



INFORMATION AS REQUESTED AT THE INFORMAL BRIEFING HELD ON 15 MAY 2007

At the informal briefing session held on 15 May, elected members requested the following information be provided.

Assurance from the State government that we will not be held liable for funds utilised should we not go ahead with the project.

On 28 May a letter was sent to the Minister Culture and the Arts the Hon Sheila McHale with a copy to the Department Culture and the Arts. Following a number of phone calls, the Department of Culture and the Arts forwarded an email on 7 June stating:

"I am confirming that the funding that has been allocated to the Shire of Broome recently for the design and documentation stage of the Broome Arts Centre will not need to be refunded if there is acquittal documents forwarded to us that will provide proof of purchase of services for the design and documentation stage of the project. ... As the letter was sent to the Minister as well there will be a written response from her office following."

(Email from Karen Tyers, A/Director Cultural Development and Strategic Programs, Department of Arts and Culture.)

Check the effects of 35 changed to 11 % as suggested by Councillor Griffiths regarding increase in building costs.

Whilst this heading is not clear, it is believed that information on building cost increases is required. This information is currently being sought for Broome construction costs. At the time of writing this document, the information had not been provided.

Compare operating costs of other regional centres.

The following information has been provided by other performing arts centres in WA.

Albany

The theatre is managed by the City of Albany and requires approximately \$150 000 to \$200 000 per annum as a contribution from municipal funds in order to operate successfully.

Mandurah

During the 2005/2006 financial year the City of Mandurah provided Municipal Funding support of \$330 000

Geraldton

During the 2006/2007 (current) financial year the Geraldton theatre, as at 15th May, reflects a \$285 126 deficit.

Kalgoorlie

This theatre is not managed by the local government. It receives \$453 000 income as a combined total from the State Government (\$270 000), Curtin University (in kind support

- \$120 000) Donations and grants (\$73000) and commercial income of \$487 400. Total income equals \$950 400

Provide figure for Capital and operating costs.

As per the Broome Performing Arts Centre Study, operational costs to the Shire were predicted at between \$135,000 and \$165,000 per annum over 5 years with the first year of operations being 2008/2009. These were based on 'real' costs at the time with projected increases in the vicinity of 5% to account for the starting date, (ie current salary and wages offered by the Shire, competitive ticketing and hiring charges, etc plus 5% per annum approximately)

In terms of capital costs the following costs were identified for building commencement in September 2006.

Trd No.	Trade Description	Trade %	Cost/m2	Sub Total	Mark Up %	Trade Total
1	INFORMATION AND AREAS					
2	THEATRE INCLUDING DEMOLITIONS, SITEWORKS, EXTERNAL WORKS AND EXTERNAL SERVICES	28.99		2,616,851		2,616,851
3	COMMUNITY ROOM 1	2.65		239,084		239,084
4	COMMUNITY ROOM 2	1.07		96,528		96,528
5	SERVERY/BAR	4.71		425,130		425,130
6	SUBTOTAL					<u>3,377,593</u>
7	REGIONAL LOADING (55%)	20.58		1,857,676		1,857,677
8	THEATRE EQUIPMENT AND SEATING	5.82		525,250		525,250
9	ESCALATION (August 2005 = 162.7 September 2006 = 179.3)	6.51		587,736		587,736
10	LOOSE FURNITURE, FITTINGS AND EQUIPMENT					
11	CONTINGENCY (10%)	7.03		634,826		634,826
12	PUBLIC ART (1%)	0.77		69,831		69,831
13	CONSULTANTS FEES (13.5%)	10.55		952,143		952,144
14	DHW FEE (2.5%)	2.22		200,126		200,127
15	SUBTOTAL					<u>8,205,184</u>
16	GST	9.09		820,518		820,519
17	EXCLUSIONS					
		100.00		9,025,700		9,025,703

Final Total : \$ 9,025,703

The budget estimate has been further broken down into its component parts to allow the Shire to pursue additional specific purpose grants.

