

**CONFIDENTIAL ITEMS 2003 – JANUARY 2019**

#	Date	Item Title	Confidential Order Details	Item being kept confidential - Agenda/ Attachment/ Minutes	Reason regarding retention or recommend-action to release	Resolution Regarding Action	Last Review Date	Next Review Date	Date Released
106	4 July 2016	Adelaide Hills Recreation Centre Contract Extension with YMCA	<p><b><u>Section 90 (3) (b) &amp; (d) Order</u></b></p> <p><u>Pursuant to Section 90(3) (b) &amp; (d)</u></p> <p>1. Pursuant to Section 90(3) of the Local Government Act 1999 the Council orders that all members of the public except CEO, General Manager Corporate Services, General Manager Infrastructure and Projects, General Manager Council Services, Acting General Manager Planning and Development, Minute Secretary be excluded from attendance at the meeting for Agenda Item 17.1 Adelaide Hills Recreation Centre Contract Extension with YMCA.</p> <p>The Council is satisfied that pursuant to Section 90(3)(b) of the Act, the information to be received, discussed or considered in relation to this Agenda item is information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the Council is:</p> <ul style="list-style-type: none"> <li>- conducting business; or</li> <li>- proposing to conduct business.</li> </ul> <p>In addition the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in continued non-disclosure of this information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of Council's commercial position may severely prejudice Council's ability to be able to negotiate a cost-effective proposal for the benefit of</p>	Council report, attachment and all minutes	Information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in continued non-disclosure of this information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of Council's commercial position may severely prejudice Council's ability to be able to negotiate a cost-effective proposal for the benefit of	Until a new Adelaide Hills Recreation Centre Management Agreement is in place and that this order be reviewed every 12 months.	2 Oct 18	Within 12 months	<i>Report attachments and minutes on website 14 January 2019</i>

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			<p>Council and the community in this matter and in relation to other contract negotiations.</p> <p>The Council is satisfied that pursuant to Section 90(3) (d) of the Act, the information to be received, discussed or considered in relation to this Agenda item is commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to :</p> <ul style="list-style-type: none"> <li>• prejudice the commercial position of the person who supplied the information or</li> <li>• to confer a commercial advantage on a third party.</li> </ul> <p>In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of this information may result in a competitor receiving the information to the detriment of the potential tenderer.</p> <p><u>Pursuant to Section 91(7)</u></p> <p>That having considered Agenda Item 17.1 Adelaide Hills Recreation Centre Contract Extension with YMCA in confidence under 90(2) and 3(d) of the Local Government Act 1999, the Council pursuant to Section 91(7) of the Act orders that the Council report, attachment and all minutes be retained in confidence until a new</p>		the Council and the community in this matter and in relation to other contract negotiations.				

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			Adelaide Hills Recreation Centre Management Agreement is in place and that this order be reviewed every 12 months.						

RELEASED

**17. CONFIDENTIAL REPORTS**

**17.1      REPORT TITLE:            ADELAIDE HILLS RECREATION CENTRE  
   CONTRACT EXTENSION WITH YMCA**

**DATE OF MEETING:    4 JULY 2016**

**FILE NUMBER:        VR/59\_DOC/16/54135**

**Mount Barker 2035 – District Strategic Plan:****Community Wellbeing****CW:1 Community spirit and participation**

CW 1.3 To facilitate the provision of community facilities and infrastructure to meet current and future needs

CW 1.4 Support the sustainable management of local organisations and community groups

**Purpose:**

To seek Council's approval of an extension and deed of variation to the Adelaide Hills Recreation Centre (AHRC) Management Agreement with the YMCA of South Australia Inc (YMCA).

**Summary – Key Issues:**

1. The YMCA has had a Management Agreement (including extensions) for the operation of the AHRC since 31 December 2005.
2. The current Management Agreement expires on 30 June 2016.
3. The YMCA have reported net losses for the operation of the AHRC of \$114,000 (2014/15) and \$80,000 (2015/16 projected) in the last 2 financial years and are seeking an amended contract arrangement for any extension offered.

