

GFG CONSULTING

ABN 94 156 452 050



PROJECT REVIEW

WOODLANDS CULTURAL, COMMUNITY & VISITORS CENTRE, NORSEMAN

FOR

SHIRE OF DUNDAS

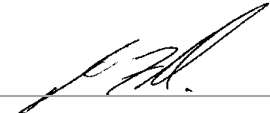
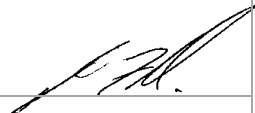


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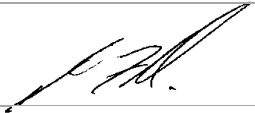
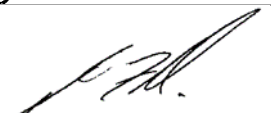
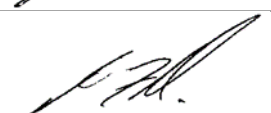
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ACKNOWLEDGEMENT

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1 Executive Summary

GFG Consulting was engaged to assist the Shire of Dundas with the Project Management of this proposed important community facility from the construction procurement phase through to practical completion and commissioning. Following appointment of GFG Consulting, the initial project task was to undertake a high-level desktop overview of the viability of the project before the project progressed to detailed design and construction.

As part of overview phase, GFG Consulting attended a meeting on-site in Norseman with Council officers, elected members and some of the local members of the community who had a specific interest in this development.

From these early meetings, GFG Consulting were able to get a good understanding of the intended project outcomes, funding limitations and see first-hand the existing building infrastructure that was to be repurposed for this new community facility.

It was noted that the Shire had some reservations as to the overall cost of the project given some early concept plans/costings and were looking for some reassurance that the proposal was achievable within the available internal and external funding resources.

At the initial site visit, GFG Consulting were able to identify some potential cost savings through some minor modifications to the early designs, whilst still maintaining the overarching concept. These have been outlined in detail in the report and potentially will enable the project to be delivered well under budget.

GFG Consulting's review of the proposed Woodlands Cultural, Community and Visitor Centre project indicates that the project is well supported by community and is well regarded by funding partners including the Western Australian Government and Commonwealth Government as demonstrated by their (already confirmed) significant grant funding contribution towards the project. It should be noted that the capital costs of the project are almost 100% funded by these partners and is strongly supported by LotteryWest due to the perceived local and regional importance of the project.

The project proposal appears to have the capacity to meet all the expected project outcomes and offers a significant opportunity for the Shire to create a modern community facility to replace their existing aged infrastructure.

GFG Consulting has examined three different options for the project - considering design, functionality, project risk, capital and operating financial aspects, cashflow management and project delivery timelines.

The options considered included the original Concept Design, Option 1 - a modified design with the ablutions internal to the building and Option 2 - a modified design with the ablutions external to the building. These are described in more detail at Section 4.2 of this report.

Critical analysis of the three options has revealed that the Original Concept Design significantly exceeded the Shire's financial capacity (a shortfall of \$555,865). Therefore, there is a need to get the project back within funding constraints whilst still meeting the desired outcomes and community needs.

Comparative costings for the two GFG Consulting conceived options show that Option 1 could potentially be delivered \$104,135 favourable to the available budget whilst Option 2 was \$35,865 over budget.

Of the three options considered, Option 1 represents the lowest cost being \$ 104,135 under the available project budget. This is a consequence of the simplified structural design, smaller overall footprint and



lower contingency allowances due to the project being professionally project managed. However, the key to successful delivery of this project will of course still be dependent on professional project management, proper procurement and responsible cash flow management, which is proposed to be provided by the GFG Consulting Team.

With the review of the original concept design now resulting in some carefully considered savings that bring the proposal back within the available funding allocation, without significant adverse impact on the functionality of the centre, the Shire should be able to take greater comfort in progressing the recommended option.

This projected saving has allowed the opportunity to bring into the building works scope the demolition of the redundant out-buildings which contain asbestos. Also, if savings permit, elements such as a greater level of landscaping and the screen wall between the facility and the gallery may be able to be brought back into consideration. However, no decisions on bringing back excluded elements should be made until a firm construction contract has accepted. At this time there will be a firm construction cost and the quantum of possible saving will be known.

It should also be noted that these costings have been developed using local specialist quantity surveyor predictions on locality allowances and tempered to match optimistic market conditions. Predictions on pricing in this respect can fluctuate greatly depending on market conditions and it will therefore be critical to attract a broad spectrum of builders from across the State to ensure best market pricing is brought to the table when considering tender submissions.

During the project review and analysis, several related matters emerged that are worthy of noting in this report. The first of these was that the current funding for the Community Resource Centre has recently been reduced by 30% which will have an impact on the currently cost-neutral operation of the Community Resource Centre. The Shire may want to give consideration as to how this small operating deficit may be addressed in future budgets. For instance, would the Shire make a budget provision for this deficit given the valuable community resource that the centre provides or, alternatively, are there any community partnership opportunities that may assist with resourcing or support? Partnerships with mining, Ngadju, education and tourism are all areas that can be investigated.

A second matter noted relates to the potential to leverage some further grant funding opportunities in relation to renewable energy / environmental initiatives such as photovoltaic cells. Should the prospects of being successful in such an application be positive, it may be worthwhile including this in the tender documents for the Centre. The potential energy operating savings from these initiatives may, it time, help to contain operating costs within reasonable bounds.

Recommendation:

- 1. That based on the information provided and the analysis undertaken,**
 - a. the overall project funding to develop the proposed Woodlands Cultural, Community and Visitor Centre is adequate with some scope changes as outlined in this report; and**
 - b. the projected on-going operating costs relating to this new development would also appear to be sustainable, if predictions are correct.**
- 2. That Shire of Dundas proceed to the detailed design phase for the Woodlands Cultural, Community and Visitor Centre – by adopting GFG Option 1 as outlined in this report. The total estimated project cost for this option is \$2,425,883, which is \$104,135 under the total available funding of \$2,530,018.**

2 Introduction / Background

The Shire of Dundas is considered the gateway to Western Australia with Norseman being one of the first towns in Western Australia that people visit and one of the last towns they see before they leave the State as they traverse the Nullarbor Plain via the Eyre Highway.

The south east boundary of Dundas is bordered by the coastline of the Southern Ocean. The vast sweeping plains of the Nullarbor head through to South Australia with the town of Eucla welcoming and farewelling travellers to and from the Shire and Western Australia.

The Shire of Dundas also proudly sits as the Heart of the Great Western Woodlands - the largest area of Mediterranean climate woodlands on earth. Covering 92,725km² in the South East of WA the Shire of Dundas is rich ancient land, with the first nations peoples of the Ngadju and Mirning both recognising areas of country across the Shire.

Neighbouring Shires are Esperance to the South, Coolgardie to the North and heading West along Hyden Norseman road sits the Shire of Kondinin.

This unique positioning of Norseman is believed to lend itself to the development of a “Gateway” Visitor Centre that would promote the Shire, the Western Woodlands, the Goldfields and Esperance regions as well as the rest of the State of Western Australia.

Due to the Town’s proximity it enjoys high volumes of traffic as the ‘gateway’ to the East via the Nullarbor Plain and its position as the midway point between Kalgoorlie and Esperance. It is hoped that the proposed Visitor Centre will assist these travellers and encourage them to stop and explore the Norseman Township and the surrounding region.

In an endeavour to progress this initiative, the Shire of Dundas purchased the proposed Woodlands Centre site for \$219,000 in 2015.

In 2015, the Shire of Dundas engaged Consultants to undertake a Visitor Site Development Plan. As part of this report, the Consultants were tasked with investigating the possible uses for the site. The Consultant’s report recommended developing the site as a *Visitor and Cultural / Community Hub* and advised the Shire to engage a consultant to develop a Concept Plan for this project.

Concept drawings were commissioned from Eastman, Poletti Sherwood Architects in 2016. The Shire then developed a Business Case for the Norseman Cultural Visitor and Community Precinct to seek funding as part of the Royalties for Regions program.

In June 2017 the Shire appointed Cartman Designs from Esperance to further develop detailed Concept Plans and prepare some more firm costings for the proposed development. The current concept designs and costings were presented to Council in February 2018.

The total cost of the project, including the acquisition of the site, was projected to be \$2,749,018 and is to be jointly funded through a combination of local, state and federal funding sources.

Confirmation that the necessary external funding was secured was subsequently obtained and the project was ready to move to the next detail design phase.

It was identified at that time, that there were some concerns from the Council about the very tight budget to build, and later operate this facility.

Given the scale and complexity of the project in a local context, it was then decided to engage external professional project management services to assist the Shire.



Scope of Work

- Evaluate the current design liaising with the architectural consultant and in line with the available budget and funding conditions
- Analyse whole life cost of the project
- Provide an independent opinion about the feasibility of the project in terms of the available budget, funding conditions and whole of life cost
- Develop an overall project plan (key milestones etc.)
- Monitor all necessary applications for planning and building approvals
- Monitor design work progress and liaison between consultants
- Finalise tender documents working with the architectural consultant
- Tender advertising, tender assessment and recommendation to the Council
- Contract finalisation (award the tender)
- Monitoring of project's overall plan and cost working closely with Community Development Manager
- Provide regular progress updates to CEO, DCEO, Manager Works and Community Development Manager
- Approve all accounts for payment
- Contract management

Quotations were obtained from a number of WALGA endorsed project management firms and GFG Consulting was selected to work with the Shire on this important Civic Building project.

This report is essentially the initial desk top review of the current project concept plans and projected costings with commentary on the overall viability of project. This review proposes some modifications to the design form of the new building to help to minimise build costs without adversely impacting on the desired functionality of the facility.

3 Data and Information Gathering

To put this project into context, it was thought relevant to also understand the local demographics. The following information was sourced through the 2016 Census Data.