Fig 24 – Summary of Capital Costs	
Performing Arts Centre	\$ ex GST
Theatre	\$6.525M
Community Room 1 / Rehearsal Space	\$0.528M
Community Room 2 / Overflow Space & Mtg Rm	\$0.213M
TOTAL	\$7.266M
Outdoor Bar / Servery	\$0.939M
TOTAL CONCEPT DESIGN COST	\$8.205M

NOTE: The total cost of \$8,205,184 included an escalation cost to allow for a commencement of building date of September 2006. Should a 20% increase be factored for successive years, this cost would be:

Sept 2006	Sept 2007	Sept 2008	Sept 2009	Sept 2010
8,205,184	9,846,940	11,816,328	14,179,594	17,015,513

Some strategic overview of where Broome is now.

Broome is continuing to experience relatively high rates of growth with its population increasing by 6.2% between the 1996 and 2001 Census. Growth is expected to remain at 5-7% per annum in the short term, which resulted in an estimated 2000 additional households by 2006 bringing the residential population close to 18,000 for the Shire. In addition, tourism continues to grow with an estimate of over 10,000 visitors per day during peak season. At this rate, it is predicted that the population of Broome may reach 30,000 by the year 2021 with a corresponding growth in tourism. (Note: the actual growth rate will be better known when ABS Census data is released towards the end of June. The current growth rate may be revised down).

This growth is significantly affecting the Shire, and will continue to do so, in terms of infrastructure and service delivery. The Shire needs to plan for the future for its administration, arts, and library infrastructure in line with population growth and increased community demands.

However, it is not so much the growth rate itself that is impacting upon Broome, it is more the escalating costs of infrastructure and cost of living, particularly in remote and regional areas such as Broome.

Is \$15000 for site analysis sufficient?

The Council allocated \$15,000 in the 2006/07 budget for a site analysis/site master plan concerning the Shire's future needs. The intention of this allocation was that it would contribute to that component of the site analysis that could not be directly undertaken as part of the performing arts centre consultancy.

The Master Plan will provide a footprint of proposed future developments on the site. The Master Plan will not provide detailed drawings or concepts of the future developments.

It is guesstimated that approximately 50% of the work in developing the Master Plan could be contributed to the Performing Arts Centre component and 50% to the Shire's future needs. Therefore the Master Plan may cost in the vicinity of \$30,000.

A site analysis for the immediate surrounds of the Broome Performing Arts Centre is required prior to the design and documentation for the building of the Centre. The cost of this component (est \$15,000) would be included in the design and documentation component of the Arts Centre.

- Consideration of other infrastructure on site, current and future
- Review and design of carparking on site with regard to performing arts centre requirements
- Site vehicular access and egress to streets with regard to performing arts centre requirements
- Pedestrian walkways and amenities
- Visual amenity of the arts centre including signage
- Landscaping concerning performing arts centre requirements
- Orientation of the performing arts centre in relation to other usage and infrastructure in close proximity.
- Retention of existing drainage flows, etc
- Future development of a visual arts centre
- Future development of a restaurant, cafe and bar area
- Consideration for community arts office spaces
- Retention of open space for outdoor activities – entertainment and recreation
- The implications of closing the current road through the site from Hamersley to Weld Street and solutions for alternative access

In terms of the Master Plan for the whole site, including the Shire's future needs, additional consideration would be given to:

- The Shire's future administration needs in terms of office requirements in the event of population growth in Broome, as well as staff and client car-parking
- The Shire's future special requirements in terms of provision of library and information services, including staff and client car-parking
- Implications of Commonwealth Bank remaining on site or not
- Possible demolition and/or redevelopment of the former Council Chambers and Administration offices
- Potential changes along Hamersley Street which was recently zoned mixed use and its potential impacts on and synergies with the site
- Retention of the Wacket Pavilion
- Roadworks, pathways, parking, landscaping, lighting
- Traffic access and egress
- Retention of significant trees where possible
- Pedestrian access
- Proposed re-creation of old railway line



Shire of Broome

Memo

To: COUNCILLORS
From: DIRECTOR COMMUNITY SERVICES
CC: CHIEF EXECUTIVE OFFICER, DIRECTORS
Date: 15 MAY 2007
Re: ARTS CENTRE FINANCIAL POSITION

Broome Performing Arts Centre Study

The Broome Performing Arts Centre Study provides a comprehensive breakdown of estimated costs of running the centre both pre start-up as well as for a projected five year period (08/09 - 12/13).

The following extract is from Section Five page 40 of the Study. (A full breakdown can be found on pages 110 to 116).