**Recommendation:**

That Council:

**Section 90 (3) (b) & (d) Order****Pursuant to Section 90(3) (b) & (d)**

1. Pursuant to Section 90(3) of the Local Government Act 1999 the Council orders that all members of the public except CEO, General Manager Corporate Services, General Manager Infrastructure and Projects, General Manager Council Services, General Manager Planning and Development, Minute Secretary be excluded from

attendance at the meeting for Agenda Item 17.1 Adelaide Hills Recreation Centre Contract Extension with YMCA.

The Council is satisfied that pursuant to Section 90(3)(b) of the Act, the information to be received, discussed or considered in relation to this Agenda item is information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the Council is:

- conducting business; or
- proposing to conduct business.

In addition the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in continued non-disclosure of this information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of Council's commercial position may severely prejudice Council's ability to be able to negotiate a cost-effective proposal for the benefit of the Council and the community in this matter and in relation to other contract negotiations.

The Council is satisfied that pursuant to Section 90(3) (d) of the Act, the information to be received, discussed or considered in relation to this Agenda item is commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to :

- prejudice the commercial position of the person who supplied the information or
- to confer a commercial advantage on a third party.

In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of this information may result in a competitor receiving the information to the detriment of the potential tenderer.

2. Approves a waiver of a competitive tender process pursuant to clause 2.3 of Council's procurement procedure, for an extension and deed of variation of the Management Agreement with the YMCA of SA Inc for the management of the Adelaide Hills Recreation Centre;
3. Authorises staff to finalise with YMCA of SA Inc a revised Management Agreement (deed of variation) for the management of the Adelaide Hills Recreation Centre for a further term of 12 months with the terms described in Clause 26 of the Discussion below;
4. Authorises the Chief Executive Officer or his delegate to execute relevant contract documents;
5. Note that staff will prepare a competitive tender process for the next phase of management of the AHRC beyond 1 July 2017.

**6. Section 91(7) Order**

Pursuant to Section 91(7)

That having considered Agenda Item 17.1 Adelaide Hills Recreation Centre Contract Extension with YMCA in confidence under 90(2) and 3(d) of the Local Government Act 1999, the Council pursuant to Section 91(7) of the Act orders that the Council report, attachment and all minutes be retained in confidence until a new Adelaide Hills Recreation Centre Management Agreement is in place and that this order be reviewed every 12 months.

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**Background:**

1. YMCA of South Australia ("YMCA") has managed the Adelaide Hills Recreation Centre ("AHRC") since 31 December 2005. The Management Agreement formally expired on 30 June 2012, however, the agreement has been extended through exchange of letters for short term extensions.
2. Council staff commenced preparing competitive tender documentation for the next phase of the AHRC contract in late 2015, however in early 2016, the St Francis de Sales School indoor facility proposal was put to Council.
3. This proposal included a significant outcome for basketball in the district which shed some uncertainty on the future of the sport at the AHRC and consequently the current financial/business model.
4. The current contract with the YMCA expires on 30 June 2016.

**Discussion:**

## 5. Community Benefit (see Attachment 1)

The AHRC current operational model provides the community with many recreational activities and outcomes. Some of which are:-

- Basketball
- Gymnastics
- Gymnasium/Health Club
- 'Kindergym in the Hills'
- Squash
- Netball
- Reclink
- CLASS

6. Basketball participation is steady, with the clubs and associations using the facility, playing matches until late at night. There is a need for more and better quality courts in Mt Barker and the St Francis de Sales School Indoor Sports Facility proposal supported by Council would address this issue.
7. However, there have been delays with this proposal and the AHRC is envisaged to play a major part in basketball participation for at least 2 to 3 years.
8. When preparing the competitive tender process for the next phase of management of the AHRC, Council staff will need to assess whether basketball will play a major part of the new business model given the St Francis de Sales School Indoor Sports Facility proposal.
9. Gymnastics (with a focus on children) continues to grow at the AHRC and the YMCA have invested in equipment, training and allocated space for this activity.
10. The Gymnasium/Health Club numbers and visits remain stable but this activity is delivered in an increasingly competitive market in a growing Mt Barker.
11. CLASS and Reclink are subsidised by the YMCA to ensure access to the facility for disadvantaged groups.
12. There are many community members, in particular families with young children, who highly value the service offering at the AHRC being capably managed by the YMCA.

