

Civic Centre, 10 Watson Terrace Mount Gambier SA 5290

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## I hereby give notice that a Confidential Council Meeting will be held on:

Date: Tuesday, 19 November 2019

Time: 6.00 p.m.

Location: Council Chamber

**Civic Centre** 

10 Watson Terrace

**Mount Gambier** 

### **AGENDA**

# Confidential Council Meeting 19 November 2019

Andrew Meddle
Chief Executive Officer
15 November 2019

#### 25.8 OPERATING MODEL SCENARIOS - REPORT NO. AR19/60159

#### **CONSIDERATION FOR EXCLUSION OF THE PUBLIC**

Pursuant to section 90(2) of the *Local Government Act 1999* the Council orders that all members of the public, except OAM L Martin, Councillors S Mezinec, K Amoroso, M Bruins, C Greco, B Hood, P Jenner, F Morello and S Perryman and Council Officers <Enter Names> be excluded from attendance at the meeting for the receipt, discussion and consideration in confidence of Agenda Item 25.8 AR19/60159 Operating Model Scenarios.

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 the 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 Information has been supplied on a confidential basis by a third party..

Item 25.8Item 7.1

#### 25.8 OPERATING MODEL SCENARIOS – REPORT NO. AR19/60159

Committee: Regional Sport and Recreation Centre Committee

Meeting Date: 12 November 2019

Report No.: AR19/60159

CM9 Reference: AF18/175

Author: Judy Nagy, General Manager City Growth
Authoriser: Andrew Meddle, Chief Executive Officer

Summary: A report to provide a range of figures associated with potential

operating models for the Community and Recreation Hub.

Community Plan Reference:

Goal 1: Our People

**Goal 2: Our Location** 

**Goal 3: Our Diverse Economy** 

Goal 4: Our Climate, Natural Resources, Arts, Culture and

Heritage

The Committee is satisfied that, pursuant to Section 90(2) & (3) of the *Local Government Act 1999*, the information to be received, discussed or considered in relation to this agenda item is:

(d) 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.

#### REPORT RECOMMENDATION

1. That Regional Sport and Recreation Centre Committee Report No. AR19/60159 titled 'Operating Model Scenarios' as presented on 12 November 2019 be noted.

Item 25.8Item 7.1

#### **BACKGROUND**

The previous Council received a briefing on the operating model on 15<sup>th</sup> October 2018. Subsequently, the operating model has been revised and refined taking into account the various changes made which have knock on impacts, e.g. provision of photovoltaics, etc.

At the confidential briefing on 22<sup>nd</sup> October 2019, an update on the operating model was sought.

#### DISCUSSION

This report provides a range of scenarios, based upon current information and approaches. The modeller was asked to consider the impact of a range of project costs and linked building element costs and linked borrowing costs from \$39.1m to \$50.0m.

The model is based upon industry standard costs taken from other centres operating in South Australia. It assumes that the Council will be seeking to open the doors from early in the morning (0600hrs) to late at night (2200hrs), seven days a week. Such hours need a significant management and staff cohort to supply all elements of the facility.

The biggest cost elements are the electricity choices (i.e. the operating costs are significantly affected by the provision of 600kW of photovoltaics) and staffing costs, which have been modelled from a sensitivity perspective, with a private operator able to pay less for staff than the Council.

The modeller has observed that Council would be better placed financially if it operated both the gym spaces and the pools itself.

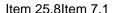
The operating model output can be found as Attachment 1, where the figures are \$000's.

#### CONCLUSION

That Elected Members note the spread of figures and that further work will be undertaken to refine the model further.

#### **ATTACHMENTS**

1. Operating Model Output



ATTACHMENT 1

TABLE 1 - MC	TABLE 1 – MODELLED OPERATING COSTS	RATING COSTS						
Capital	Depreciation	Interest	Total	Z	et Profit After 1	ax with Labour	Net Profit After Tax with Labour Cost Saving %	
Spend (including allowances	exbeuse	expense	depreciation	%0	%5-	-10%	-15%	-50%
\$39,100	-\$786	-\$292	-\$1,079	-\$1,809	-\$1,708	-\$1,606	-\$1,504	-\$1,402
\$42,000	-\$845	-\$329	-\$1,204	-\$1,934	-\$1,833	-\$1,731	-\$1,629	-\$1,527
\$45,000	-\$905	-\$428	-\$1,333	-\$2,064	-\$1,962	-\$1,860	-\$1,758	-\$1,656
\$50,000	-\$1,006	-\$543	-\$1,549	-\$2,279	-\$2,177	-\$2,076	-\$1,974	-\$1,872
				Wholly in-	[N.b. These inc	dicate the poten	indicate the potential labour cost savings as the	avings as the
				sonrced		level of out-sourcing increases]	cing increases].	