Pre Open and 5 Year Operational Costs

The following table provides a summary of the projected operating costs and incomes for the first five years including a period for setting up the programme. After opening, the majority of support for the operation of the Centre will come from the Shire, the operational budget attached indicates this could range between \$135,000 and \$165,000 per year once operational. This is typical of the input from local authorities as the following table indicates.

In the eighteen months prior to opening a set up and establishment budget of some \$511,896 is anticipated. This amount should be considered along with other capital funding options as part of the development of the Centre.

Fig. 15 Pre-Open And 5 Year Operational Budget (Summary) Broome Performing Arts Centre

	Total	08/09	09/10	10/11	11/12	Year 5
	Pre open	Operation				12/13
	(18 mths)	Year 1	Year 2	Year 3	Year 4	
Expenditure						420,469
						7,622
						131,228
Staff Costs	204,939	333,278	356,242	373,493	396,453	40,485
Communications	46,599	6,716	6,917	24,491	7,337	29,642
Services	23,376	99,307	105,817	113,893	122,358	57,519
Promotions and Marketing - Corporate	87,980	35,970	37,049	38,161	39,305	4,727
Consumables	56,620	22,153	14,693	25,568	18,040	123,489
Maintenance	0	37,970	40,984	46,335	51,844	3,478
Ticketing System	7,090	3,883	4,064	4,276	4,497	104,940
In-house Programming	30,000	109,718	113,010	116,400	119,892	
General office overheads	4,500	3,090	3,183	3,278	3,377	900,524
BSH recoveries	60,814	82,211	85,443	96,046	96,718	
Total Expenditure	521,896	717,294	750,155	820,484	839,412	
						407,189
Revenue						177,358
						59,065
Venue Hire	0	296,227	347,034	370,487	393,940	67,303
Recoups and Recoveries	0	133,743	139,227	151,198	163,890	26,000
Commercial	0	48,363	50,354	53,116	56,017	
In-house Programming	0	59,798	61,592	63,440	65,343	736,915
Sponsorship	10,000	14,000	17,000	20,000	24,000	
						163,608
Total Revenue	10,000	552,131	615,207	658,241	703,190	1,274,080
Net Annual Costs	511,896	165,162	134,948	162,243	136,223	163,608
Cumulative net costs		677,058	812,006	974,249	1,110,472	1274080

Net annual costs are:

Pre Start-up

\$511,896 to be considered with other capital funding options as part of the development of the Centre. This pre start up costs included the employment of a centre manager, car, equipment, relocation, recruitment costs for some 18 months prior to opening. A technical officer to commence 6 months prior to opening and an administration officer 9 – 12 months prior to opening. This would allow for policies, grant applications, sponsorships and fund

raising, program development, volunteer training, etc, as well as project management for the design, documentation and building of the project.

Post Start-up

The net annual costs as indicated above vary between \$136,000 and \$165,000. This was based upon 2005/06 financial figures. It also allowed for approximately 3% annual growth which was the average CPI and EBA of the time. This will need to be reviewed in light of more recent cost escalations. However, to ensure appropriate cost recovery, venue hire rates would need to be increase and be factored in as part of cost recovery.

An overview of Council's decisions follow:

- At the OCM 1 December 2005 the Broome Performing Arts Centre Study was adopted. The resolution included that the pre-opening costs be factored into the capital costs as part of the project management for the development of the centre. This included an Arts Centre Project Manager who would both oversee the design and documentation phase, the building phase as well as seek funding and develop policies and programming for the centre.
- The Council adopted the provision in the 2006/07 budget of \$70,000 for an arts centre manager (Acct No 82600). This was also allocated in the previous year. In hindsight all of these funds could have been allocated from the DCA grant funds.
- At the OCM 26 October 2006, the Shire resolved to engage a contract officer to the value of \$30,000 to pursue the strategies of the Committee including:
 - Pursue funding and grant opportunities
 - Pursue corporate sponsorship
 - Development of the Community Fund.

And that funds be allocated from Account Number 82600. (this to be as a matter of priority)

- At the OCM 11 April, the February Financial report stated under Arts Centre – Community Culture and the Arts (Community Services)

Employment of Arts Centre project officer has been delayed resulting in savings to salary, superannuation and housing expenses totalling \$33K. The required budget amendments will reduce end of year deficit by \$33K

The recruitment of a contract person to carry out work identified above has now commenced.