13. Kindergym In the Hills Inc (KITH) have been operating from the AHRC for several years. This community organisation provides an environment where children can creatively and safely explore and practise physical and socialisation skills at an accessible cost. KITH presented in a deputation to Council on 4 March 2013 and one of their key messages is that they could operate as a self-sustaining operation if they did not have to pay rent (approximately \$8,000 pa) to the YMCA.
14. Council staff have continued to work with both the YMCA and KITH over a three year period exploring a merging of service offerings, however, KITH have remained steadfast that they are providing services to families that are often of low socio-economic means and the community benefit will be diluted by a YMCA 'take-over'.
15. It is clear to staff based on KITH's profit and loss statements that they will remain financially viable if they did not have to pay rent to YMCA.
16. **Financial Performance and Projections**  
The original 5-year contract term; 1 January 2007 to 31 December 2011; had a sliding scale payment to the YMCA from Council totalling \$125,000 over the 5 years.  
  
The renewed contract and extensions had no such payments and the YMCA reported an operating surplus for the AHRC of \$133,000 in 2013/14.
17. In successive (since 2013/14) financial years the YMCA have included non-operating expenses, management fees and corporate overheads in the profit and loss statements.
18. In 2014/15 the YMCA reported an operating deficit for the AHRC of \$114,000
19. The projected operating deficit for the 2015/16 financial year is \$80,000.
20. Council staff initially sought a 3 month contract extension under the current terms and conditions of the Management Agreement.
21. The YMCA provided financial information confirming a projected net loss at the site of \$106,000 (see Attachment 2) and discussed with Council staff a 'non-guaranteed' or 'guaranteed' contract from 1 July 2016.
22. A 'non-guaranteed' contract being defined as one where Council pays the actual YMCA operating loss every month.
23. A 'guaranteed' contract being defined as one where Council pays a fixed amount per month (for all intents and purposes – a management fee). Council staff recommend this arrangement.



24. The negotiation has been progressing over several weeks (see correspondence in Attachment 3) and the YMCA have been concerned about staff uncertainty regarding their employment.
25. Council staff are satisfied that the negotiation (without introducing lawyers) has reached a reasonable point.
26. The current offer on the table is (see Attachment 3):-
  - Management Agreement with YMCA for a period of 12 months (till 30 June 2017);
  - Council to pay to the YMCA an operating subsidy of \$85,000 per annum in monthly payments in the form of a 'guaranteed contract';
  - Council agrees to indemnify the YMCA from any operating losses greater than \$105,000, that is the YMCA will bear the risk for losses between \$85,000 and \$105,000 per annum;
  - KITH will continue as a regular user group, operating within their current usage levels with no rent charged;
  - Reasonable and fair fee increases mid-term will be negotiated with Council and the YMCA.

This will have a budget impact of \$85,000 which has been included in the draft Annual Business Plan considered by Council in the agenda at item 12.3 tonight.

#### **Procurement**

27. Council's Procurement Procedure states "Generally, open and fair competition is best achieved by undertaking a full public tender call so all interested parties have an opportunity to bid. However, there may be procurements in which a full public tender or the seeking of quotations will not necessarily deliver best value for money and other market approaches may be more appropriate."
28. However, the procedure permits exemptions to the competitive tendering for a variety of reasons including where a "situation presents itself wherein a contractor or consultant has considerable background knowledge and experience or specialist expertise on that particular Council project or asset eg an extension of a previous project. In such situations the procurement of assets, goods, works or services on negotiated fees and terms through that consultant or contractor alone may be deemed sound and advantageous to the project. This could include engaging the contractor or consultant on a retainer basis for a specified period of time.
  - i. *When assessing the most effective method of obtaining assets, goods, works and/or services, Council officers should consider the administrative and price costs to Council of seeking tenders or*

*quotations independently, and the reduction of these costs which can be achieved by use of approved alternative arrangements”.*

29. The YMCA have extensive experience in managing recreational assets and have delivered positive community outcomes in alignment with agreed key performance indicators with previously, minimal cost and risk to Council.
30. The future use and potential development of the AHRC as a Council asset has not yet been determined and based on the current success of the model developed by Council in partnership with its current contractor (YMCA) it is recommended that a contract renewal be established for a 12 month period.
31. Council staff will develop a request for tender process in preparation for the next phase of the operational management of the AHRC ie from 1 July 2017. This tender is likely to be put to the open market.
32. Council's both in this State and interstate have a varied approach to insourcing versus outsourcing Indoor Recreation Facility Management.
33. It is worth noting that the Eastern Hills Basketball Association has recently indicated strong interest in the future management of the AHRC.