Mr A Meddle

#### **CONSIDERATION FOR KEEPING ITEMS CONFIDENTIAL**

- 1. In accordance with Sections 91(7) and 91(9) of the *Local Government Act 1999* the Council orders that the report 7.3 AR19/60159 Operating Model Scenarios and its attachments, the discussion and the resolution/s and minutes arising from the report, having been considered by the Council in confidence under Section 90(2) & (3) (d) be kept confidential and not available for public inspection until 31 December 2021.
- 2. Further that Council delegates the power to review, revoke, but not extension of the confidential order to the Chief Executive Officer in accordance with the provisions of Section 91(9)(c) of the *Local Government Act 1999*.

## MINUTES OF CONFIDENTIAL COUNCIL MEETING HELD AT THE COUNCIL CHAMBER, CIVIC CENTRE, 10 WATSON TERRACE, MOUNT GAMBIER ON TUESDAY, 19 NOVEMBER 2019 AT 6.00 P.M.

PRESENT: Mayor Lynette Martin (OAM), Cr Kate Amoroso, Cr Max Bruins, Cr Christian

Greco, Cr Paul Jenner, Cr Ben Hood, Cr Frank Morello, Cr Steven Perryman

OFFICERS IN Chief Executive Officer

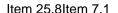
ATTENDANCE: General Manager Community Wellbeing - Ms B Cernovskis

General Manager City Infrastructure - Mr N Serle General Manager City Growth - Dr J Nagy

Acting General Manager Council Business Services - Mr J Zwijnenburg

Manager Development Services - Mrs T Tzioutziouklaris

Media and Communications - Mrs A Watson
Executive Administration Officer - Mrs F McGregor



#### 25.8 OPERATING MODEL SCENARIOS – REPORT NO. AR19/60159

#### **RESOLUTION 2019/346**

Moved: Cr Christian Greco Seconded: Cr Paul Jenner

#### **CONSIDERATION FOR EXCLUSION OF THE PUBLIC**

Pursuant to section 90(2) of the *Local Government Act 1999* the Council orders that all members of the public, except Mayor L Martin, Councillors S Mezinec, K Amoroso, M Bruins, C Greco, B Hood, P Jenner, F Morello and S Perryman and Council Officers A Meddle, B Cernovskis, J Nagy, N Serle, J Zwijnenburg, A Watson, T Tzioutziouklaris and F McGregor be excluded from attendance at the meeting for the receipt, discussion and consideration in confidence of Agenda Item 25.8 AR19/60159 Operating Model Scenarios.

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 the Agenda Item is:

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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 Information has been supplied on a confidential basis by a third party.

**CARRIED** 

#### **RESOLUTION 2019/347**

Moved: Cr Ben Hood Seconded: Cr Max Bruins

1. That Regional Sport and Recreation Centre Committee Report No. AR19/60159 titled 'Operating Model Scenarios' as presented on 12 November 2019 be noted.

**CARRIED** 

#### **RESOLUTION 2019/348**

Moved: Cr Christian Greco Seconded: Cr Kate Amoroso

#### CONSIDERATION FOR KEEPING ITEMS CONFIDENTIAL

- 1. In accordance with Sections 91(7) and 91(9) of the *Local Government Act 1999* the Council orders that the report 7.3 AR19/60159 Operating Model Scenarios and its attachments, the discussion and the resolution/s and minutes arising from the report, having been considered by the Council in confidence under Section 90(2) & (3) (d) be kept confidential and not available for public inspection until 31 December 2021.
- 2. Further that Council delegates the power to review, revoke, but not extension of the confidential order to the Chief Executive Officer in accordance with the provisions of Section 91(9)(c) of the *Local Government Act 1999*.

CARRIED