

**ADDENDUM REPORT TO ORDINARY MEETING OF  
GREATER HUME COUNCIL TO BE HELD AT  
COMMUNITY MEETING ROOM, LIBRARY COMPLEX, LIBRARY COURT, HOLBROOK  
ON WEDNESDAY, 17 OCTOBER 2018**

## OFFICER'S REPORT – PART A – FOR DETERMINATION

### PART A – FOR DETERMINATION

#### GOVERNANCE

##### 1. WALLA WALLA EARLY CHILDHOOD HUB

**Report prepared by General Manager – Steven Pinnuck**

#### REASON FOR REPORT

To update Councillors on the outcome of negotiations with Dezign Interiors, the lowest tenderer for the Walla Walla Early Childhood Hub, and including discussions undertaken with representatives of the Walla Walla community and Community Early Years Childcare.

#### REFERENCE TO DELIVERY PLAN ACTION

Outcome 2.2 We have services to promote and deliver health and wellbeing for all ages.  
Action 2.2.3.1 Continue to review the adequacy of existing childcare services and identify gaps in the provision of services according to the needs of local families.

#### DISCUSSIONS

The Agenda papers included an update report on the status of negotiations with Dezign Interiors in relation to Tender TL 04 – 2018/2019 Walla Walla Early Childhood Hub.

Table 1 below outlines the funding available and project cost from the tenders received.

**Table 1**

Cost Item	Budget estimate	Funding Source			Total	Revised total cost
		GHSC	Australian Gov.	SCCF		
Land acquisition including stamp duty and legal fees	105,000			105,000	105,000	105,000
Design costs including Council approvals	20,000	20,000			20,000	15,000
Building works	459,000	182,000	277,000		459,000	640,000
Joinery	35,000	35,000			35,000	
Landscaping	20,000	13,000		7,000	20,000	35,000
Car parking	115,225			115,225	115,225	115,225
Demolition	25,000			25,000	25,000	25,000
					-	
<b>Total</b>	<b>779,225</b>	<b>250,000</b>	<b>277,000</b>	<b>252,225</b>	<b>779,225</b>	<b>935,225</b>

Table 2 outlines the revised total project cost following the reduction in size of the building by approximately 45 sqm.

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WALLA WALLA EARLY CHILDHOOD HUB [CONT'D]

**Table 2**

Cost Item	Budget estimate	Funding Source			Total	Revised total cost	Revised cost on amended plan
		GHSC	Australian Gov.	SCCF			
Land acquisition including stamp duty and legal fees	105,000			105,000	105,000	105,000	105,000
Design costs including Council approvals	20,000	20,000			20,000	15,000	15,000
Building works	459,000	182,000	277,000		459,000	640,000	586,880
Joinery	35,000	35,000			35,000		
Landscaping	20,000	13,000		7,000	20,000	35,000	35,000
Car parking	115,225			115,225	115,225	115,225	115,225
Demolition	25,000			25,000	25,000	25,000	25,000
					-		
<b>Total</b>	<b>779,225</b>	<b>250,000</b>	<b>277,000</b>	<b>252,225</b>	<b>779,225</b>	<b>935,225</b>	<b>882,105</b>

The cost reduction of \$53,120 represents \$1,180 sqm which is significantly below the original sqm. cost of \$1,928 however it should be noted that the reduced area does not include higher cost areas (e.g. wet areas) and therefore is considered reasonable.

Table 3 outlines the funding shortfall.

**Table 3**

<b>Total project cost</b>	<b>\$882,105</b>
<b>Funded by</b>	
Australian Government Funding	\$277,000
State Government Funding	\$252,225
GHSC – Loan borrowing	\$250,000
Community contribution (cash or in kind)	\$10,000
<b>Sub total</b>	<b>\$789,225</b>
<b>Shortfall</b>	<b>\$92,880</b>

It is proposed that Council increase its loan borrowing from \$250,000 to \$350,000 to fund the shortfall and any potential minor cost overruns.

Originally Council had committed to funding \$250,000 (47.50%) of a \$527,000 project. With the expanded project to relocate the acquire additional land in a high profile location and much needed car parking for the Early Childhood Hub, the Hall and Credit Union, if the additional loan borrowing is approved Council will be contributing just under 40% of the project.

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WALLA WALLA EARLY CHILDHOOD HUB [CONT'D]

**BUDGET IMPLICATIONS**

The loan servicing cost on a \$350,000 over 15 years @ 4% will increase principal and interest repayments from \$21,867pa to \$30,416pa or an increase \$8,549pa. Community Early Years Childcare has committed to initial lease payments of \$15,000pa, with an annual increase negotiated in line with the increased number of enrolments.

In addition Community Early Years has committed to furnishing the building and making a contribution towards the playground.

**CONCLUSION**

The Walla Walla community has been lobbying for enhanced children's services for many years and funding of \$529,225 have been approved by the Federal and State Governments to construct a purpose built facility at Walla Walla.

Whilst the revised and significantly enhanced project will come at a cost to Council, the additional annual cost is not considered unreasonable in the circumstances.

**RECOMMENDATION**

That:

1. the revised tender submitted by Dezign Interiors of \$586,880 (exc. GST) on the revised scope of works be accepted.
2. the General Manager and the Mayor be authorised to sign the Contract with Dezign Interiors.
3. Council approve increasing the loan borrowing for the project from \$250,000 to \$350,000.