2016 Census:

Total persons	(Male) 299	(Female) 272	(Total) 574
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Median age of persons	48
Median mortgage repayment (\$/monthly)	604
Median total personal income (\$/weekly)	489
Median rent (\$/weekly)	140
Median total family income (\$/weekly)	1,140
Average number of persons per bedroom	0.7
Median total household income (\$/weekly)	776
Average household size	1.9



It is understood that over the previous five to 10 years there has been a population decline due to the reduced interdependence between local mining activity and the Town.

The Woodlands Centre initiative would also have the potential to promote the locality's non-mining related eco-tourism and indigenous heritage attributes, given the Town's strategic location for passing tourist traffic.

Whilst mining activity in the region has, in recent years, been less conducive to sustaining the Town's economic viability, there are signs of new mining endeavours establishing in relatively close proximity. It would seem a good opportunity to engage with these new mining groups to find some synergy between the Town's growth aspirations and the Mining Groups support needs. I.e accommodation, recreation, essential services etc.

3.1 Project Design Concept

The current project concept design was formulated with the assistance of the Architectural Design firm, Cartman Designs. This firm was engaged in June 2017 and in consultation, with the Shire and interested stakeholders, formulated the current design concept (Refer Attachment A). This concept was subsequently presented to Council in February 2018 for endorsement.

The Norseman "Woodlands" Cultural, Visitor and Community Centre proposal is intended to:

- repurpose a current vacant building to become the Visitor Centre, community art space / gallery, cafe and library hub.
- create linkages with the surrounding area; ensuring visitors are drawn to experience more of Norseman and surrounds.
- provide information and education on the Great Western Woodland to increase awareness and interest in this unique and fragile area. This in turn will generate support for conservation and protection of this vastly biodiverse region.
- promote the region to more visitors as well as market surrounding attractions and destinations like Esperance and Kalgoorlie. This may prompt visitors to modify their plans to stay in Norseman or venture to other destinations as a result.
- encourage visitors to enjoy the "main street" which is largely ignored by those travelling through the town of Norseman as it is off the main highway. This project would direct traffic through to the main street therefore increasing visitor spend in the town.
- provide a central location to meet and access community services, as well as display arts and market/sell local products.
- promote and enhance the presence of local Ngadju culture which will engage a significant portion of the community. The Shire of Dundas has 12% Indigenous population compared to the 3.1% WA average.

It should be noted that the Café inclusion in the original proposal has now been adjusted to a basic commercial kitchen fit out. This is due to a new Café being established in the town centre, looking to support local business development the Shire did not want to provide competition.



3.2 Community Involvement

This project is a significant initiative that has been referenced in all aspects of the Shire's Integrated Planning Framework documentation that are all subject to public scrutiny through their formulation and adoption by Council. This framework of course includes the Strategic Community Plan, Corporate Business Plan, Strategic Assets Management Plan and the Shire's Strategic Workforce Plan.

With regard to specific engagement on this project, the Shire has been proactive in ensuring the local community is engaged in the development and planning of the project and has undertaken the following consultation:

- Shire Youth Services – expressed support for the project as the community art space could be utilised for school holiday and other youth activities for the community. Visitors to the centre who have children could also be included in these activities, enhancing the experience for both local and visiting youth.
- Ngadju Artist: Valma Schultz – local artists have been involved in the planning for the community art space for many years and are supportive of its inclusion in this project as it gives an opportunity to showcase local Ngadju and community art projects. The space will allow for community art classes to be run for local residents, youth and adults.
- Ngadju Dancers – this group has been together for 12 years and aims to give insight into Indigenous culture through demonstrations of artefacts, craft, story-telling, dot paintings and traditional dance. The group suggested that the interpretive elements incorporated into the Visitor Centre will generate visitor interest in the Ngadju culture and form the starting point for development of cultural tourism in the region.
- Norseman District High School Council – the district school expressed that the Precinct would create opportunities for students to undertake work experience or undertake traineeships with the Visitor Centre or commercial kitchen. There may also be opportunity for the hospitality students to utilize the kitchen space to cater for community events. Arts students could also exhibit and attend workshops provided in the community art space.
- Norseman Community Health – acknowledged that the project will enhance liveability in Norseman and increase the sense of community and place.
- BOICO (Bay of Isles Community Outreach) – expressed interest in the Precinct as a place for its members to participate in activities and programs offered in the community art space.
- Department of Parks and Wildlife – see the Precinct as a great way to promote the Great Western Woodland and natural assets of the region to travellers who may otherwise miss the opportunity.

In addition to the above consultation, the Shire of Dundas conducts ongoing community consultation through the Community Voice Focus Groups. The community groups that participate in this forum include:

- Norseman Playgroup – the parents at the playgroup felt strongly that there is a lack of creative community space available to children. They said that they would embrace the Precinct as a place where, one morning a week programs for younger children could be run in the library or community space. This may include music programs, story time and tactile creative activities.
- Norseman Pensioners – senior community members said that they would like to see Norseman promoted better and that there were missed opportunities for coach tours to stop in the town as currently they drive straight through. One gentleman said, "I watched that coach go around the camel roundabout, three times! They didn't stop to get out but just went around three times so everyone could take a photo!"
- Norseman Ladies Craft Group – this group expressed that they would like to see opportunities to capturing the tourism dollar in town so local businesses could see the benefit. This centred on



the need to have something that makes people stop and draws them to the main street. The group was very excited about the prospect of a space where they could run a craft show or workshops with visitors having the opportunity to purchase items.

From information presented to GFG Consulting it would seem this project has strong local community support. Local support for this new facility would also appear to be supported in a regional context through the substantive external funding that has been provided to progress this initiative. It is acknowledged that there will always be a small number of detractors to regionally significant endeavours such as this, but it appears that, on balance, this project has the necessary community support.

3.3 Project Funding

The total available funding (from both internal and external sources) for the project is \$2,749,018 of which \$219,000 has already been spent on acquiring the site. This leaves a further \$2,530,018 available to complete the project.

The funding model for this project and the associated milestones and conditions of funding are outlined in the table below. It is also noted that variations to some of these funding milestones are already being negotiated by Shire staff.

Agency	Amount	Key Milestones	Conditions / Scope
Dept of Primary Industries and Regional Development (State)	\$1,599,480	14th Apr 2018 (Design completed) to 31st Jan 2020 (Completion of the Project)	<ul style="list-style-type: none"> Expanded Visitor Centre facilities Community Arts space and Gallery Commercial Kitchen Community Space (CRC) Public toilets and storage Leverage funding of \$269,800 of which the Shire has already spent \$219,000 to purchase the building (Balance \$50,800).
Lotterywest	\$430,000	To drawdown in full by 30 th Sep 2018	Building additions, alterations and fit-out. (Cannot be used in commercial spaces).
Dept of Infrastructure and Regional Development (Federal)	\$449,738	1st Nov 2017 to 30 th Apr 2019 (Completion of the Project)*	<ul style="list-style-type: none"> Visitor Centre Community Art space Art Gallery Commercial Kitchen Courtyard area for alfresco dining Playground** Ramp for disabled access Public amenities and cleaner's room Must conduct an official opening with invitees approved by Commonwealth's Minister and must erect and maintain signage.



Leverage funding (remaining)	\$50,800		Need to spend on planning and development activities of the project and on the final Audit.
Total Funding Available	\$2,530,018		

Review of the proposed funding model for the Woodlands Centre project reveals that the project is almost exclusively financed through contributions from external funding partners. This is an excellent outcome in terms of the Shire's grant seeking activities, but also highlights a need for the Shire to have a clear understanding of the cashflow and financing implications of this project on the Shire's overall finances.

A detailed discussion of the financial and cashflow implications of the Woodlands Centre project on the Shire's finances is provided later in this report. As the grant funding arrangements will have a significant impact on the Shire's cashflow over the project construction period, it is essential that careful consideration is given to the alignment between the construction program and the external Funder's progress claim schedule.

The issues of project risk, particularly in relation to cashflow management during the construction phase, are discussed in more detail in Section 4.3, along with some actions that the Shire of Dundas can take to effectively manage the impact of cashflow timing differences.

Early budget costings for delivery of the project presented to GFG Consulting (refer Table below) indicated a projected capital deficit of approximately \$105,000 - hence the concern over the project being delivered with available resources.

Total Project Cost		
Cost Items	\$	Comment
Construction Cost	2,200,000	With 10% contingency to estimated cost
Other Cost		
Power Upgrade	75,000	Estimated based on power upgrade cost of new doc's house
Project Manager	40,000	Based on the cost of the Airport project
Authority Cost	10,000	Building Approval etc.
Professional Fee	200,000	Average 8% to 10% of the construction cost
Loss Furniture	20,000	Other than for CRC & Visitor Centre
Equipment	20,000	Including all white goods
Computer Services	20,000	Based on the cost of relocating CRC computer system when moving to Robert street
Relocation Cost		
CRC	25,000	Estimated cost based on previous relocation to Robert St
Visitor Centre	25,000	Based on above
	2,635,000	

Note: Above information supplied by Shire of Dundas

This expression of concern was the catalyst for GFG Consulting reviewing the preliminary budget figures supplied as well as exploring opportunities as to how build costs could be reduced.

Discussion on the options explored by GFG Consulting to bring the project within the constraints of the available funding without compromising the Woodlands Centre's functionality are provided in Section 4.2 and Section 4.3 of this report.



In addition, it is important to consider the whole of life aspects for such a proposal. This facility will have on-going maintenance and operating expenses and some consideration needs to be made for capital renewal toward the end of the facility's life. Discussion on the anticipated operational and maintenance costs for the new facility (using information provided by Shire of Dundas staff) is provided at Section 4.3.2 of this report.

3.4 Initial Overarching Program

At the initial meeting with Shire officers, the following (indicative) overarching program for the project was presented. Essentially this program is dictated by the funding source delivery deadlines and takes no account of project deliverables, contractor payments and Shire cash flow from budget to budget. These aspects need to be considered carefully to ensure all critical funding deadlines and cashflow consideration are factored in to the final project plan.

