

## **Mount Barker regional sports hub**

### **Business Case**

### **Addendum 02**

#### **References:**

- A. Mount Barker regional sports hub *Business Case* as at 5 December 2017 (presented to Council January 2018)
- B. Mount Barker regional sports hub *Business Case Addendum 01* as at 17 January 2019 (presented to Council May 2019)

*What's changed?*

#### CAPITAL

Detailed design for stage 1 completed.

Building Rules Consent for stage 1 issued.

Development Approval for stage 1 issued.

Site preparations commenced including:

- SAPN pre-works
- Request for NBN development
- Preparation of site – rubbish removal, vegetation and habitat improvements planned including bird boxes constructed and installed, in preparation for significant tree removal.

Request for construction tender undertaken and assessed with two separable portions:

- Portion 1 – bulk earthworks and civils
- Portion 2 – buildings.

#### **Total stage 1 construction cost estimate has increased from \$20.6m to \$23.4m**

(excluding the recommended additional 55 car parks on the perimeter of the oval option – estimated additional cost of \$260,000)

#### **Additional grant funding:**

- \$341,450 State Government Office of Recreation Sport & Racing grant towards cost of premier oval sports lighting - received
- \$2 million additional Federal funding – pledged

Provisional capital budget updated, excluding land purchase and concept planning –  
SEE: attachment 1 to 14 October Council Report.

## OPERATING

Revision of the forecast maintenance costs based on increased capital cost –  
preliminary assessment only, still subject to market pricing.

Estimated depreciation costs revised based on increased capital cost

FFSA payment of Council lease fee assumed to be rebated for the first 5 years due to  
establishment costs

Following further liaison with potential local users, revision of assumptions for premier  
oval hire fees to facilitate a conservative budget forecast until booking/carrying  
capacity, booking take-up, and fees can be determined.

Forecast operating budget costs:

	<b>Addendum 01</b>	<b>Addendum 02</b>
	17 Jan 2019	23 Sep 2019 <sup>1</sup>
FORECAST CAPITAL COST	\$20.6m	\$23.4m
<b>Depreciation costs</b>	\$433k	\$512k
<b>Finance costs</b>	\$250k	\$194k
<b>Net Operating costs (excluding depreciation and finance) – year 1</b>	\$54k	\$173k

## SUMMARY

Increased capital cost has added to the annual depreciation cost in the order of \$80,000  
as well as causing a corresponding small increase to forecast maintenance costs.  
Maintenance and operating forecasts are preliminary and subject to market pricing.  
Also reflected in the significant increase to forecast net operating costs is a reduced  
forecast for income from users in the establishment years (years 1- 5). A more  
conservative position has now been taken until carrying capacity, user bookings and  
other sources of revenue (e.g. sponsorship) are known. This illustrates the importance  
of the Board being in place soon to seek to reduce actual net operating costs to an  
acceptable level. A \$56,000 decrease in interest/finance costs reflects the reduction in  
interest rates.

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<sup>1</sup> DOC/19/127129