

**7 Adjourned Items - Nil**

**10 Confidential Items**

### **10.1 Southern Soccer & SWBMX Funding, Insurance and Closure**

<b>Report Reference</b>	GC220809F10.1
<b>Originating Officer</b>	Manager City Activation – Charmaine Hughes
<b>Corporate Manager</b>	Manager City Activation - Charmaine Hughes
<b>General Manager</b>	General Manager City Development - Tony Lines

### **CONFIDENTIAL MOTION**

That pursuant to Section 90(2) and (3)(b) of the Local Government Act 1999, the Council orders that all persons present, with the exception of the following persons: Chief Executive Officer, General Manager City Development, General Manager City Services, General Manager Corporate Services, Manager of the Office of the CEO, Chief Financial Officer, Manager City Activation, Unit Manager Governance and Council Support, Executive Officer to the CEO, be excluded from the meeting as the Council receives and considers information relating to Southern Soccer & SWBMX Funding, Insurance and Closure, upon the basis that the Council is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to commercial and financial information.

### **REPORT HISTORY**

<b>Report Reference</b>	<b>Report Title</b>
EMF220517	Sam Willoughby International BMX Facility Track Update
GC220222F	Sam Willoughby International BMX Facility and Southern Soccer Facility Project Update
GC220208F18.3	Sam Willoughby International BMX Facility damage
GC211026R10.9	Sam Willoughby BMX Track opening event options
GC211012R11.6	Sam Willoughby BMX Track and the Southern Soccer Opening Events
SGC210928R5.4	SWBMX and Cove Soccer Facilities – Community Land Management Plan
GC210309R09	SWBMX - Funding Deed - Majors Road Access
GC210309R02	BMX Facility Toilets for Public Use
GC210309M02	BMX Facility
SGC210225M01	BMX Facility Toilets for Public Use
GC200310R05	Southern Football Facility Prudential Report

### **REPORT OBJECTIVE**

To provide an update on the status of the Sam Willoughby International BMX Facility and Southern Soccer Facility and to seek approval for additional capital funding and annual operating costs.

### **EXECUTIVE SUMMARY**

The Sam Willoughby International BMX Facility (SWBMX) project achieved Practical Completion on 14 January 2022. The planned Auscycling opening event was held on 22 and 23 January 2022, unfortunately during torrential rain which resulted in significant site and track damage. The Southern

Soccer Facility (SSF) achieved Practical Completion on 1 April 2022 and the launch event took place on 30 April 2022.

In February 2022, a report was submitted to General Council providing an update on the damage to the SWBMX. The report sought and gained approval for additional funding of \$380,746 for the SWBMX project to implement a range of improvements including those recommended by Union Cycliste Internationale (UCI) whilst also seeking approval for \$238,250 for the SSF project to facilitate completion of both projects. A determination on the insurance claim is still pending from Council's insurers. A verbal update was provided to the Elected Members' Forum on 17 May 2022, providing an update on the progress of the track resurfacing works.

The planned UCI improvements are complete and works to resurface the track are almost complete. Due to delays as a result of weather conditions, the final works to complete the track surface are scheduled for completion mid to late August 2022. The track will then be subject to a 4 to 8 week curing period. These timeframes are subject to weather conditions. The final step in the UCI accreditation process is scheduled for mid to late September 2022, whereby the accreditor will assess the SWBMX facility and provide a report to the UCI. This should result in the facility receiving UCI accreditation mid to late October 2022.

During the establishment of the three SSF pitches, extensive irrigation took place. At the time of Practical Completion and prior to the launch event, it was noted by staff in collaboration with DEW that flooding had occurred to the rear of the detention basin at the back of the Facility, which was exacerbated by torrential rain over several weeks. Pre-existing stormwater issues have also been noted at this site for some time. Extensive investigations have taken place over recent weeks into several stormwater issues, some of which have been determined as defects and negotiation is underway with the lead contractor, however several issues have occurred as a result of early value management through the procurement process and now require remediation. This paper sets out the scale of the required works and associated high level costing.

This paper seeks approval for an additional capital budget allocation of \$338k in 2022/23 and additional operating budget of \$127k for 2022/23 and \$160k per annum in subsequent years (over and above the existing maintenance allocation of \$96k per annum). These costs are all known adjustments prior to Final Financial Close.

Staff are also collating lessons learned from this project to incorporate into future projects. These lessons include robust capital, operating and maintenance estimates at all project stages including the Section 48 report; transparent and forward-thinking "value management" exercises; strengthening project management methodologies (in progress); and optimising internal collaboration.