Deliverables	Performance method Measure	Milestone
Activity 1.1 Executive Agreement	Agreement signed by both parties	20 March 2018
Activity 1.2 Planning and design completed	Design completed and approved (Funding confirmation)	18 th May 2018
Activity 1.3 Contract documentation completed	Design and contract documentation approved by Council	25 October 2018
Output 1 Project commenced	Acceptance by the Department of evidence of approved detailed designs, leveraged funding secured and insurance certificates	9 November 2018
Activity 2.1 Construction tender awarded	Confirmation provided to the Department of tender award	1 February 2019
Activity 2.2 Permits and approvals secured	Confirmation to the Department of permits and approvals secured	1 February 2019
Activity 2.3 Demolition works undertaken and construction works	Provision to the Department of evidence of completion of demolition work and commencement of construction of new facility	15 May 2019



Output 2 New facility completed	<ul style="list-style-type: none"> Evidence of building completion (photo and certificate of practical completion) Report on number of people businesses employed during construction 	20 December 2019
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Note: Above information supplied by Shire of Dundas

In the following sections of this report, you will find a proposed program which considers the above funding deliverable deadlines, project design timeframes, construction procurement timeframes, construction timeframes and consultant/contractor payment considerations and local Shire cash flow matters.

3.5 Project Outputs/Outcomes

The desired outcomes from this project as detailed in the “Norseman Cultural Visitor and Community Precinct - Business Case”. Please note that where required some subsequent variations have been made such as the café changing to a commercial kitchen.

	Outputs	Performance Measure	Performance Measure method
1	Repurpose a current vacant building to become a visitor centre, community art space / gallery, kitchen and community area.	Refurbishment of existing building	Before and after photographs
2	Include ramps for disabled access to the building	Appropriate wheelchair and disability access to building and its services	Before and after photographs Compliance with Disability (Access to Premises – Buildings) Standards 2010
3	Provide public toilets (including disabled)	Appropriately designed and constructed public toilets (including disabled facilities)	Before and after photographs Compliance with Disability (Access to Premises – Buildings) Standards 2010
4	Installation of new play area	Physical presence of new, age appropriate play equipment	Before and after photographs Compliance with relevant Australian Playground Standards
5	Inclusion of new courtyard area for the kitchen and general undercover seating	Physical design and inclusion of undercover space	Before and after photographs



	Outcomes	Performance Measure	Performance Measure method	RfR Outcomes
1	Repurpose a current vacant building in Norseman, drawing locals and visitors to the site, while creating a hive of activity.	Community Infrastructure	Visitation statistics; comparison of old and new Visitor Centre statistics	Building capacity in regional communities
2	Reinvent the Visitor Centre, from purely visitor information to a visitor experience.	Community Capacity Initiative	Feedback from visitors through the centre and staff; community feedback	Building capacity in regional communities
3	Support Norseman to become a tourist destination, not just a stopover.	Community Capacity Initiative	Visitation statistics; comparison of old and new Visitor Centre statistics	Building capacity in regional communities
4	Generate economic activity through increased sale of tourism products, small business activity (kitchen, photographic and gallery sales) and flow on expenditure throughout the community (for example, pharmacy, hardware, accommodation)	Local business support Initiatives Aimed at Economic Development Business and New Job Creation Initiative	Sales and visitation statistics for the Visitor Centre/gallery, café and photographic gallery; additional employment for the Centre and surrounding business	Growing Prosperity Expanding Opportunities
5	Support diversification of the local economy, which is currently reliant on mining activity.	Local business support Initiatives Aimed at Economic Development	Additional employment for the Centre and surrounding businesses; Visitor Centre sales of local art and other local items	Growing Prosperity
6	Provide a focal point for activities to engage locals across a broad spectrum of activities; art, culture, youth services and community resources.	Initiative to Support Body, Mind and Soul	Community feedback on participation and engagement; number of community activities incorporated in the new precinct	Retaining benefits in regional communities
7	Promote and enhance the presence of local Ngadju culture; sharing stories with locals and visitors through the Visitor Centre/gallery.	Cultural Diversity Initiative	Inclusion and emphasis on local artists through the Visitor Centre/gallery; inclusion of interpretive elements which highlight the local	Retaining benefits in regional communities

			Ngadju culture; feedback from Ngadju community	
8	Integrate activities within the Precinct: <ul style="list-style-type: none"> Photographic gallery. Dodd's building: community activities such as senior citizens events, children's dance classes and a whole host of diverse uses of this facility. The playgroup and Community Health Centre next door, including children's playground and park area. The camel roundabout (one of the most photographed sites in Norseman) 	Community Infrastructure	Community feedback on participation and engagement; number of community activities incorporated in the new precinct	Building capacity in regional communities

The overarching outcome is the delivery of a fully functioning centre that fulfils the intended uses and that can be delivered within capital budget constraints and operates within recurrent budget allowances.

4 Analysis and Comment

4.1 GFG engagement with Staff, Council & Community

In the recent visit to the Shire, GFG met with staff, Council and community members and recorded the following comments.

- "Project has had long genesis over ten years"
- "Community size has significantly decreased in the past 5 or so years"
- Main mining company in area is Central Norseman Gold Pty Ltd who contributes some 45% of the Shire's income. Norseman used to be the main town supporting the mine, but now most mine workers are based elsewhere.
- There is some talk of other new mining company activities in the surrounding areas. One of which is only 45km's from Town. Some opportunity there for the Town.
- Visitor attraction in past more mining history focus. Move to be more eco focused on the Woodlands tourism aspects. Centre to have this new tourism focus.
- Query as to whether the facility fit-out included in price?
- Concern of maintenance management costs of all the timber finishes on proposed building concept design.
- Concerns over on-going operating costs, are they sustainable?
- Concern over Community Resource Centre (CRC) funding reducing or being cut all together. Discussions on-going with Minister in this regard.



- Would like to have moveable walls in the facility to allow for a mix of uses down the track.
- Would like Store Room to be accessible from outside of building.
- Concern over staff resourcing the centre into the future – cost issue.
- Some concern over being the Council that endorses a centre that may turn out to be unsustainable in the longer term.
- Really want to retain the Woodlands feel in the Centre
- Who is best to manage this facility into the future?
- Concern over build cost – seems very high for what is proposed?
- What would be the final asset value when finished?
- Prediction of on-going operating and maintenance costs? (Whole of life cost?)
- Need to have a solid build specification, contract and variation control to ensure no cost blow-outs. Strong Project Management essential.
- Disability access friendliness important.
- Want to try to give a precinct feel to building and surrounding site.
- Want to encourage flow through to Town Centre
- Not concerned if ablution block brought into main building to reduce costs.
- Would like ablution block if brought in to main build to be accessible separately from outside of centre.
- Council has no issue with straightening up building façade alignment.

These comments provided a good understanding of general concerns with proceeding with the project and the general views of those that have been involved in the development of the concept. In the discussion that follows most of the issues raised relating to design and on-going operation concerns have been addressed.

4.2 Review of Project Concept Design

Having reviewed plans and conducted the initial site visit, GFG staff made a number of suggestions to modify some design aspects to reduce build costs whilst maintaining the original intent of the concept design. Some of the more significant changes proposed included:

- Squaring off the front façade of building whilst still maintaining the appealing aesthetics of the current concept design. This would still maintain access to the front south/west corner through a smaller truncated corner entrance.
- Provide an alternative universal access entrance at grade along the side of the building between the Gallery and the Centre rather than at the front
- Look at the viability of incorporating the proposed ablutions area into the main building footprint. However, they must still be accessible and separately lockable from outside of the main building.
- Replace the large central sky light structure at lower cost with solar tubes



Other more minor suggestions to be looked at included:

- Reduce angle parking in front of entrance. Enhance landscape/paved area to give a bolder statement to facility entrance.
- Longer lasting (wood look) composite decking to replace timber decking
- Open up access to Gallery from walkway between two buildings
- Screening wall between buildings to be light weight screening rather than a formal wall. Decorative screening preference.
- Consider bio filtration/treatment units to replace septic tanks (Possible Grant Submission)
- Consider Solar Power with Storage Batteries to power facility (Possible Grant Submission)
- Consider Grey Water system/re-use (Possible Grant Submission)
- Consider CCTV - Possible Grant Submission
- Consider landscaping the southern side of the adjacent service station site to encourage flow through of pedestrians to Town Centre
- The issue of removing surplus surrounding buildings was discussed in terms of the Shire doing this demolition themselves. Upon reflection, and in particular with regard to the asbestos management aspects, it was agreed to consider including this demolition into the main building contract.

The Shire's Architectural Design Firm have now revised the concept plan to incorporate most of these suggested changes and have prepared revised plans and costing for two further options.

The first alternative (Option 1) has the ablution block incorporated in the main building whilst the second (Option 2) maintains the ablution block externally.