It is intended that the initial appointment of the Arts Centre Project Manager be a contract position for 9 months. The Shire will contribute \$30,000 for the project officer to carry out the actions approved by the Council. The recruitment of the centre manager is happening in this financial year, however it is not anticipated that the position will commence until the 2007/08 budget. Thus, any unspent funds of the original \$70,000 will be returned to general

revenue in this financial year. An allocation of \$70,000 for the 2007/08 is currently in the strategic financial plan. It is indicated that this be reduced to \$30,000 for next financial year, the same as the unspent \$ from this financial year.

The balance of the funds for the arts centre project manager will come from grant from the Department of Culture and the Arts.

COUNCIL RESOLUTIONS

OCM 1 December 2005

1. That Council receives the minutes of the Broome Arts Centre Advisory Committee meeting held over 12 September 2005 and 10 November 2005.
2. That Council adopt the recommendations of the Broome Arts Centre Advisory Committee meeting held 12 September 2005 and 10 November 2005 and outlined as follows:
 - a. The Council accepts the Broome Performing Arts Centre Study Final Report November 2005 and its recommendation that the Civic Centre building be redeveloped as the Broome Performing Arts Centre, the project being informed by the report's concept, management, operational and financial guidelines.
 - b. The Council commit to the building of the Broome Performing Arts Centre on the Civic Centre site subject to required funding being received.
 - c. The Broome Arts Centre Advisory Committee seek further funding for the centre.
 - d. The Report be forwarded to the Department of Culture and the Arts for comment and to the Kimberley Development Commission.
 - e. **The pre-opening costs be factored into the capital costs as part of project management for the development of the centre and associated funding sought.**
 - f. A workshop be held with the Performing Arts Groups to test the validity of the assumptions made concerning income for the centre.

26 October 2006

REPORT RECOMMENDATION

1. That Council receives the minutes of the Broome Arts Centre Advisory Committee of 10 October 2006.
2. That the Council engage a contract officer to the value of \$30,000 to pursue the strategies of the Committee including:
 - Pursue funding and grant opportunities
 - Pursue corporate sponsorship
 - Development of the Community Fund.
3. That funds be allocated from Account Number 82600(Salaries and Related Expenses, Community Services) for the Contract Officer.

Moved: Cr V L Wevers

Seconded: Cr C R Mitchell

That the Report Recommendation be accepted as a matter of priority and that the submission for additional funding for the Broome Performing Art Centre be submitted to the Minister for Indigenous Affairs, Tourism, Culture and the Arts by the Shire President.

OCM 15 February 2007

REPORT RECOMMENDATION

That Council:

1. Receives the Minutes of the Broome Arts Centre Advisory Committee of 5 February 2007.
2. **Adopts the recommendation of the Committee 'That the Council accepts the strategy as advised by the Minister for Culture and the Arts, The Hon Sheila McHale in the letter dated 12 January 2007 and accepts the immediate release of \$1,043,650 from the existing funding allocation of \$5 million for the Design and Documentation Phase for the Broome Performing Arts Centre.'**

That the Report Recommendation be adopted with the addition of Point 3 as shown:

3. **Agrees that any and all agreements with appointed consultants, where they are to be paid from the \$1,043,650, shall be approved by the Department of Culture and the Arts on the basis that these funds will not be refundable by the Shire of Broome should the project not proceed for any reason.**

MILESTONES

Serial	Milestone	Timeline
1	Advertising and closing of tender	May - June
2	Appointment of successful Tenderer by Council	July 2007
3	Briefing of successful tenderer by Shire officers	August 2007
4	Consultation with stakeholders <ul style="list-style-type: none"> • Precinct • Performing Arts Centre 	August 2007
5	Development of Precinct Master Plan Presentation of Draft Master Plan	October 2007
6	Development of final design concepts for Performing Arts Centre	November 2007
	Presentation of Draft Plans/Elevations	December 2007
7	Presentation of Final Design Performing Arts Centre	February 2008
8	Completion of Documentation	March 2008
	Best case scenario from here on	
	Final funding confirmed	May 2008
	Advertising and closing of tender	July – Aug 08
	Appointment of successful building tenderer	Sept/Oct 08
	Building	Oct 08– Oct 2009
	Hand over and Grand Opening	November 2009

First full operational cost to the Council 2009/2010 financial year.