

**12.           REPORTS BY OFFICERS**

**12.1           REPORT TITLE:       MONARTO QUARRIES BUSINESS PLAN**

**DATE OF MEETING: 18 APRIL 2006**

**AUTHOR:               BRIAN CLANCEY**

**AUTHOR'S TITLE:   GENERAL MANAGER, ASSETS &  
INFRASTRUCTURE**

**REPRESENTORS:    N/A**

**FILE NUMBER:       40/080/026**

**ATTACHMENTS:     CONFIDENTIAL - MONARTO QUARRIES  
BUSINESS PLAN**

**DEPARTMENT:       ASSETS & INFRASTRUCTURE**

**DEPARTMENT  
MANAGER:           BRIAN CLANCEY**

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**PURPOSE**

To advise Council of resolutions from the Monarto Quarries Board meeting held on 10 April 2006 and seek the adoption and implementation of the new Monarto Quarries Business Plan.

**RECOMMENDATION**

1.     That pursuant to Section 90(2) and 90(3) of the Local Government Act 1999 the District Council of Mount Barker orders that the public be excluded from attendance at the meeting to consider in confidence matters regarding information the disclosure of which:
  - (i)     could reasonably be expected to confer a commercial advantage on a person with whom the Council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the Council; and
  - (ii)    would on balance be contrary to the public interest
2.     That the Chief Executive Officer, General Manager Assets & Infrastructure, General Manager Strategy and Development, Acting General Manager Corporate and Community Services, and the Minute Secretary be permitted to remain in the room.

3. That Council:
  - i) Note the resolutions from the Monarto Quarries Board meeting held on 10 April 2006 relating to the new Monarto Quarries Business Plan; and
  - ii) Receive and adopt the new Monarto Quarries Business Plan dated 11 April 2006 (attachment 1) and authorise the Chief Executive Officer to oversee the implementation of the plan, in accordance with the recommendation of the Monarto Quarries Board.
4. That the Council orders pursuant to Section 91(7), (8) and (9) of the Local Government Act 1999 that the discussion, reports and attachments, and minutes relating to this item be kept confidential until 18 April 2007  

extended at Council Mtg 4 Sept 2006 to 6 September 2007 released at 3 Sept 2007 meeting.
5. ~~That the Council orders pursuant to Section 91(7), (8) and (9) of the Local Government Act 1999 that the discussion, reports and attachments, and minutes relating to this item be kept confidential until 18 April 2007~~  
as amended, the public be readmitted to the meeting at the conclusion of the item.

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## **BACKGROUND**

At its meeting on 6 March 2006 Council resolved to support various recommendations from the Monarto Quarries Board on the future governance and operational arrangements of Monarto Quarries.

An update report was subsequently noted by Council at its meeting on 3 April 2006.

A key element in this process has been the Monarto Quarries Board (with the support of Council) taking the initiative to commission the preparation of a new Business Plan for Monarto Quarries.

Both the Board of Monarto Quarries and Council have been actively involved in the preparation of the new Monarto Quarries Business Plan. The plan has been prepared by a team of consultants (appointed by the Monarto Quarries Board following a public tender call) with expertise in a number of relevant fields.

## **DISCUSSION**

At the Monarto Quarries Board meeting held on 10 April 2006 the Board considered a final draft of the new Monarto Quarries Business Plan. The Board resolved to:

1. *Receive the latest draft of the Monarto Quarries Business Plan (being the document dated 20 March 2006 with the substitution of the pages in enclosure 3);*
2. *Advise the consultants that from the Board's perspective the project brief for the preparation of a new Monarto Quarries Business Plan has been fulfilled and seek that the consultants now provide the required number of bound final copies as required by the brief;*
3. *Recommend to the District Council of Mount Barker that the latest draft of the Monarto Quarries Business Plan now be adopted and implemented by Council; and*
4. *Advise the District Council of Mount Barker that from the Board's perspective it has now completed the only remaining responsibility that it had and the Board does not propose to meet again in advance of the formal winding up of the Monarto Quarries subsidiary.*

As required by the brief, the consultants have now provided the Business Plan document in bound form (attachment 1).

It is proposed that Council support the recommendations of the Monarto Quarries Board by adopting the new Monarto Quarries Business Plan (attachment 1) and authorising the Chief Executive Officer to oversee the implementation of the plan.

In relation to the formal winding up of the Monarto Quarries subsidiary, the Minister for State:Local Government Relations has been requested by Council to publish a notice to this effect in the Government Gazette. It is proposed that this take effect from Midnight on 30 April 2006. This timing is still to be confirmed.

In accordance with a Council resolution on 6 March 2006 a further update report is to be provided to Council on 1 May 2006.