The three Options (Original Concept, Option 1 & Option 2) were then re-assessed against the Shire's available funding pool to identify if further revisions to the specifications were necessary. Specification modifications were subsequently made to GFG Option 1 and 2 including:

- Removal of the operable wall – the cost and required staff effort to set up / pull down was considered disproportionate to benefit resulting from its inclusion
- Reduce the area of tiled walls
- Kitchen is now to be domestic standard not full commercial kitchen
- Security fence is now to be standard powder-coat with swinging gates
- Roof sheeting is to be zincalume
- The art display panels on the south wall have been removed - but could be re-introduced in a future Council budget
- Landscaping is now to be mulch only - but could be re-introduced in a future Council budget



These specification changes and carefully considered revisions to contingencies and locality allowances have resulted in the following capital costings for the three options:

Activity	Original Design Concept	GFG - Option 1 (Ablutions in Main Building)	GFG - Option 2 (Ablutions external to Main Building)
1. Design Architect Fee			
• Concept Drawings	\$36,813	\$36,813	\$36,813
• Tenders Documents	\$70,794	\$70,794	\$70,794
• Contract Documents	\$33,981	\$33,981	\$33,981
2. Design Sub Consultants	\$44,295	\$44,295	\$44,295
3. Project Management Support (Including all travel expenses)			
• Design/Project Review	\$14,000	\$14,000	\$14,000
• Oversee Design Development Phase	\$18,000	\$18,000	\$18,000
• Construction Procurement Support	\$20,000	\$20,000	\$20,000
• Construction Project Management	\$54,000	\$54,000	\$54,000
• Commissioning & Handover	\$10,000	\$10,000	\$10,000
• 12 Months Defect Liability	\$4,000	\$4,000	\$4,000
4. Construction Build Estimate by Quantity Surveyor			
• Building & Siteworks	\$1,882,000	\$1,550,000	\$1,662,000
• Demolition of Out-Buildings	\$40,000	\$40,000	\$40,000
• Locality Allowance	\$471,000	\$310,000	\$333,000
• Design Contingency	\$118,000	\$50,000	\$50,000
• Construction Contingency	\$118,000	\$50,000	\$50,000
• Escalation	\$66,000	\$35,000	\$40,000
Total Build Cost	(\$2,695,000)	(\$2,035,000)	(\$2,175,000)
5. Miscellaneous Fit Out Allowance & Power Upgrade (For additional items required that cannot be re-used/relocated – ie new loose furniture, additional computers, power upgrade, physical relocation costs etc.)	\$85,000	\$85,000	\$85,000
6. TOTAL PROJECT COST (ex GST)	\$3,085,883	\$2,425,883	\$2,565,883
7. TOTAL FUNDING AVAILABLE (ex GST)	\$2,530,018	\$2,530,018	\$2,530,018
8. NET POSTION (ex GST) (Relative to Available Funding) (+ve Surplus, -ve deficit)	(\$555,865)	\$104,135	(\$35,865)

As indicated in the table above, GFG Options 1 and 2 can be accommodated within the available project funding, but the original concept would be well in excess.

Option 1 represents the lowest cost being \$104,135 under budget. The locality allowance has been reduced from 25% to 20% to reflect the current competitive market conditions within the local construction industry. Both the Design and construction contingency sums have been reduced to \$50,000 to reflect the simplified structural design of Option 1 and the robust design development and project management processes that will be followed by GFG Consulting.

Option 2 is (\$35,865) over budget. The locality allowance has been reduced from 25% to 20% to reflect the current competitive market conditions within the local construction industry. Both the Design and construction contingency sums have been reduced to \$50,000 to reflect the simplified structural design



of Option 2 and the robust design development and project management processes that will be followed by GFG Consulting.

Exclusions to the costing for each option are for the use of natural local timbers and solar panels.

Given the significantly reduced cost of the modified designs, particularly the option where the ablution block is included, GFG would propose this be the favoured concept plan moving forward. Whilst it may compromise on some operable space within the building; it reduces the overall footprint, retains functionality and is more likely to be contained within the available funding. Also, it gives some flexibility to include in the building scope the demolition of the redundant out buildings which contain asbestos.

Refer to Appendix A for the original concept Design and costing. Refer to Appendix B for the two proposed GFG modified concept designs and costings. Please note that the demolition costs in the table above have not been included in the Quality Surveyor costings in the Appendices.

4.3 Project Financials & Risk

4.3.1 Capital Funding

In summary, the funding model for the project is:

Funding Source	Amount
Shire Leverage Funding	\$269,800
Grant - Dept of Primary Industries and Regional Development (State)	\$1,599,480
Grant - Lotterywest	\$430,000
Grant - Dept of Infrastructure and Regional Development (Federal)	\$449,738
Total Project Funds	\$2,749,018
<i>Purchase of Land</i>	<i>-\$219,000</i>
Balance of Funding Available	\$2,530,018

A review of the proposed funding model for the Woodlands Centre project reveals that the project is almost exclusively financed through contributions from external funding partners. Whilst this is an excellent outcome in terms of the Shire's grant seeking activities, it highlights a need for the Shire to have a clear understanding of the cashflow and financing implications of this project on the Shire's overall finances.

Documents supplied by the Shire indicate that it has received written confirmation of the grant funding commitment from each of the three external Funding Partners being the Department of Primary Industries & Regional Development (WA), Lottery West and Department of Infrastructure & Regional Development (Federal). It is however, important to fully understand when the funds can be accessed, what milestones must be met to allow those funds to be released by the funding agency and what restrictions there may be on the deployment of those funds. These matters should be clearly understood before awarding any contracts in relation to this project.

To illustrate this issue, the Lottery West funding can be drawn down very early in the project timeline (by 30 September 2018) without meeting specific milestones at that time. The accountability for the discharge of those monies comes at the end of the project. The Lottery West funding will be received well before the Shire of Dundas has spent those funds, notwithstanding that these funds can only be used on specified elements of the project.

In contrast, in accordance with the conditions of the grant, the Department of Primary Industries & Regional Development (WA) and Department of Infrastructure & Regional Development (Federal) grant funds will only be released through progress claims for drawdown of grants once the project has met specified milestones and the Shire of Dundas has provided documentary evidence to discharge accountability.

These grant funding arrangements will have a significant impact on the Shire's cashflow over the project construction period in particular; as architects, builders and contractors submit their claims for progress payments. It is essential that careful consideration is given to the alignment between the construction program and its external Funder's funding progress claim schedule to ensure that the Shire is not exposed to any period of (temporary) short-term financial distress. If there is potential for such an event to occur, the Shire should have in place a plan to cover the short term cashflow shortfall until further external funds can be accessed.

The issues of project risk, particularly in relation to cashflow management during the construction phase, are discussed in more detail in Section 4.3.3 along with some actions that the Shire can take to effectively manage the impact of cashflow timing differences.

4.3.2 Operating Costs

In addition to the capital costing and project funding, it is important to consider the whole of life cost aspects for such a proposal. This facility will have on-going maintenance and operating expenses and some consideration needs to be given to capital renewal toward the end of the facility's life.

Shire staff have provided some indicative operational and maintenance costs for the new facility which are shown in the table below:

Operational and Maintenance Cost

Estimate Recurring Cost of the Woodland Centre				
Cost Item	\$	\$	\$	Comment
Employee Cost			100,000	A manager and an assistant
Operational Cost				
Electricity and Water	14,300			Admin building 782m ² , proposed woodland centre 471.2m ² (building only). Have assumed 65% of admin building cost
Gas	1,000			for Commercial Kitchen
Telephone, fax and internet	6,000			Based on the current cost of CRC and VC
Insurance	7,250			For total replacement cost of \$2.5m plus content insurance of CRC and VC
		28,550		
Maintenance Cost				
Computer Maintenance	10,000			Would be only CRC computer system/VC stand alone PCs with internet connection
Office Maintenance (including cleaning)	25,000			Current cost of HO building. Total area of the proposed centre is 865.2m ² , closer to the total area of the Admin building of 782m ²
Garden Maintenance	6,000			Based on town hall garden maintenance cost
		41,000		



Total operational and maintenance cost			69,550	
Total Expenditure			169,550	

Note: Above information supplied by Shire of Dundas

A review of the Proposed Operational & Maintenance Cost Model provided by the Shire indicates that it is based on a sound rationale and the calculations used to derive the anticipated costs is appropriately justified. Comparison to the Shire's 2017/2018 Budget for the Administration Building (adjusted for the relative size of the Woodlands Centre and possible level of use) would imply that the estimates for utilities etc are reasonable and realistic. The indicative maintenance cost of \$25,000 per year includes an allocation for both cleaning and maintenance. Based on floor space and level of use, cleaning would be expected to be around \$8,000 leaving up to \$17,000 for maintenance. The average combined maintenance and cleaning costs for a facility in Perth is \$ 32/m² which would increase to \$ 38/m² allowing for a generous locality allowance. Based on a 472m² floor area of Option 1 the building maintenance budget could be contained to ~ \$18,000 per annum.

Particularly in the earlier years, it is unlikely that this amount will be required for maintenance. However, it is recommended that the allocation be retained, and the unspent portion returned annually to the Woodlands Centre Reserve Fund.

Although not having sighted specific details of revenues associated with the Community Resource Centre (CRC) and Visitor Centre (VC), the subsequent discussion and information provided by the Shire has provided some confidence that the facility generates a cash surplus of around \$10,000 per year.

The CRC & VC we understand are predominantly managed and self-support operations at the moment. This concept of these operations operating in this manner into the future is a practical and sustainable endeavour and this autonomy should be the goal.

Extending the above analysis, Shire staff projected a proposed operating budget model with two scenarios - reflecting a sensitivity analysis of possible changes to operational grant funding for the Woodlands Centre.

The first scenario reflects current operational arrangements which show that existing operations are self-funding. It also suggests that if the current funding model is sustained, the new facility could operate within available budget and potentially generate a small surplus.

The second scenario reflected a 40% cut to the Community Resource Centre grant funding and the Visitor Centre funding remaining constant. Under these operational arrangements a projected deficit of \$30,000 is anticipated from the operation of the new facility.

Refer specifics of these scenarios below.



Proposed Operating Model

Transferrable cost of CRC and Visitor Centre						
Source: Audited Financial Statement as at 30 th June 2017						
		CRC		VC		Total
		\$	\$	\$	\$	\$
Expenditure						
	Employee Cost		60,767		69,585	130,352
	Computer Maintenance	9,714		-		
	Office Maintenance (including cleaning)	5,383		1,255		
	Insurance	2,845		3,680		
	Utility Charges	3,604		1,352		
	Telephone and Fax	1,667		3,370		
	Rent and Rates	14,717	37,929	-	9,656	47,586
	Total Expenditure		98,696		79,241	177,938

Note: Above information supplied by Shire of Dundas

Scenario 1 – CRC and VC to retain current operating income levels

- At the current funding levels CRC and VC are having self-supported operating models
- Operational cost of new centre could be managed within the operation budgets of CRC and VC
- Would generate approximate surplus of \$10k for future capital renewal requirements

Scenario 2 – 40% CRC Funding Cut and VC to retain current operating income level

- Expected deficit of \$30k (net of the current surplus otherwise would have generated).
- Shire to include in the budget or partnering with vested organisation as a part of their community projects (e.g. could sponsor a trainee etc.)

