $314,700) noting that due to the sloping site the need for extensive retaining walls and terraced steps to resolve level changes remains)	To be calculated

Major Risk Items Still Being Investigated		
Power Supply	There are still some outstanding risk issues principally around the powerlines along Basedow Road and their proximity to the existing building which we are working through with SAPN with possible need to modify cables as follows: • Undergrounding of Low Voltage power lines or replacement of Low Voltage power lines with insulated power cables to extent of gallery extension. • Removal of Pole Mounted transformer and supply of adjacent residential properties from new site pad mount transformer. • Replacement of Low High Voltage power lines with insulated power cables to extent of existing gallery. As this is an existing condition, application is being made to the Office of the Technical Regulator (OTR) to maintain the status quo. • Removal of Pole Mounted transformer in front of existing gallery and supply of adjacent residential properties from the new site pad mount transformer • Undergrounding of High Voltage lines.	300,000 (not tested with SA Power Networks yet best estimate from Bestec)
Seismic Upgrades	Seismic Upgrade to existing Building	100,000 (general allowance only)

<u>Long Term Financial Plan</u>

As with Barossa Park development the long-term financial plan is being updated regularly in order to manage the budget impacts on the long-term sustainability of the organisation. Therefore, an updated plan has been developed with as many known conditions at early January 2025 as possible including lower inflation and escalation factors than originally anticipated, decisions of Council up to and including December 2024 and the revised estimates for this project.

The updated plan is at Attachment 4 the major changes are:

- With the adoption of the new Infrastructure and Asset Management Plan and supporting system KPI 4 Asset Renewal Funding Ratio is now presented using the plans estimated required spending to maintain assets at the policy approved level.
- The plan has been updated for a lower inflationary period for the 2025-26 and future years as predicted by the RBA of Australia, with most escalations now placed at the mid-range of the RBA's preferred rate of inflation being 2 to 3% and there 2.5% has been applied to the model except for capital expenditure, water, power and insurance costs which have been placed at the upper limit of the inflation target range of 3% and wages and salaries at 3%. There has been no change to the rates and service cost escalation rates.
- An additional $320,000 in depreciation has been added to the 2024-25 budget estimates which has been recalculated from the 2023-24 financial year result.
- Updated estimates for borrowings of the plan, which based on current estimated timing of payments being later than original expected, strong cash

flow management especially with Barossa Park, current projections for the operating and capital budget will result in similar (but marginally less) borrowings as forecast at the beginning of the year but stretched over 3 financial years instead of 2. The main contributors to net financial liabilities ratio, one of the key financial sustainability ratios, is revenue amount and borrowings amount. With borrowings deferred and revenue growing it means the net financial liabilities ratio has reduced from 92.9% to 77.8% for the 2024-25 financial year.

- Net financial liabilities peaks in 2025-26 at 89.8% compared to 93.7% in the same year.
- Operating position of Council over the 10-year plan has improved from $9.393M surplus to $10.318M surplus. Noting the next two financial years will continue to run moderate to small operating deficits.
- Borrowings peak at $41.168M in 2025-26 which is compared to the original estimates of $43.120M in the same year.
- Asset sustainability ratio reduced with the average over the 10-year plan (measured against depreciation) of 103.5% which is compared to the original estimates of 108.4%. The measurement against the infrastructure and asset management plan, the updated KPI which aligns with the legislative standard, is 130.5%.

At Appendix 5 is the current project plan with actual onsite work to commence in mid-June 2025. The financial modelling has been undertaken based on this date, the proposed grant funding payments as structured in the agreement and estimated final payments at the conclusion of the build with practical completion being estimated to occur between 24 April 2026 and 18 June 2026. Variations to schedule will result in cash flow changes.

Summary and Conclusion
With significant preparatory works advanced the final positioning of the project is practically complete and detailed works and final contracts can now be completed.

ATTACHMENTS OR OTHER SUPPORTING REFERENCES

Attachment 1	Funding Agreement for Growing Regions Program (issued under separate cover pursuant to Section 61 of the Local Government Act as the attachment is confidential at this time)
Attachment 2	Updated Designs - 19 December 2024
Attachment 3	Cost Estimate - Revision 2 - November 2024 (includes value management items agreed as at 6 December 2024)
Attachment 4	Long Term Financial Plan Update as at 2 January 2025
Attachment 5	Project Plan at 18 December 2024

Supporting references
Nil

COMMUNITY PLAN / CORPORATE PLAN / LEGISLATIVE REQUIREMENTS

Legislative Requirements
Section 48 and 123 of Local Government Act 1999

FINANCIAL, RESOURCE AND RISK MANAGEMENT CONSIDERATIONS

General summarised outcomes are in the body of the report. All indicator of financial sustainability remain within or better than the key performance indicator standards.

The following tables outline the state of the long-term financial plan and financial sustainability of Council from the updated modelling.

2024-25 Original Budget	Approved LTFP and Original Budget $'000	Revised LTFP $'000	Change – Positive / (Negative) $'000	Indicator
Operating Surplus / (Deficit)	(437)	(704)	(267)	
Borrowings at 30 June 2025	40,605	33,191	7,414	
Net Cash at 30 June 2025	39	58	5	
Operating Surplus Ratio 3 Year rolling	0.0%	(0.7)%	(0.7)%	
Net Financial Liabilities	93.6%	77.8%	15.8%	
Asset Renewal Funding Ratio – Using Depreciation	129.4%	121.7%	(3.9%)	
Asset Renewal Funding Ratio – Using Infrastructure and Asset Management Plan Forecast	N/a	150.2%	N/a	

* Adjusted operating surplus represents the true underlying operating result for council when removing once of adjustments for advanced payment of Financial Assistance Grants for the 2023-24 year paid in the 2022-23 financial year and the impact of revaluation of asset impacts to the operating result from Council subsidiaries. This is calculated as follows:

	$'000
Operating Surplus / (Deficit)	($1,139)
Add Revenue (from Financial Assistance Grants) received and accounted for in the 2022-23 accounts that would normally be in 2023-24 accounts	$2,084
Adjusted Operating Surplus / (Deficit)	**$945**

10 Year Long Term Financial Plan	**Approved LTFP $'000**	**Revised LTFP $'000**	**Change – Positive / (Negative) $'000**	**Indicator**
Operating Surplus / (Deficit) - Cumulative Result at 30 June 2034	9,393	10,318	925	
Borrowings at 30 June 2034	6,727	5,145	1,582	
Net Cash at 30 June 2034	17	75	58	
Operating Surplus Ratio 3 Year rolling at 30 June 2034	3.1%	3.8%	0.7%	
Net Financial Liabilities at 30 June 2034	18.8%	16.4%	2.4	
Asset Renewal Funding Ratio – Ave – Using Depreciation	104.4%	108.4%	4.0%	
Asset Renewal Funding Ratio – Ave – Using Infrastructure and Asset Management Plan Forecast	N/a	132.5%	N/a	

COMMUNITY ENGAGEMENT

Extensive consultation has previously been undertaken on this project.

The community advisory group (called the agile group under the governance framework for this project) has met once during this early planning stage.

Engagement with neighbours continues and the team is fully cognisant of the interface issues.

The Working Group is meeting regularly, and the Steering Group has not yet met as the project has not proceed to a point requiring that oversight group to commence.

3. NEXT MEETING

Tuesday 28 January 2025 at 5.30pm

4. CLOSURE

Mayor Lange declared the meeting closed at 5.38pm.

Confirmed at Council Meeting on 28 January 2025

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