## **POLICY IMPLICATIONS**

### **1. Financial/budget**

The projected financial implications are contained within the Business Plan.

### **2. Legal**

The process followed has been in accordance with legal advice commissioned by Council from Mellor Olsson.

### **3. Staffing/Work Plans**

Monarto Quarries staff have regularly been briefed and have also been provided with access to professional support services.

Some staffing adjustments have been made in accordance with the Business Plan. As per the Business Plan, further staffing adjustments are proposed to occur.

### **4. Environmental**

As per the Business Plan, significant environmental improvement works are proposed on site through the rehabilitation of land.

### **5. Social**

Covered above in relation to staffing.

### **6. Strategic Plans**

2004 – 2007 Community Strategic Plan  
6 Governance

Place all Council enterprises on a sound business footing.

## **COMMUNITY CONSULTATION**

### **1. Customer Needs Analysis**

Increased resources are being deployed to the marketing of the Monarto Quarries' business products in accordance with the Business Plan.

### **2. Promotion/Communications**

A letter has been forwarded by Council to key stakeholders (such as the Adelaide Hills Region Waste Management Authority) to make them aware of changes to improve the business and that it is 'business as usual'.

12.3            **REPORT TITLE:        CONFIDENTIAL REPORT –  
   STAFF                                ACCOMMODATION  
   REDEVELOPMENT**

**DATE OF MEETING: 18 APRIL 2006**

**AUTHOR:                        NARELLE JEFFERY**

**AUTHOR'S TITLE:        GENERAL MANAGER CORPORATE &  
   COMMUNITY SERVICES**

**REPRESENTORS:        N/A**

**FILE NUMBER:**

**ATTACHMENTS:        1        –        OFFICE        COMPLEX        COST  
   COMPARISON**

**DEPARTMENT:                CORPORATE & COMMUNITY SERVICES**

**DEPARTMENT  
MANAGER:                        NARELLE JEFFERY**

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#### **PURPOSE**

To provide an update on the Staff Accommodation Redevelopment project and an outline of a probable cost estimate for the construction of the redevelopment.

#### **RECOMMENDATION**

1.        That pursuant to Section 90(2) and 90(3) of the Local Government Act 1999 the District Council of Mount Barker orders that the public be excluded from attendance at the meeting to consider in confidence matters regarding information the disclosure of which:
  - (i)        could reasonably be expected to confer a commercial advantage on a person with whom the Council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the Council; and
  - (ii)        would on balance be contrary to the public interest
2.        That the Chief Executive Officer, General Manager Assets & Infrastructure, General Manager Strategy and Development, Acting General Manager Corporate and Community Services, and the Minute Secretary be permitted to remain in the room.

3. That Council discontinues the development of Option 3 – Staged Approach as the preferred option for the expansion and upgrade of the Local Government Centre Staff Accommodation.
4. That Council research and consider other options (including commercial leasing and/or alternative development proposals to provide adequate staff accommodation).
5. That the Council orders pursuant to Section 91(7), (8) and (9) of the Local Government Act 1999 that the discussion, reports and attachments, and minutes relating to this item be kept confidential until 18 April 2007
6. 

<del>extended at Council Mtg 4 Sept 2006 to 6 Sept 2007</del> extinguished at 6 August 2007 meeting.
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as amended, the public be readmitted to the meeting at the conclusion of the item.

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### **BACKGROUND**

Council on 13 September 2005 endorsed:

“ ...

3. *That Council endorses the Staff Accommodation Redevelopment Master Plan.*
4. *That Council endorses Option 3 - Staged Approach as the preferred option for the expansion and upgrade of the Local Government Centre Staff Accommodation.*

...”

### **DISCUSSION**

The Option 3 – Staged Approach for the staff accommodation redevelopment project has continued with the detailed design phase of the project being completed enabling an order of cost estimate for the construction of the redevelopment to be determined.

The order of cost estimate provides Council with an approximate cost of stage 1 of the redevelopment project.

Based on the order of cost estimate the costs of the redevelopment project are as follows:

- |                 |                    |
|-----------------|--------------------|
| • Construction  | \$4 412 000        |
| • Fit Out Works | <u>\$1 600 000</u> |
| • Total Cost    | \$6 012 000        |

To assist Council with considering this cost estimate in comparison to other Council office accommodation, the following table highlights the

costs of other similar office accommodation redevelopments occurring within Local Government.

DCMB Redevelopment	\$4 412 000	1660 m <sup>2</sup>	\$2658/m <sup>2</sup>
Victor Harbour Civic Centre & Library	\$9 082 445	3376 m <sup>2</sup>	\$2690/m <sup>2</sup>
Renmark Paringa Community & Civic Centre	\$4 078 940	1411 m <sup>2</sup>	\$2891/m <sup>2</sup>
Barossa Library & Civic Centre	\$5 850 000	2570 m <sup>2</sup>	\$2000/m <sup>2</sup>

In addition, a comparison is provided of the staff accommodation redevelopment project against other options, eg alternative sites for the construction of a Council office complex, and an approximate annual cost of leasing a commercial office complex within the Mount Barker District (Attachment 1).