**Community Engagement:**

Informing only	Informing only
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**Policy:**

Procurement Procedure permits Council the option to consider not to undertake a tender process in certain circumstances.

Community Land Management Plan – Community, Recreation and Sporting Facilities, 2004. This extension complies with Clause 3.2.13 Leases and Licences.

**Budget:**

The 2016/17 Annual Business Plan being presented at this meeting includes \$85,000 as a management fee for the AHRC.

**Statutory/Legal:**

Retail and Commercial Leases Act 1995  
Local Government Act 1999

**Staff Resource Requirements:**

The establishment of a Deed of Variation and Extension to the Management Agreement can be coordinated within existing staffing levels. Legal advice may be required to review the contract documents.

**Environmental:**

Under the Management Agreement the contractor is obligated to comply with relevant legislation including environmental.

**Social:**

The AHRC is providing strong community outcomes as demonstrated within this report and Attachment 1.

**Risk Assessment:**

It is considered that a contract extension for 12 months, given the recent uncertainty relating to the St Francis de Sales school proposal, with the recommended terms, is a reasonable outcome in ensuring the uninterrupted delivery of community and recreational services to the district's community.

**Asset Management:**

The Mount Barker Showgrounds Master Plan did not indicate any present need to change the current form or structure of the AHRC, and analysis of recreation assets that has been undertaken demonstrates that the asset is still required to meet community demand and requirements.

The building asset, whilst structurally sound will need various maintenance, renewal and upgrade projects to maintain its functionality and relevance.

**Conclusion:**

The 12 month extension of the contract with the YMCA to manage the AHRC on behalf of Council under the recommended terms is on balance deemed to be a reasonable outcome taking in consideration community benefit and value for money.

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**Key Contact**

Nick Day, Manager, Community and Customer Service, Council Services

**Manager or Sponsor of Project**

Greg Parker, General Manager, Council Services

**Attachments**

Attachment 1 – AHRC Quarterly Manager's Report Jan - March 2016

Attachment 2 - YMCA Budget Forecast (2016/17) for AHRC

Attachment 3 – Letters exchanged in negotiation phase

January – March  
2016



**FINANCIAL PERFORMANCE**January – March Summary

January - March	Actual (\$)	Budget (\$)	Variation (\$)
Income	153,289.26	154,060.00	(770.74)
Expenditure	169,894.26	180,635.00	10,740.74
<b>Net Performance</b> (Management Fee Inc.)	<b>(16,605.00)</b>	<b>(26,575.00)</b>	<b>9,970.00</b>

Key Points

The unfavourable income variance of (\$770) predominately relates to (5k) in Kiosk and (5.6k) in health club Memberships. A New Year campaign commenced in mid-January for Health Club an. AHRC was above budget income in Casual Health Club, Stadium income and gymnastics, with stadium usage being high during peak periods. Major bookings during this period included the mount barker show.

Expenses were favourable for the quarter with a 10k saving made, this was made of (3.7k) in administration expenses and 5.7k of operations expenses the main savings in preventative maintenance as the court reseal occurred in the October to December quarter this was originally budgeted to occur in January.

Overall the quarterly performance is \$9,970 positive to budget

Year-to-Date Summary

July-March	Actual (\$)	Budget (\$)	Variation (\$)
Income	475,495.67	520,957.00	(45,461.33)
Expenditure	538,333.53	550,401.00	12,067.47
<b>Net Performance</b>	<b>(62,837.86)</b>	<b>(29,444.00)</b>	<b>(33,393.86)</b>

- YTD the Centre is 33k behind budget attributed to lower than budgeted income in gymnastics in the first and second quarter and lower than budgeted secondary spend YTD. Memberships are also lower than budgeted across the year due to increased competition in the health and fitness market.