## **RECOMMENDATION**

### **That Council:**

- 1. Notes the progress of the Sam Willoughby BMX and Southern Soccer Facility projects and that the insurance determination is projected to follow August 2022.**
- 2. Approves additional capital funding of up to \$338k for the SWBMX and SSF projects, allocated through Council's 2022/23 quarterly Budget Review process, for the following items, noting that if the insurance claim is successful, it will offset a portion of this amount:**
  - a. \$241k for further improvements to SSF stormwater management design including landscaping to the detention basin, level spreader and eastern swale and the installation of a sub-meter at SSF.**
  - b. \$30k for insurer recommendations such as additional safety fencing and CCTV within the SWBMX facility.**

- c. \$40k for works to remove the entirety of the SWBMX track surface (completed) and for additional construction costs associated with the reconciliation of costs to achieve Final Financial Close.
  - d. \$25k for new SWBMX signage located off Major's Road.
  - e. \$2k for professional fees to extend the Defects Liability Period.
3. Approves additional operational funding of \$127k in the 2022/23 budget and \$160k per annum in subsequent years, for the following:
  - a. \$126k for additional SSF turf maintenance and irrigation budget for 2022/23 and \$160k for subsequent years.
  - b. \$1k for the installation of a combi oven into the SSF from another facility (2022/23).
4. Notes that the SWBMX insurance determination is envisaged to be known by end August 2022 that any proceeds from the claim would reduce the financial impact on Council.
5. In accordance with Section 91(7) and (9) of the *Local Government Act 1999* the Council orders that this report, Southern Soccer & SWBMX Funding, Insurance and Closure, any appendices and the minutes arising from this report having been considered in confidence under Section 90(2) and (3)(b) of the Act, except when required to effect or comply with Council's resolution(s) regarding this matter, be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council Meeting in December 2022.

## Background

The Sam Willoughby International BMX Facility (SWBMX) project achieved Practical Completion on 14 January 2022. The planned Auscycling opening event was held on 22 and 23 January 2022. As a result of the event taking place during torrential rain, significant site and track damage was experienced. Subsequently, the Southern Soccer Facility (SSF) achieved Practical Completion on 1 April 2022 and the launch event took place on 30 April 2022. A number of defects were identified at the time of Practical Completion for both facilities (not uncommon for projects of this scale and complexity).

In February 2022, a report was submitted to General Council providing an update on the damage to the SWBMX. It sought and gained approval for additional funding of \$380,746 for the SWBMX project and \$238,250 for the SSF project to implement a range of improvements recommended by Union Cyclist Internationale (UCI) and to facilitate the completion of both projects. Staff have progressed the approved works with the lead contractor. A verbal update was provided to the Elected Member's Forum on 17 May 2022, covering progress of the track resurfacing works and the rectification of post practical completion defects at both facilities.

This paper presents an update on the status of SWBMX and SSF facilities and seeks approval for additional and final capital funding and operating costs prior to the Final Financial Close.

## SWBMX Project Delivery Update

The planned UCI improvements, the track resurfacing, the hydroseeding, works to the lap timing loop, and works to finalise the strip drains behind the finish line are all complete. Additional works were undertaken to strip back the entire track surface to the base course during this period.

During this period, several 'hold point' reviews have taken place with key internal and external stakeholders including the UCI accreditor and key contractors and engagement has taken place

with the Cove and Happy Valley BMX clubs at each point. Additionally, independent advice has been sought from an interstate track builder to review the works undertaken and to verify the quality of the works completed. This advice confirmed that the works had been undertaken to the correct standard.

The majority of works to resurface the track have been completed, however, due to adverse weather conditions and contractor availability, the final coat to the track surface has not yet been able to be completed. This is scheduled for mid to late August 2022. The contractor has advised that, due to the inclement weather conditions, a 4 to 8 week curing period is recommended. Therefore, it is likely that handover to the clubs will not be able to take place until mid to late October 2022. This extended period will also allow more time for the hydroseeded areas to establish, therefore offering increased protection to the ground underneath.

The final step in the UCI accreditation process is scheduled for mid to late September 2022, whereby the accreditor will assess the SWBMX facility and provide a report to the UCI. The UCI will then provide written confirmation to Council of the accreditation status. At this point Council will be able to apply to the UCI to host national and international events, with the next event projected to take place in 2024.

It should be noted that a determination on the insurance claim is pending from Council's insurers. It is hoped that this outcome will be known by end August 2022.

### **SWBMX Re-launch**

As set out above, the UCI accreditor intends to visit the site mid to late September to provide the final UCI sign off and will require elite riders to test the track as part of the process. The accreditor will then submit a report to the UCI, and it will take around 3 weeks for certification to arrive. It will therefore likely be mid to late October before Council receives formal UCI accreditation and is able to apply to host future UCI events.