It is recommended that alternative options be researched and considered to enable the provision of adequate staff accommodation (including leased premises).

## **POLICY IMPLICATIONS**

### **1. Financial/budget**

The provision of adequate staff accommodation needs to be considered in line with Council's annual budget and draft long term financial plan.

### **2. Legal**

Council administration has a responsibility to ensure adequate staff accommodation in accordance with the Occupational Health Welfare and Safety Act 1986.

### **3. Staffing/Work Plans**

The consideration of alternative options for staff accommodation will be undertaken by an appropriate local person with knowledge of the District's real estate market.

### **4. Environmental**

N/A

### **5. Social**

The location of the Local Government Centre needs to consider accessibility by the community.

### **6. Strategic Plans**

6.7 Governance – Provide a safe working environment.

6.3 Governance – Implement innovative financial models as appropriate that maximise financial returns to the community.

## **COMMUNITY CONSULTATION**

1. **Customer Needs Analysis**  
N/A
2. **Promotion/Communications**  
N/A

## STAFF ACCOMMODATION REDEVELOPMENT COST COMPARISONS

Site Location	Construction Cost	Cost Per m <sup>2</sup>	Size m <sup>2</sup>	Pros	Cons
Local Government Centre Redevelopment	\$4 412 000	\$2658	1600 (current size 1100)	<ul style="list-style-type: none"> <li>• Maintain focus of Council in same location</li> <li>• Re-use of existing facility</li> <li>• Upgraded accommodation for staff</li> <li>• Additional 500 m<sup>2</sup> of office space</li> </ul>	<ul style="list-style-type: none"> <li>• High capital costs to be outlayed, loan funds</li> <li>• Only Stage 1 of construction</li> <li>• May need to commence a stage 2 project for additional dollars to accommodate growth in 5-10 years time</li> <li>• Age of existing building</li> <li>• Relocation required during construction, eg huts, off-site.</li> </ul>
Carpark Land (Mann & Walker Streets) (Alternative E)	\$6 720 500 (two storey & underground carparking)	\$2302	2920	<ul style="list-style-type: none"> <li>• Increased office accommodation in the City centre</li> <li>• Council office still in Mann St</li> <li>• Maintain existing Local Government Centre building</li> <li>• Less staff &amp; community disruption during construction stage</li> <li>• Incorporates Stage 1 and 2 of current Staff Accommodation Redevelopment Project (eg incorporates Chambers and Civic Area)</li> <li>• Ability to lease out LGC and get return on investment</li> </ul>	<ul style="list-style-type: none"> <li>• High capital costs to be outlayed, loan funds</li> <li>• Reduction in public car space</li> </ul>

Site Location	Construction Cost	Cost Per m <sup>2</sup>	Size m <sup>2</sup>	Pros	Cons
Land East of Existing Council Building (Alternative A)	\$5 063 500 (two storey)	\$3353	1510	<ul style="list-style-type: none"> <li>• Council office still in Mann St</li> <li>• Maintain existing Local Government Centre building</li> <li>• Less staff &amp; community disruption during construction stage</li> <li>• Incorporates Stage 1 and 2 of current Staff Accommodation Redevelopment Project (eg incorporates Chambers and Civic Area)</li> <li>• Ability to lease out LGC building and get return on investment</li> </ul>	<ul style="list-style-type: none"> <li>• High capital costs to be outlaid, loan funds</li> <li>• Reduction in public open space</li> </ul>
Lease Building - Construction Cost	\$2 300 000 (single storey)	\$1389	1655	<ul style="list-style-type: none"> <li>• Construction cost at builder's expense</li> <li>• No contract management responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>• Built to builder's specifications.</li> </ul>
Lease Building (based on written information received from local builder on development costs)	\$365 000 per annum	N/A	1655	<ul style="list-style-type: none"> <li>• No loan funds required – annual lease cost</li> <li>• No capital funds outlay</li> <li>• Short or long term opportunities</li> <li>• Minimal disruption to staff and community to move offices</li> <li>• Ability to lease out LGC building and get return on investment</li> </ul>	<ul style="list-style-type: none"> <li>• Council does not own an asset</li> <li>• Building may not be located in town centre</li> <li>• Increase in annual operating costs</li> <li>• Requires \$1.2 million fit out costs to be outlaid with no return at end of lease arrangement</li> <li>• Lease charge offers no savings compared to borrowing and building.</li> </ul>