**PROGRAMS & SERVICES**Memberships

Memberships	Jan-March 16	Jan -March 15	Variance %
Total Members	449	418	7.42%
Total Sales(new&rejoined members)	155	104	49.04%
Total leavers (cancelled &expired members)	131	125	4.80%
Net Gain/Loss	24	-21	-214.29%

Key Points

- The average budgeted members for the quarter was 426, creating a positive variance of 23 when compared to budget. The make up of the member base has changed since the budget was formulated with increased competition the gym only option has become more popular this has enabled the membership to grow over the quarter but lowered the yield compared to the budgeted dollar figure.
- The number of cancelled and expired memberships is a normal volume for a member base of this size and is reflective of the current market trends.
- A total of 78 new members, and 68 re-joined members signed up during January – March period and 25 expirys and 106 cancellations. This resulted in a net Gain of 24 members during the quarter.

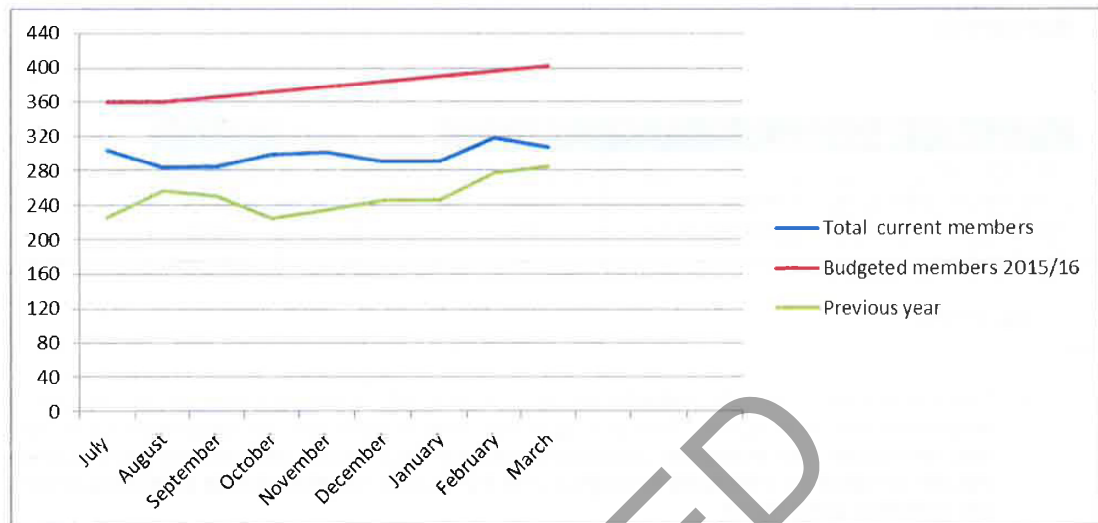
**TOTAL HEALTH CLUB ATTENDANCES**

Health Club Visits	Jan	Feb	March
Group Fitness	1179	1449	1410
Health Club	1974	2365	2394
Casual Group Fitness	163	227	177
Casual Health Club	77	111	93
Reclink	25	84	64
CLASS	24	33	53
<b>Total</b>	<b>3442</b>	<b>4269</b>	<b>4191</b>

Key Points

- Member visit remained stable over the quarter With 11902 registered Health Club visits and provides an average of 130 visits per day for the Health Club.
- Court usage was again a significant driver both financially and in attendances at the facility the YMCA is continuing to drive the recreation programming to ensure maximum participation and returns from all three courts.
- The YMCA has long standing community links with Class and Reclink up these programs are subsidised by the YMCA to ensure access to the facility for disadvantaged groups.
- The YMCA also facilitate weekly veterans fitness groups and mens health groups.



**GYMNASTICS**

	July	August	September	October	November	December	January	February	March
Total current members	304	283	285	299	301	290	291	319	307
Budgeted members 2015/16	360	360	366	372	378	384	390	396	403
Previous year	226	257	250	225	235	246	245	277	284

**Key Points**

- The gymnastics program was established by the YMCA in 2011, since then the program has grown around 9% per annum the YMCA has invested over 100k in to equipment and training of staff.
- The current participant numbers are 307 this number comprises of children from 4 years to adults, of the 307 over 30 children in our competition program train at the centre at least 3 times per week, with the remainder training a minimum of one hour per week.
- The social and physical benefits of gymnastics are well documented and with a minimum of one hour's sessions this really allows for interaction for parents and carers who often have a coffee at the centre and strike up conversations with other parents or staff.
- The current enrolment numbers are behind budget but when compared to the previous year the program is still in growth, competing children's activities, availability of qualified coaches and high unemployment all have an impact on the dollar spend on recreational activities.