Note: Above information supplied by Shire of Dundas

Recent advice received shows that whilst Community Resource Centre (CRC) funding is secure for at least the next 18 months, this funding will be reduced to \$70,000 per annum. This is a 30% reduction in CRC funding and this recent advice falls within the two scenarios modelled by Shire officers - inferring a deficit of perhaps \$20,000.

This would suggest that the Shire may want to explore an alternative recurrent operating income boost should the CRC funding diminish in future years.

With initial savings in operating costs due to the facility being a new build, these levels of funding would seem to be sustainable in the immediate short term using the figures and analysis provided by the Shire staff.

4.3.3 Alignment between Project Program & Funding Bodies Milestones

As noted at Section 4.3.1 of this report, the grant funding arrangements will have a significant impact on the Shire's cashflow over the project construction period in particular; as architects, builders and contractors submit their claims for progress payments.

It is essential that careful consideration is given to the alignment between the construction program and its external Funder's funding progress claim schedule to ensure that the Shire is not exposed to any period of (temporary) short-term financial distress. If there is potential for such an event to occur, the Shire should have a plan in place to cover the short term cashflow shortfall until further external funds can be accessed.

Using information extracted from the various Funding Agreements, a Schedule of Estimated Timing of Cash Inflows has been prepared to indicate when the Shire should receive the funder contributions (*subject to reporting and accountability requirements being satisfactorily met*).

Schedule of Anticipated Cash Inflows

Funder	Anticipated Month of Receipt	Cash Inflow	Cumulative Cash Inflow
WA Government (Royalties for Regions)	Jun 2018	\$ 600,000	\$ 600,000
LotteryWest	Sep 2018	\$ 430,000	\$1,030,000
Commonwealth Dept of Infrastructure	Oct 2018	\$ 89,948	\$1,119,948
WA Government (Royalties for Regions)	Dec 2018	\$ 600,000	\$1,719,948
Commonwealth Dept of Infrastructure	Feb 2019	\$ 314,817	\$2,034,765
WA Government (Royalties for Regions)	Mar 2019	\$ 399,480	\$2,434,245
Commonwealth Dept of Infrastructure	July 2019	\$ 44,974	\$2,479,218
Shire of Dundas Contribution	TBA	\$ 50,800	\$2,530,018

The funding arrangements are substantially front-loaded which is a great advantage to the Shire in that monies can be accessed ahead of large cash outflows. A projected cumulative Cash-Inflow Total is shown in the table above - but as the project progresses that cash will be drawn down to make progress claims.

A detailed schedule of Cash-Outflows will be developed and offset against the Cash Inflows when the final design and costings are formalised - but knowing how much grant funding cash the Shire is likely to have at a given stage of the project will assist the project manager to monitor and approve progress payments.

Using the proposed GFG Project Program for the Woodlands Centre Project, a preliminary forecast of the projected timing of Cash Outflows has also been considered. When a construction contractor has been engaged to undertake these works, a more detailed cash flow can be developed.

This forecast infers that, subject to meeting the funding bodies' specific milestones contained in the grant funding agreements; the Shire can access a significant portion of the grant funding before the large cash outflows associated with construction begin.

However, it should be noted that the current milestone dates for some of the early milestones (including preliminary approvals, design & documentation activities), will need to be re-negotiated with the funding bodies.



Despite this, the Shire should receive adequate funds to meet the costs of all pre-construction activities and still have good cash reserves quarantined ahead of the construction phase (between November 2018 and May 2019) when the heaviest cash outflow demands will be experienced.

Cashflow management is a critical consideration in relation to the successful delivery and longer-term sustainability of this project. It is important to not only have security of external funding before awarding any contracts for construction and purchase of fixtures and fittings, but also to have a clear understanding of the cashflow implications of the project given the Shire's limited capacity to generate discretionary cashflows and the dependence on a modest rates base to fund normal operational service delivery.

To provide Council with confidence that it will be able to meet all cash demands associated with the project 'as and when needed', it is recommended that the following model is applied to effectively manage project cash flows:

1. Create a Woodlands Centre Reserve Fund (Refer 4.3.4 for more detail)
2. Ensure that Funder Contributions are accessed as soon as agreed milestones are met (this will require a timely administrative focus).
3. Quarantine the Funder Contributions in the Woodlands Centre Reserve Fund rather than in the Municipal Account to ensure that monies cannot inadvertently get absorbed by operational expenses.
4. Use the Woodlands Centre Reserve Fund to regularly reimburse the Municipal Fund Bank Account for Woodlands Centre Project expenses.

The preceding process is recommended because the external contributions to the project are heavily 'front loaded' - that is, they will largely be received well in advance of the associated expenditure being incurred.

4.3.4 Budget/Compliance Considerations

The suggested Woodlands Centre Reserve Fund would need to be established in accordance with Section 6.11 of the Local Government Act (1995) which requires the local government to give one month notice of the intention to create a Reserve Fund and to state the purpose of that Reserve.

Given the one-month time constraint and the likelihood that the Shire potentially could access at least \$600,000 of funding before 30 June, it is recommended that the process for giving notice of the creation of the reserve be commenced as a matter of priority. This will allow any Woodlands Centre Project related monies received but not expended by end of financial year to be quarantined in the Reserve away from general funds.

The Woodlands Centre Reserve Fund would also be used to progressively quarantine funds for future capital renewal of the facility as discussed in this report and to accumulate annual operating surpluses (if any) from the Community Resource Facility and Visitor Centre.

In developing the Shire's 2018/2019 Budget, it will be necessary to allow for the anticipated transfers into and out of the Woodlands Centre Reserve Fund as grants are received, and expenditure is reimbursed to the Municipal Fund.

4.3.5 Future Funding Considerations - Renewals & Early Years Maintenance

As discussed at Part 4.3.4 of this report, it is recommended that the Shire creates a cash-backed reserve called the Woodlands Centre Reserve Fund to manage cash flow fluctuations during the approvals, design and construction phases of the project. This approach should simplify cash management by quarantining the monies associated with this project.

Following the completion of the project, it is recommended that the Woodlands Centre Reserve Fund be retained and it would also be used to progressively quarantine unused maintenance funds for future

capital renewal of the facility as discussed under Operational Funding in this report. By maintaining a maintenance budget at a notional amount no less than the current proposed budget and transferring the unspent portion to the Reserve Fund at the end of each year, funds are being accumulated for future capital renewal – and these will grow exponentially through the compounding of interest earned on those funds.

The Reserve Fund would also be used to accumulate annual operating surpluses (if any) from the Community Resource Facility and Visitor Centre which would provide a ‘safety net’ funding source should there be any reduction in the government funding for the Community Resource Centre somewhere beyond the currently confirmed 18 month future contribution.

This is considered to be a prudent approach given the requirement stated in the BBR Funding Grant Agreement for the Shire to ensure the operation of the Woodlands Centre facility for the duration of the Benefit Period - which is at least 5 years after the project end date.

Specifically looking at the Capital Renewal issue, let’s assume a 40 year functional build life. If we use as a base in today’s dollars a \$2,000,000 build cost, it would be prudent management to accumulate in reserve say 25-33% of this value in today’s dollars over the life of the asset. This assumes that the balance of the funding for the renewal 67-75% will be sought through external funding bodies. Using today’s dollars, this would equate to setting aside \$12,500 to \$15,000 per annum over the life of the asset. In the early 5 to 10 years this will be a relatively easy task through building and operational maintenance savings from being a new build with minimal repair needs. However, in future years the quantum of this small annual renewal sum would need to be considered in the context of the Shire’s broader strategic asset management planning and renewal objectives.

4.4 Review of Project Program

The draft Project Program has now been refined by GFG Consulting to reflect changes resulting from the Review of the Project Concept Design and in particular the preferred concept - GFG Option 1 (described at Section 4.2). The Project Program has also been reviewed to ensure that it aligns not only the requirements of the various trades delivering the build component but also that it matches funder milestones, funding inflows and overall cash management obligations.

The revised Project Program is presented as **Appendix C**.

This program assumes the following key milestone dates:

Task / Milestone	Start Date	Duration (Days)	Finish Date
Finalisation of Concept Design	28/05/2018	5 Days	01/06/2018
Council Approval of Concept Design	09/07/2018	5 Days	13/07/2018
Working Drawings & Specification	16/07/2018	35 Days	31/08/2018
Tender Issued	20/08/2018	18 Days	07/09/2018
Contractor Appointed	05/11/2018	19 Days	23/11/2018
Construction	26/11/2018	135 Days	31/05/2019
Commissioning of Building	03/06/2019	10 Days	14/06/2019

GFG are confident that this timeline is achievable and will be applying their rigorous and robust design development and project management processes to ensure that these milestones are achieved and a high-quality build results.

As the program unfolds, the Shire will also have accountability for critical activities – particularly relating to discharging their accountability to funding partners in a timely manner. This is necessary to ensure that funding contributions can be claimed in a timely manner ahead of the cash outflows. From previous experience, GFG Consulting can advise that the Commonwealth Government can be quite strict with regard to funding acquittal milestones.



As a guideline, the Shire has around one week to complete their funding acquittal reports - and a further three weeks is required for the funding partner to process their paperwork. This indicates that there is a lag of around 4 weeks between milestone being reached and funds being received. Appreciating this timing lag is important to understanding the project funding cashflows.

4.5 Project Management Support

The initial brief from the Shire of Dundas with regard to provision of Project Management Support Services for the Woodlands Centre project was detailed as follows:

1. Evaluate the current design liaising with the architectural consultant and in line with the available budget and funding conditions
2. Analyse whole life cost of the project
3. Provide an independent opinion about the feasibility of the project in terms of the available budget, funding conditions and whole of life cost
4. Develop an overall project plan (key milestones etc.)
5. Monitor all necessary applications for planning and building approvals
6. Monitor design work progress and liaison between consultants
7. Finalise tender documents working with the architectural consultant
8. Tender advertising, tender assessment and recommendation to the Council
9. Contract finalisation (award the tender)
10. Monitoring of project's overall plan and cost working closely with Community Development Manager
11. Provide regular progress updates to CEO, DCEO, Manager Works and Community Development Manager
12. Approve all accounts for payment
13. Contract management

Currently GFG is progressing items 1 to 4 which have culminated in this report. Items 5 to 13 will of course be dependant on the Shire resolving to proceed with the project as reviewed and recommended in this report. In addition to the items listed above, GFG Consulting would also provide support for the project Commissioning and hand-over stage along with support 12 months post completion for the close out of the Defect Liability Period.