Staff have been notified that State BMX Championships are scheduled to take place from 14-16 October 2022. A lead in period of six weeks will be required for training at the site. As stated above, the contractor's recommendation is for a 4 to 8 week curing period, which will not support the club's training timeframes. City Activation has supported the contractor's recommendation for the curing period and City Property colleagues have communicated with the clubs who are in agreement.

Once final confirmation regarding the duration of the track curing has been received, a date for handover to the clubs will be arranged and a small launch event organised. This will also enable staff to finalise planning for the decommissioning of the existing Cove BMX Track.

### **SWBMX Capital Funding Overview**

Through discussions with Audit and Risk, it was identified that the insurers had raised several recommendations around potential improvements to the facility. Additional safety fencing has now been approved for the plant enclosure and additional CCTV and PE beams to reduce the risk of start hill access with perimeter beams and blind spots for existing camera locations. These additional works are in the order of \$40k.

City Activation has worked closely with the Superintendent to look to bring the SWBMX project to a financial close. The majority of post-practical completion defects have now been finalised and the Defects Liability Period (DLP) is scheduled to run until January 2023. The track builder will also provide a warranty period which will be confirmed shortly. The Superintendent has been collaborating with the Cost Manager and Lead Contractor to provide a Final Financial Close position which confirms a \$20k deficit (\$10k each for SWBMX and SSF). An allowance of \$25k has also been included to provide signage (see Attachment 1) to a standard befitting a \$7M international

sporting facility. An additional allowance of \$2k has been included to extend the SWBMX DLP to 1 April 2022 in line with the SSF DLP.

The overall capital deficit for SWBMX is:

Reconciliation of costs to achieve Final Financial Close	\$10k
Full removal of the track wearing surface	\$20k
Improvements identified by Insurers (fencing, CCTV, etc.)	\$40k
Entry Signage	\$25k
Professional fees to extend the Defects Liability Period.	\$2k
<b>Total</b>	<b>\$97k</b>

Staff have requested an extension of time for the grant acquittal to 31 December 2022 to bring the grant arrangements in line with SSF, supporting timeframes for financial audits post completion.

### SWBMX Operating Budget Funding Overview

Council's Building and Structures Asset Management Plan 2020-2030 sets out that \$3k per annum be allocated from the Asset Operation Forward Programme for 10 years and \$10k per annum from the Asset Maintenance Forward Plan, providing a total maintenance contribution of \$13k per annum for 10 years.

### SSF Project Delivery Update

During the establishment of the three SSF pitches, extensive irrigation took place. At the time of Practical Completion on 1 April 2022 and prior to the launch event, it was noted by staff in collaboration with DEW that flooding had occurred to the rear of the detention basin at the back of the facility, which was exacerbated by torrential rain over several weeks. Pre-existing stormwater issues had been noted at this site for some time. Extensive investigations have taken place over recent weeks into several stormwater issues, some of which may be determined as defects and negotiation is underway with the lead contractor. However, several issues have occurred as a result of potential early value management and now require further remediation. Conversations have progressed with the Cove Soccer Club with regard to concerns about the standard of equipment provided within the canteen. A positive resolution for all parties has been achieved to resolve these issues.

### SSF Capital Funding Overview

Following Practical Completion on 1<sup>st</sup> April 2022, a number of items have been identified as requiring resolution. A summary table is attached below.

Item	SSF Capital Implications	Remedial Cost 22/23	Remedial Cost 23/24+
Detention Basin	Extensive erosion has taken place to the north face of the detention basin, in part due to the high level of rainfall and irrigation during the pitch establishment periods over the last few months. The independent engineer has reviewed the site and has advised that extensive landscaping was value managed out of the contract and has contributed to the issue. A DLP dispute is underway regarding the application of the jute matting to the north face of the detention basin. In order to resolve this issue, the engineer has	\$90k	\$0k



	advised that the following remedial works are required – replacement of jute matting to north elevation (possible defect valued at around \$15k), installation of additional jute matting, placing of additional rocks, clay liner, earthworks and professional fees. Staff will continue to progress the matting element as a disputed defect however it is recommended that full budget be allocated.		
Eastern Swale Landscaping	Erosion to the area alongside Adams Road has occurred. The independent engineer has advised that whilst this is predominantly an aesthetic issue and is not a defect, the original landscaping was value managed out of the contract and needs to be reinstated.	\$50k	\$0k
Pitch 3 Electrical Pits	Due to the extensive irrigation undertaken during the establishment period and high rainfall, several pits have been flooded and require additional drainage.	\$20k	\$0k
Level Spreader	The flow of stormwater through the detention basin to the level spreader and out onto Adams Road and through local paddocks has been the subject of discussion with DEW. Council is required to rectify this issue under the licence agreement. An independent engineer has been commissioned to deliver a design which has been approved by DEW.	\$53k	\$0k
Additional items	Council's insurers have raised several recommendations around potential improvements to the facility. Additional safety fencing has now been approved for the plant enclosure and as well as the installation of a sub-meter to separate the irrigation from the modular building.	\$18k	\$0k
Reconciliation of costs to achieve Final Close	Staff are working closely with the Superintendent to look to bring the project to a financial close. The majority of post-practical completion defects have now been finalised and the Defects Liability Period will run until 1 April 2023. The Superintendent has been collaborating with the Cost Manager to provide a Final Financial Close position of \$10k deficit. The Superintendent will continue to work with the contractor regarding a small number of disputed defects at the SSF as above.	\$10k	\$0k
<b>Total</b>		<b>\$241k</b>	<b>\$0k</b>