**MARKETING**

The Marketing for the January – March period included the following:

- New year membership campaign
- Online social media advertising for gymnastics and birthday party programs

**WORK HEALTH SAFETY & ENVIRONMENT**

The YMCA HSR Natalie Gollan attended the YMCA monthly meeting representing the Adelaide Hills Recreation Centre at the YMCA State Office and the following work has been completed during the month:

- Monthly hazard inspection
- SWP updates ongoing

**SAFETY / ACCIDENT REPORT**

	January	February	March
Total Incidents Reported	2	3	2
Major Incident Reports	0	0	0
Minor Injury Reports	2	3	2
Total of Major / Notifiable Incidents	0	0	0
Numbers requiring medical / Doctor treatment	0	0	0
Ambulance required	0	0	0
Numbers requiring hospital treatment	0	0	0

**NOTIFIABLE (MAJOR) INCIDENTS SUMMARY**

Log No	Date of Incident	Date of Notification	Injury Summary	Action Taken

**WORKCOVER**

No of Staff Injuries	0
Number of lost time injuries suffered by employee's, agents or sub-contractors	0
Number of working days lost due to injury	0

There were 0 hours lost to Work cover January - March. Total hours for this financial year are 0 hours.



**CUSTOMER FEEDBACK SUMMARY – January - March (all feedback is displayed in centre)**

Area	Feedback	AHRC Response
Health club	Roof leaking again	This is an ongoing issue with a tin roof the YMCA and Council work collaboratively to address this issue in a prompt manner to ensure minimal disruption to customers
Changing rooms	Changing room floors are in poor condition	YMCA will work with Council to investigate options for minor upgrades in the 2016/17 financial year

**FACILITY MAINTENANCE FAULTS / UPGRADES SUMMARY**

Area	Item	Description	Response / Status
Health Club	General Repairs	Treadmills serviced	Complete
Health Club	Sprinkler system	Faulty valve flooded the main gym area	Complete
Gymnastics	Equipment layout	Full floor changed to create a safer training environment and facilitate growth in the program	Complete

Attachment 2 to Item 17.1

# ADELAIDE HILLS RECREATION CENTRE OPERATIONAL BUDGET 2016-17



Income - Broad Activity	2016 / 2017
<b>Café / Kiosk Income</b>	\$41,650.00
<b>Children's Programs Income</b>	\$4,254.55
<b>Group Fitness Income</b>	\$15,259.31
<b>Gymnastics Income</b>	\$213,835.13
<b>Health Club - Casual Income</b>	\$10,242.73
<b>Membership Income</b>	\$268,726.15
<b>Merchandise Income</b>	\$2,910.00
<b>Personal Training Income</b>	\$1,330.91
<b>Stadium Income</b>	\$105,753.70
<b>Total Income</b>	\$663,962.48
Expense - Broad Activity	2016 / 2017
<b>Salaries &amp; Wages Expenses</b>	\$396,535.93
<b>Administration Expenses</b>	\$64,762.00
<b>Consumables Expense</b>	\$4,080.00
<b>Non Operational Expenses</b>	\$26,575.56
<b>Program Expenses</b>	\$17,610.41
<b>YMCA Fees Expense</b>	\$70,013.06
<b>Operations Expenses</b>	\$68,939.24
<b>Cleaning Expenses</b>	\$4,940.00
<b>Staffing Expenses</b>	\$91,432.51
<b>COGS Expenses</b>	\$25,255.00
<b>Total Expense</b>	\$770,143.71
<b>Net Operating Result</b>	-\$106,181.23

Attachment 3 to Item 17.1

**MOUNT BARKER**  
DISTRICT COUNCIL

COPY

VR/59

21 April 2016

Attn Mr Haydn Robins  
Chief Executive Officer  
YMCA  
PO Box 20  
FULHAM GARDENS SA 5024

Dear Haydn

**Re: Management Agreement for the Adelaide Hills Recreation Centre**

As stated in my email to you dated 20 April 2016, Council wishes to extend the term of the management agreement between Council and YMCA for the management of the Adelaide Hills Recreation Centre. Council proposes the extension on a quarterly (3 monthly) basis following the agreed termination date of 30 June 2016 on the same conditions contained in the original agreement.