A more detailed outline of the specific support activities required to effectively project manage this project through to completion will subsequently be provided to the Shire officers.



5 Summary & Recommendations

GFG Consulting's review of the proposed Woodlands Cultural, Community and Visitor Centre project indicates that the project is well supported by community and is well regarded by funding partners including the Western Australian Government and Commonwealth Government as demonstrated by their (already confirmed) significant grant funding contribution towards the project. It should be noted that the capital costs of the project are almost 100% funded by these partners and is strongly supported by LotteryWest due to the perceived local and regional importance of the project.

The project proposal appears to have the capacity to meet all the expected project outcomes and offers a significant opportunity for the Shire to create a modern community facility to replace their existing aged infrastructure.

GFG Consulting have examined three different options for the project - considering design, functionality, project risk, capital and operating financial aspects, cashflow management and project delivery timelines.

The options considered included the original Concept Design, Option 1 - a modified design with the ablutions internal to the building and Option 2 - a modified design with the ablutions external to the building. These are described in more detail at Section 4.2 of this report.

Critical analysis of the three options has revealed that the Original Concept Design significantly exceeded the Shire's financial capacity (a shortfall of \$555,865). Therefore, there is a need to get the project back within funding constraints whilst still meeting the desired outcomes and community needs.

Comparative costings for the two GFG Consulting conceived options show that Option 1 could potentially be delivered \$104,135 favourable to the available budget whilst Option 2 was \$35,865 over budget.

Of the three options considered, Option 1 represents the lowest cost being \$104,135 under the available project budget. This is a consequence of the simplified structural design, smaller overall footprint and lower contingency allowances due to the project being professionally project managed. However, the key to successful delivery of this project will of course still be dependent on professional project management, proper procurement and responsible cash flow management, which is proposed to be provided by the GFG Consulting Team.

With the review of the original concept design now resulting in some carefully considered savings that bring the proposal back within the available funding allocation, without significant adverse impact on the functionality of the centre, the Shire should be able to take greater comfort in progressing the recommended option.

This projected saving has allowed the opportunity to bring into the building works scope the demolition of the redundant out-buildings which contain asbestos. Also, if savings permit, elements such as a greater level of landscaping and the screen wall between the facility and the gallery may be able to be brought back into consideration. However, no decisions on bringing back excluded elements should be made until a firm construction contract has accepted. At this time there will be a firm construction cost and the quantum of possible saving will be known.

It should also be noted that these costings have been developed using local specialist quantity surveyor predictions on locality allowances and tempered to match optimistic market conditions. Predictions on pricing in this respect can fluctuate greatly depending on market conditions and it will therefore be critical to attract a broad spectrum of builders from across the State to ensure best market pricing is brought to the table when considering tender submissions.



During the project review and analysis, several related matters emerged that are worthy of noting in this report. The first of these was that the current funding for the Community Resource Centre has recently been reduced by 30% which will have an impact on the currently cost-neutral operation of the Community Resource Centre. The Shire may want to give consideration as to how this small operating deficit may be addressed in future budgets. For instance, would the Shire make a budget provision for this deficit given the valuable community resource that the centre provides or, alternatively, are there any community partnership opportunities that may assist with resourcing or support? Partnerships with mining, Ngadju, education and tourism are all areas that can be investigated.

A second matter noted relates to the potential to leverage some further grant funding opportunities in relation to renewable energy / environmental initiatives such as photovoltaic cells. Should the prospects of being successful in such an application be positive, it may be worthwhile including this in the tender documents for the Centre. The potential energy operating savings from these initiatives may, it time, help to contain operating costs within reasonable bounds.

Recommendation:

- 1. That based on the information provided and the analysis undertaken,**
 - a. the overall project funding to develop the proposed Woodlands Cultural, Community and Visitor Centre is adequate with some scope changes as outlined in this report; and**
 - b. the projected on-going operating costs relating to this new development would also appear to be sustainable, if predictions are correct.**
- 2. That Shire of Dundas proceed to the detailed design phase for the Woodlands Cultural, Community and Visitor Centre – by adopting GFG Option 1 as outlined in this report. The total estimated project cost for this option is \$2,425,883, which is \$104,135 under the total available funding of \$2,530,018.**

6 Reference List

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Norseman Community Resource Centre (Letter). *Hon Alannah MacTiernan MLC, Minister for Regional Development; Agriculture and Food; Minister Assisting the Minister for State Development; Jobs and Trade*. [16 April 2018]

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Unconfirmed Minutes Ordinary Council Meeting 20th March 2018. *Shire of Dundas*.

Woodlands Centre Powerpoint. *Shire of Dundas*.

7 APPENDIX A – Current Design Concept & Cost Estimate



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102 Railway Parade
WEST PERTH WA 6005
Ph: (08) 9321 0102

18023021.001

14 February 2018

Cartman Designs
PO Box 1898
Esperance WA 6450

Attention: Lionel Trotman

Dear Lionel,

**SHIRE OF DUNDAS – WOODLANDS CULTURAL, COMMUNITY & VISITORS CENTRE,
NORSEMAN
PRELIMINARY COST ESTIMATE**

We have prepared a preliminary cost estimate for the proposed Woodlands Cultural, Community & Visitors Centre in Norseman. We attach our detailed estimates as summarised below:

Community Centre	
Building Works	1,212,000
Siteworks	<u>670,000</u>
	1,882,000
Locality Allowance 25%	<u>471,000</u>
	2,353,000
Design Contingency 5%	118,000
Construction Contingency 5%	118,000
Escalation	<u>66,000</u>
Total, excluding GST	\$2,655,000

No cost advice has been received from the specialist consultants, and as such, the estimate will need to be revised should this information becomes available.

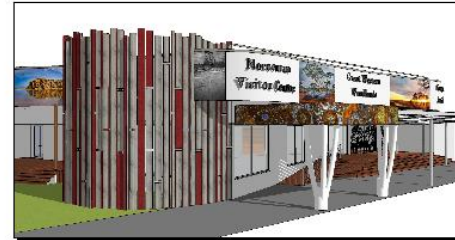
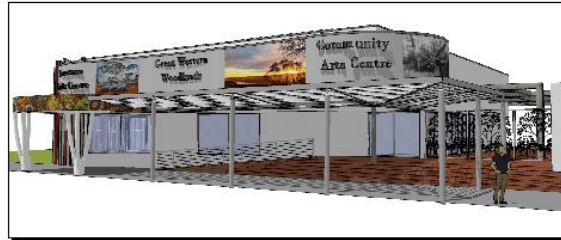
Authority cost, professional fees, loose furniture, equipment, computer services, client relocation costs and GST have been excluded.

We trust this is adequate for your current review. If you need anything further then please let us know.

Yours faithfully,

Liam Tomlin

Woodlands Cultural Community and Visitors Centre



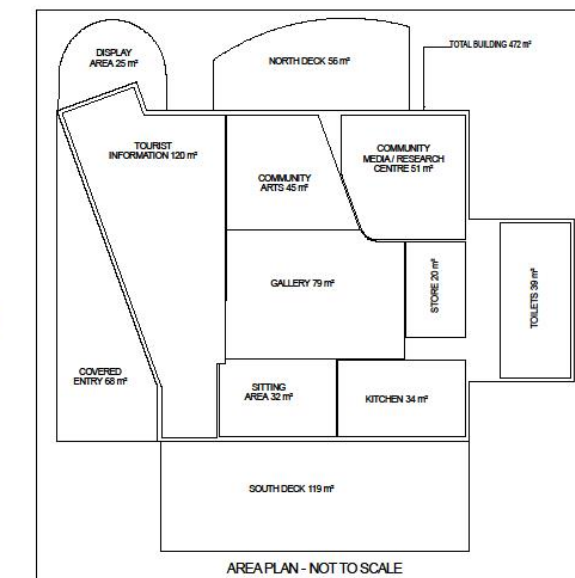
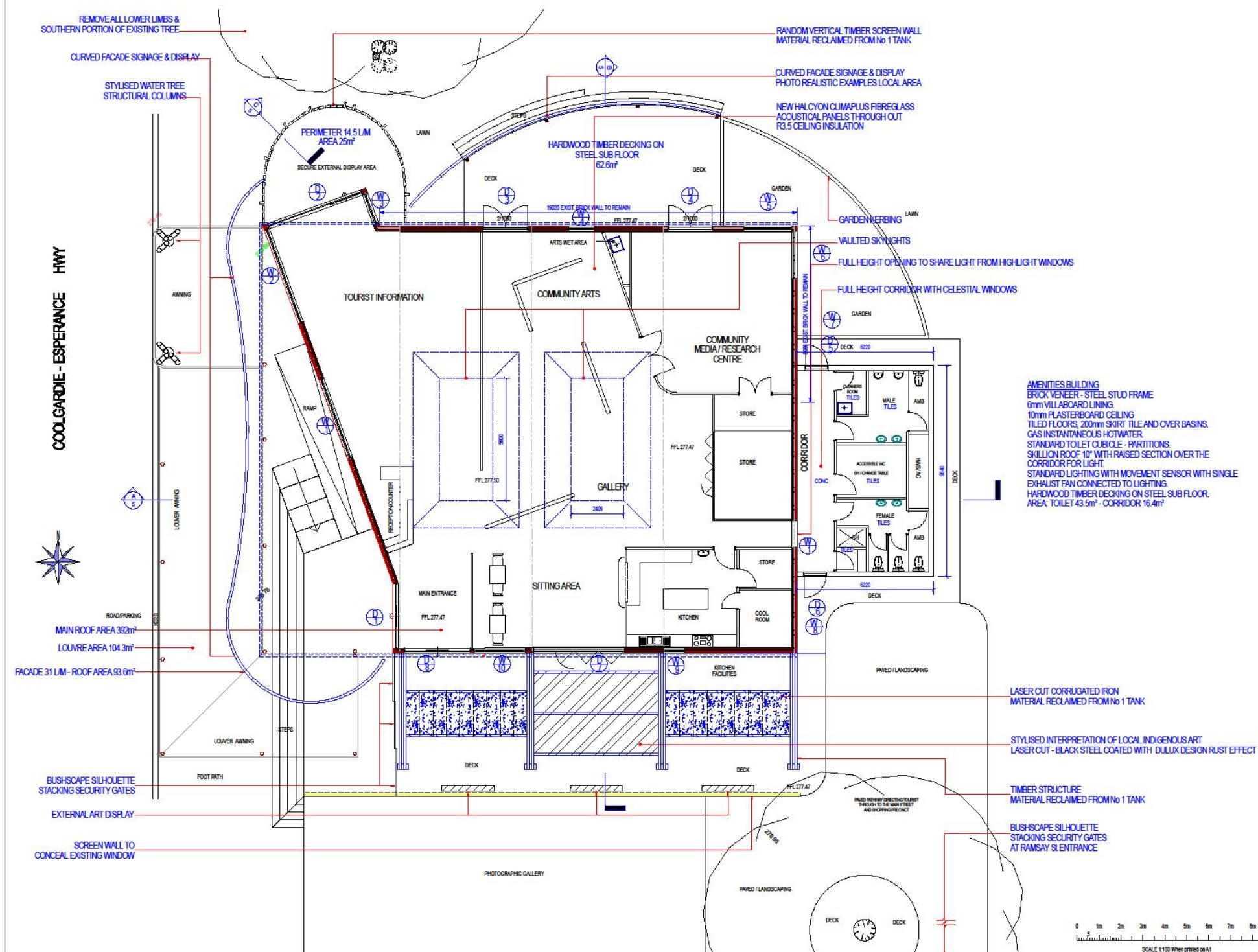
WINDOW/DOOR SCHEDULE