A capital funding gap of \$241k exists for 2022/23. Staff have collaborated with Operations and Engineering, Assets and Environment teams to identify whether any existing budget is available, but all 2022/23 budget lines are committed.

Staff are working with ORSR to extend the grant acquittal period for SWBMX in line with SSF of 31 December 2022.

### SSF Operating Budget Funding Overview

Council's Building and Structures Asset Management Plan 2020-2030 sets out that \$49k per annum be allocated from the Asset Operation Forward Programme for 10 years and \$47k per annum from the Asset Maintenance Forward Plan, providing a total maintenance contribution of \$96k per annum for 10 years. The Finance team has confirmed that \$96k has been allocated through the LTFF. It should be noted that under the licence agreement, the club is required to pay 10% of the total water consumption costs for the irrigation of the facility and 100% of water consumption costs for the modular building.

The following operating costs have now been determined:

Item	Operating Budget Implications	Estimated Cost 22/23	Estimated Cost 23/24+
Irrigation	It is estimated that the annual irrigation cost for the pitches and surrounding areas will be \$150k per annum. The Club will be liable for 10% of the cost of irrigation water to the pitches. As per the contract, the contractor is not liable for the cost of water during DLP.	\$135k (i.e. \$150k minus envisaged \$15k contribution by club)	\$135k (i.e. \$150k minus envisaged \$15k contribution by club)
Turf / Landscaping Maintenance	As per the executed contract, the contractor is only liable for a small area of landscaping maintenance during the DLP period. It is estimated that maintenance costs for 2022/23 will be \$87k, and \$121k in subsequent years.	\$87k	\$121k
Missing Equipment	During the Practical Completion process, it was identified that the Club was expecting a higher specification oven. It appears that additional kitchen equipment had been expected but value managed out of the project. An alternative oven which meets the Club's requirements has been sourced from another facility, therefore this item will only attract an installation cost.	\$1k	\$0k
<b>Total Operating Costs</b>		<b>\$223k</b>	<b>\$256k</b>
<b>Budget contained within the LTFF</b>		<b>\$96k</b>	<b>\$96k</b>
<b>Total Operating Cost Deficit (additional required)</b>		<b>\$127k</b>	<b>\$160k</b>

Taking into consideration the \$96k currently allocated within the LTFF and the required operating costs of \$223k for 2022/23 and \$256k ongoing, it can be determined that additional funding of \$127k for 2022/23 and \$160k for subsequent years is now required.

### SWBMX and SSF Budget Summary

The following schedule summarises the scale of the capital and operating budget deficits for both SWBMX and SSF:

<b>Capital Deficit</b>		
	<b>2022/23</b>	<b>Ongoing</b>
SWBMX	\$97k	\$0k
SSF	\$241k	\$0k
<b>Total</b>	<b>\$338k</b>	<b>\$0k</b>
<b>Operating Costs Deficit</b>		
	<b>2022/23</b>	<b>Ongoing</b>
SWBMX	\$0k	\$0k
SSF	\$127k	\$160k
<b>Total</b>	<b>\$127k</b>	<b>\$160k</b>

Therefore, a total capital shortfall of \$338k exists for 2022/23 across both facilities. Additional funding for operational costs of \$127k for SSF will be required for 2022/23 and additional funding of \$160k will be required for subsequent years.

### **Next Steps and Timeframes**

Should the necessary additional funding be supported by Council, staff will continue to progress the finalisation of the SWBMX and SSF works and finalise the resolution of disputed defects.

To allow the SWBMX track surface to cure to the highest standard possible given the weather, the State BMX Championships cannot take place at the SWBMX facility in October. The clubs are understanding of this direction.

Confirmation will be provided to Council once the UCI accreditor has completed and submitted their report and the subsequent outcome is received.

Once a date has been agreed for the handover of the SWBMX and the decommissioning of the Cove BMX Track, a small launch event will be arranged.

### **ATTACHMENTS**

1. SWBMX Proposed entry sign [**10.1.1** - 1 page]



SWBMX Proposed entry sign