Should YMCA wishes to take up Council's offer please do so in writing within thirty (30) days of the date of this letter.

If you have any queries please do not hesitate to contact me.

Yours sincerely

Greg Parker

**GENERAL MANAGER COUNCIL SERVICES**

Direct No. 8393 6445  
E-mail: [gparker@dcmtbarker.sa.gov.au](mailto:gparker@dcmtbarker.sa.gov.au)

DOC/16/36724

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ABN 54 250 395 713

Reference: VR/59\_doc/15/119446

27 May 2016



Mr Haydn Robins  
Chief Executive Officer  
YMCA  
Po Box 20  
FULHAM GARDENS SA 2024

via: haydn.robins@ymca.org.au

Dear Haydn

**RE: Adelaide Hills Recreation Centre Contract Extension and Variation**

I write in response to our recent meeting on 26 May 2016 and the impending expiry (30 June 2016) of the current agreement.

Council staff appreciate the more detailed financial information provided (both in writing and verbally) so we have a better appreciation of the AHRC business operation and effectiveness and efficiency. We also acknowledge that the YMCA are running the site at a loss due to

- the YMCA having introduced a more accurate full cost attribution model (allocating corporate and management overheads to the AHRC business unit);
- revenue levels have either declined or remained steady and
- staffing and operating costs have increased.

I also acknowledge the YMCA's concerns regarding a short term contract renewal period (viz 3 months) and the consequent uncertainty of tenure for staff.

I also note the risk for the YMCA associated with a 'guaranteed' contract.

As discussed Council is keen to further develop a partnership approach (with the YMCA) to community recreational service delivery through this site. As a first step in this direction, and as mentioned in our meeting, Council request financial reports that better reflect expenditure and revenue on an activity by activity basis. eg gymnastics, basketball, gymnasium etc.

In this vein, Council is also willing to consider reasonable and fair fee increases mid term, to improve the financial efficacy of the site.

Therefore, considering all the information at our disposal I propose to seek Council's formal endorsement of the following offer.

- 2 -

Council proposes to extend the Management Agreement with the YMCA for a period of 12 months (till 30 June 2017) with a contract variation that guarantees Council pays YMCA \$60,000 pa in monthly payments with the following caveat – that Kindergym In the Hills Inc continues to be a regular sub-user of the site with current usage levels and is not charged rent for that use for reasons of community wellbeing.

Looking forward to a response so we can formalise a Contract Variation for both parties' benefit.

Yours sincerely,



Greg Parker  
General Manager, Council Services

RELEASED



Mr. Greg Parker  
General Manager, Council Services  
Mount Barker District Council  
PO Box 54,  
Mount Barker, South Australia 5251

9 June 2016

Dear Greg,

**Re: Adelaide Hills Recreation Centre Contract Extension and Variation**

Thank you for your correspondence dated 27 May 2016.

As discussed on the phone, YMCA South Australia acknowledges and understands that Council is offering a contract extension with the following provisions;

- Management agreement with the YMCA for a period of 12 months (till 30 June 2017)
- Council will pay to the YMCA an operating subsidy of \$60,000 per annum in monthly payments in the form of a 'guaranteed contract'
- Council wishes that 'Kindergym in the Hills' continues as a regular user group with their current usage levels with no rent charged
- Council will consider reasonable and fair fee increases mid term

Following revision of our financial modelling YMCA South Australia advises that we cannot accept the terms outlined above as it represents substantial risk and very likely financial losses to our organisation. We believe we have been open and transparent with our information sharing and financial modelling and as a not for profit organisation we cannot accept further financial losses associated with our operation at the Adelaide Hills Recreation Centre.