W1 2400x3600F
W2 2400x4500F
W3 2400x4500F
W4 2400x1200F
W5 2400x2170F
W6 2400x2170F
W7 1200x1210F
W8 1200x1210F
W9 2400x707F
W10 2400x707F

RAISED ROOF WINDOWS
12' 850x2000 RAINING WITH
ELECTRIC OPENERS AND
INSECT SCREENS

D1 2143x3000 AUTO
D2 2143x4500
D3 2143x2650
D4 2143x2650
D5 2143x1080
D6 2143x1080
D7 2143x1440
D8 2143x3000 AUTO

**POWDERCOAT WHITE
ALUMINUM
COMMERCIAL FRAME**



8 APPENDIX B – Proposed Concept Design Amendments & Revised Cost Estimate



QUANTITY SURVEYORS
180230211002

HW & Associates
ABN 57 945 258 671
Suite 88
City West Centre
102 Railway Parade
WEST PERTH WA 6005
Ph: (08) 9321 0102

8 May 2018

Cartman Designs
PO Box 1898
Esperance WA 6450

Attention: Tim Cartledge

Dear Tim,

SHIRE OF DUNDAS – WOODLANDS CULTURAL, COMMUNITY & VISITORS CENTRE PRELIMINARY COST ESTIMATE - OPTIONS

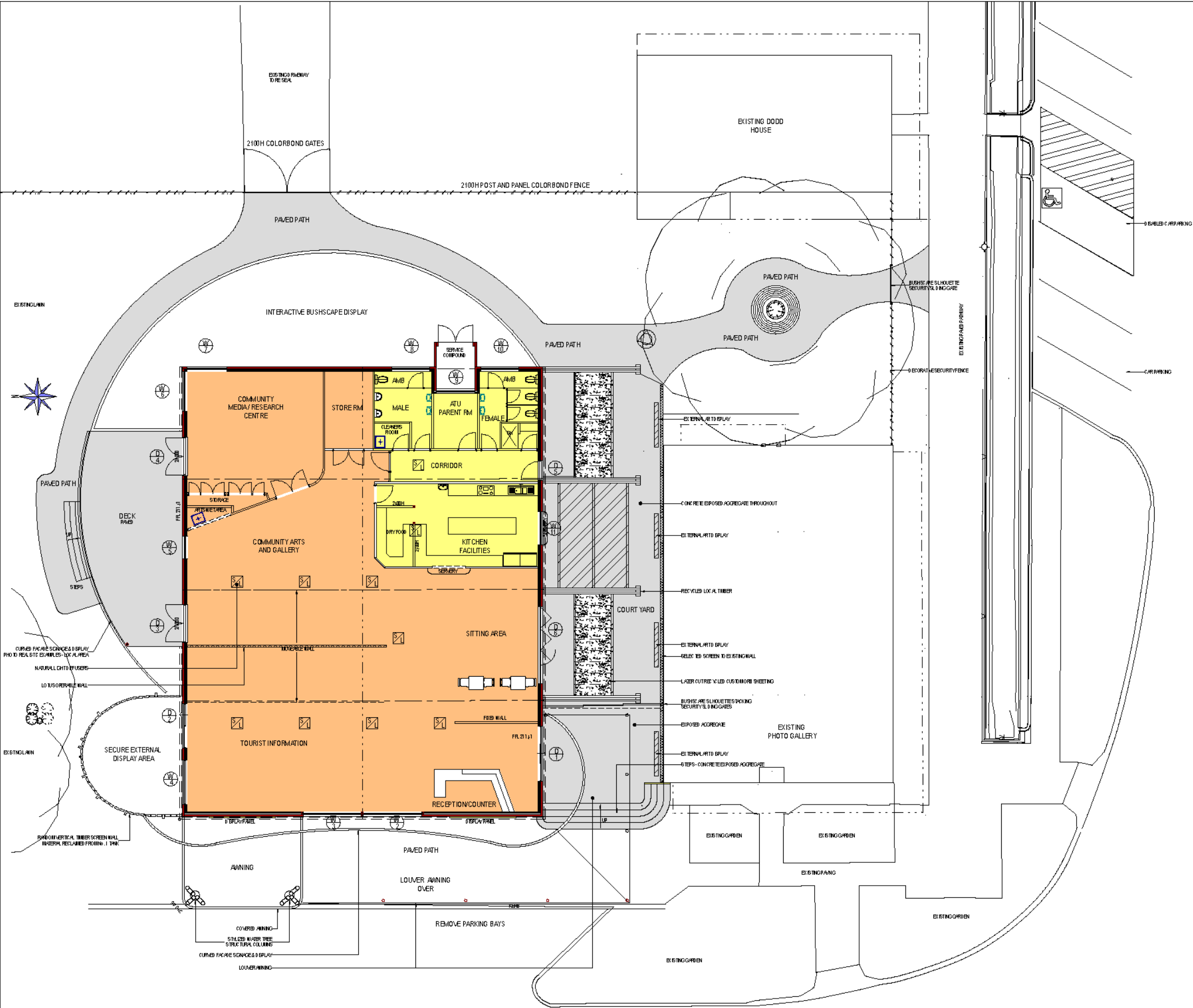
We have prepared preliminary cost estimate options for the proposed Woodlands Cultural, Community & Visitors Centre in Norseman. We attach our detailed estimates as summarised below:

Option 1 – Internal Toilet Block

Building Works	1,008,000
Siteworks	306,000
Northern Deck Awning	50,000
Louvred Awning	67,000
Curved Façade	46,000
Water Tree Awning	29,000
Timber Awning	44,000
	1,550,000
Locality Allowance 20%	<u>310,000</u>
	1,860,000
Design Contingency	50,000
Construction Contingency	50,000
Escalation	<u>35,000</u>
Total, excluding GST	\$1,995,000

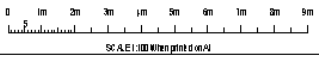
Option 2 – External Toilet Block

Building Works	1,120,000
Siteworks	306,000
Northern Deck Awning	50,000
Louvred Awning	67,000
Curved Façade	46,000
Water Tree Awning	29,000
Timber Awning	44,000
	1,662,000
Locality Allowance 20%	<u>333,000</u>
	1,995,000
Design Contingency	50,000
Construction Contingency	50,000
Escalation	<u>40,000</u>
Total, excluding GST	\$2,135,000



OPTION 1 INTERNAL AMENITIES

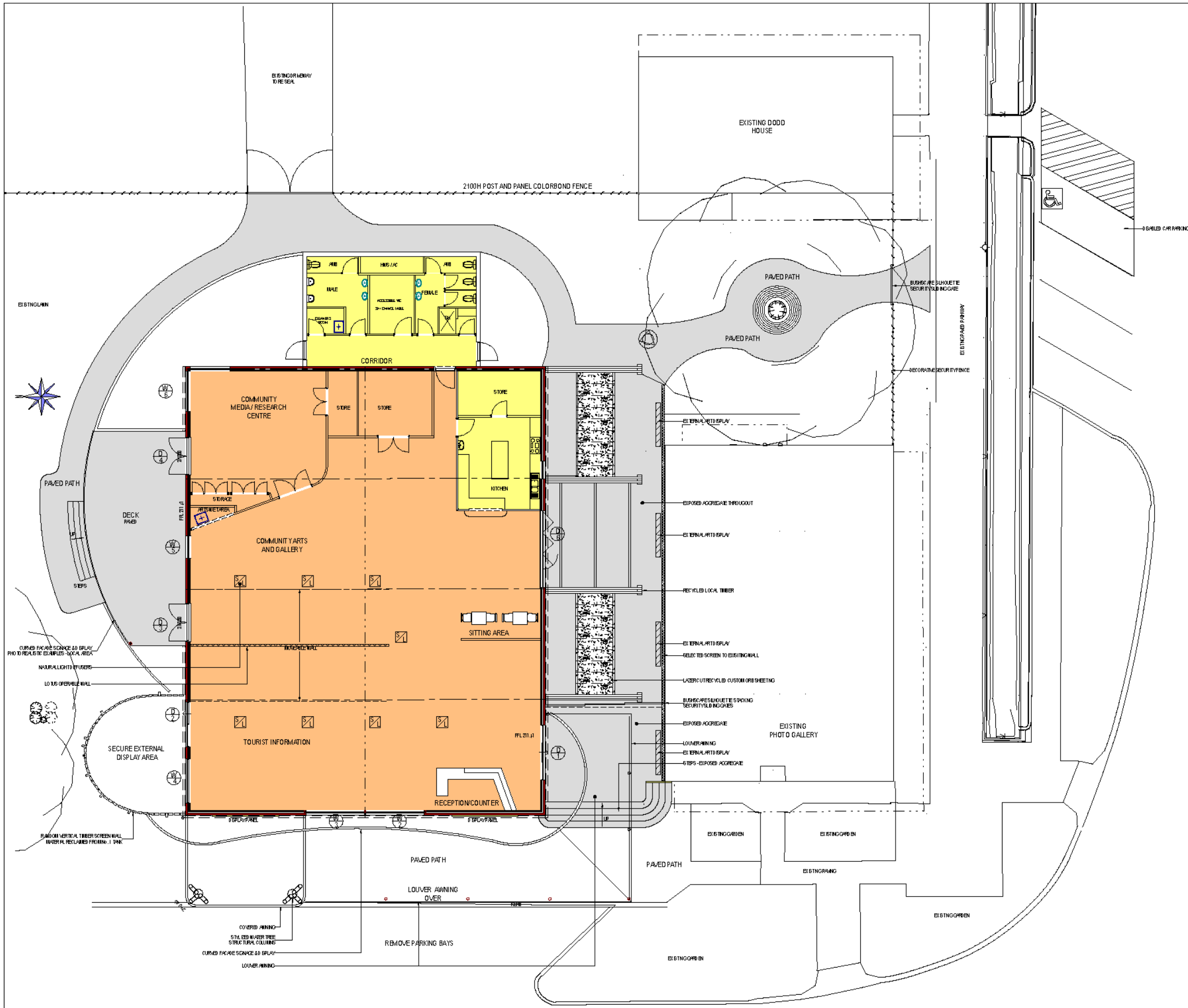
COOLGARDIE - ESPERANCE HWY



BUILDING	11,900 m ²
COURTYARD	1,200 m ²
LANDSCAPING	1,200 m ²
SECURE EXTERNAL DISPLAY AREA	2,500 m ²
DECK	51,000 m ²
TOTAL AREA	67,800 m ²

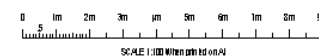
REVISION	DESCRIPTION	DATE
1	REVISIONS	01.05.15
2	FOR COSTING	07.02.15
3	FOR COSTING	07.02.15

WOODLANDS CULTURAL COMMUNITY AND VISITORS CENTRE	Scale 1:100 @ A1
DATE	07.02.15
PROJECT NO.	TJ2050
DRAWING	FLOOR PLAN - PICTURES
SHEET NO.	1 of 2



OPTION 2 EXTERNAL AMENITIES

COOLGARDE - ESPERANCE HWY



BUILDING	11,950sqm
EXISTING BUILDING	2,850sqm
COURTYARD	1,050sqm
LOUNGE/AMINING	1,050sqm
AMINING	2,350sqm
REPLAY	2,350sqm
DECK	2,350sqm
TOTAL AREA	21,100sqm



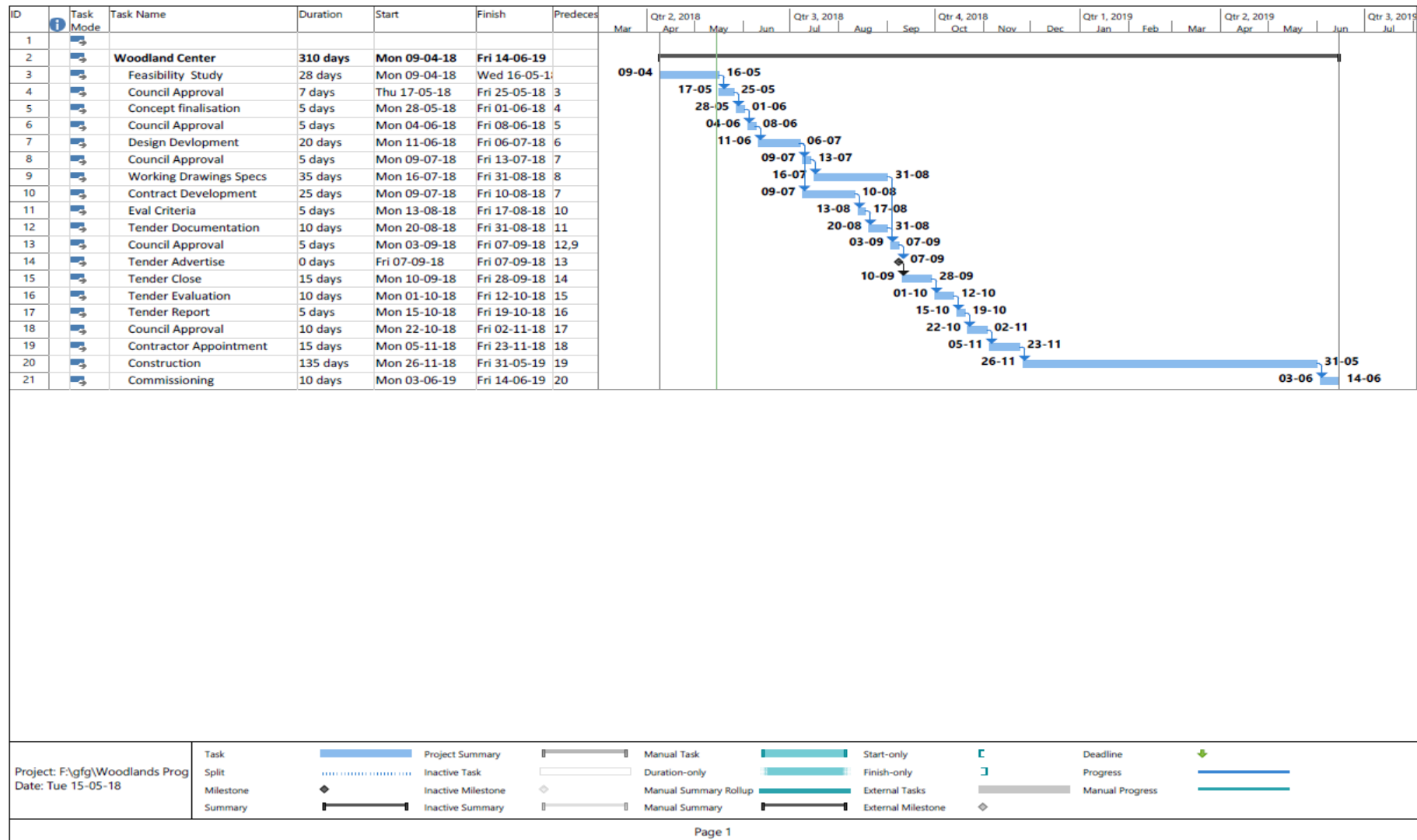
DO NOT SCALE FROM THIS DRAWING
This drawing is a preliminary design and shall
be used for information only. It is not to be used
for construction or any other purpose without the
written consent of the Designer.

REV	DESCRIPTION	DATE
B	REDUCED FLOOR LAYOUT FOR COSTING	01.05.18
A	FOR COSTING	01.05.18


WOODLANDS CULTURAL COMMUNITY
AND VISITORS CENTRE
Scale 1:100 @ A1

Date	Project No.	Drawing	Sheet No.
07.02.18	TJ.0250	SHIRE OF DUNDAS FLOOR PLAN - PICTURES	1 of 2

9 APPENDIX C – Proposed Woodlands Centre Program



10 APPENDIX D – Other Relevant Attachments



GOVERNMENT OF
WESTERN AUSTRALIA

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Sustainable funding for Community Resource Centres

Monday, 30 April 2018

- Feedback sought from Community Resource Centres on future funding proposal
- All CRCs to continue to receive funding at a more sustainable level under proposal

The State Government has today written to all Community Resource Centres (CRCs), seeking feedback on a recommended future funding approach at a more sustainable level.

Under the recommended approach, the majority of CRCs will be offered \$70,000 per annum. Some CRCs will be offered \$50,000 per annum where they are located either:

- In a larger community - a population of over 3,000 people, or
- In close proximity to another CRC or a major regional centre - less than 30km.

Under the proposal, all centres will continue to receive funding from the State Government.

The funding proposal is part of a review of the CRC program by the Department of Primary Industries and Regional Development.

The funding approach recognises that where CRCs are operating in larger regional towns or in close proximity to a regional centre, there are other service provider options available to the community.

It also recognises opportunities for resource sharing between CRCs in close proximity to each other.

It is proposed that CRCs focus primarily on the delivery and facilitation of government, health and community information and services. CRCs would also have reduced reporting obligations and greater flexibility on opening hours.

A greater emphasis will be placed on the use of video conferencing technology to improve the delivery of services, and to better connect Government to regional and remote Western Australia.

Comments attributed to Regional Development Minister Alannah MacTiernan:

"CRC funding blew out tremendously under the Barnett spending spree. The total CRC operational cost of \$5.9 million in 2009-10 ballooned to \$13 million five years later.

"We were elected to bring the finances back in order and our out-year allocation of \$8 million represents what would have been the normal trajectory of growth.

"There is no intention to close the program or to stop the funding of CRCs - we have allocated \$42 million across the forward estimates for the CRC program.

"This funding proposal recognises the valuable services CRCs provide, particularly in small regional communities, while also seeking to bring more equity to the system and a more sustainable funding level over the long term."


Minister's office - 6552 6200


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Hon Alannah MacTiernan MLC
Minister for Regional Development,
Agriculture and Food, Minister
Assisting the Minister for State
Development, Jobs and Trade

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