YMCA South Australia proposes the following provisions;

- Management agreement with the YMCA for a period of 12 months (till 30 June 2017)
- Council will pay to the YMCA an operating subsidy of \$106,000 per annum in monthly payments in the form of a 'guaranteed contract'
- 'Kindergym in the Hills' will continue as a regular user group with their current usage levels with no rent charged
- Reasonable and fair fee increases mid-term will be negotiated with Council and the YMCA

**YMCA SOUTH AUSTRALIA**

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Mr. Greg Parker  
General Manager, Council Services  
Mount Barker District Council  
PO Box 54,  
Mount Barker, South Australia 5251

20 June 2016

Dear Greg,

**Re: Adelaide Hills Recreation Centre Contract Extension and Variation**

Further to our recent correspondence and telephone conversation on Friday 10 June 2016, YMCA South Australia proposes a contract extension on the following terms;

- Management agreement with the YMCA for a period of 12 months (till 30 June 2017)
- Council will pay to the YMCA an operating subsidy of \$85,000 (GST Exclusive) per annum in monthly payments in the form of a 'guaranteed contract'
- The Mount Barker District Council agrees to indemnify the YMCA from any operating losses greater than \$20,000. Over and above the agreed deficit funding Council will be responsible for any actual operating loss of the Adelaide Hills Recreation Centre greater than \$20,000 per annum
- 'Kindergym in the Hills' will continue as a regular user group with their current usage levels with no rent charged
- Reasonable and fair fee increases mid-term will be negotiated with Council and the YMCA

Please advise if Council is agreeable to the terms outlined above at your earliest convenience.

Yours Sincerely,

Haydn Robins.  
Chief Executive Officer  
YMCA South Australia

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## **17. CONFIDENTIAL REPORTS**

**17.1 REPORT TITLE: ADELAIDE HILLS RECREATION CENTRE  
CONTRACT EXTENSION WITH YMCA**  
**DATE OF MEETING: 4 JULY 2016**  
**FILE NUMBER: VR/59\_DOC/16/54135**

Moved Councillor Keen that Council:

### **Section 90 (3) (b) & (d) Order**

Pursuant to Section 90(3) (b) & (d)

1. Pursuant to Section 90(3) of the Local Government Act 1999 the Council orders that all members of the public except CEO, General Manager Corporate Services, General Manager Infrastructure and Projects, General Manager Council Services, Acting General Manager Planning and Development, Minute Secretary be excluded from attendance at the meeting for Agenda Item 17.1 Adelaide Hills Recreation Centre Contract Extension with YMCA.

The Council is satisfied that pursuant to Section 90(3)(b) of the Act, the information to be received, discussed or considered in relation to this Agenda item is information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the Council is:

- conducting business; or
- proposing to conduct business.

In addition the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in continued non-disclosure of this information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been



outweighed in the circumstances because the disclosure of Council's commercial position may severely prejudice Council's ability to be able to negotiate a cost-effective proposal for the benefit of the Council and the community in this matter and in relation to other contract negotiations.

The Council is satisfied that pursuant to Section 90(3) (d) of the Act, the information to be received, discussed or considered in relation to this Agenda item is commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to :

- prejudice the commercial position of the person who supplied the information or
- to confer a commercial advantage on a third party.

In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of this information may result in a competitor receiving the information to the detriment of the potential tenderer.

Seconded Councillor Irvine

CARRIED  
OM20160704.42

Moved Councillor Morrison that Council:

2. Approves a waiver of a competitive tender process pursuant to clause 2.3 of Council's procurement procedure, for an extension and deed of variation of the Management Agreement with the YMCA of SA Inc for the management of the Adelaide Hills Recreation Centre;
3. Authorises staff to finalise with YMCA of SA Inc a revised Management Agreement (deed of variation) for the management of the Adelaide Hills Recreation Centre for a further term of 12 months with the terms described in Clause 26 of the Discussion below;
4. Authorises the Chief Executive Officer or his delegate to execute relevant contract documents;

5. Note that staff will prepare a competitive tender process for the next phase of management of the AHRC beyond 1 July 2017.

Seconded Councillor Keen

CARRIED  
*OM20160704.43*

Moved Councillor Keen

**Section 91(7) Order**

6. Pursuant to Section 91(7)

That having considered Agenda Item 17.1 Adelaide Hills Recreation Centre Contract Extension with YMCA in confidence under 90(2) and 3(d) of the Local Government Act 1999, the Council pursuant to Section 91(7) of the Act orders that the Council report, attachment and all minutes be retained in confidence until a new Adelaide Hills Recreation Centre Management Agreement is in place and that this order be reviewed every 12 months.

Seconded Councillor Buchmann

CARRIED  
*OM20160704.44*

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