

AGENDA ITEM NO.: 15.1

TO: Council Meeting on 23 May 2017

DIRECTOR: Nathan Cunningham, Director Community & Planning

REPORT AUTHOR: Chris Newby - Manager Development Services/CLIC Project Lead

SUBJECT: Project Update - Community Hub, Library & Innovation Centre (CLIC)

1. EXECUTIVE SUMMARY

1.1 This project update for the Community Hub, Library and Innovation Centre (CLIC) Project covers the period since the 18 April 2017 update report. Progress has occurred under the following key tasks:

- 1.1.1 An architecture firm (Brown Falconer, working in collaboration with Hudson Howells and Snohetta) have commenced a body of work into the possible internal spatial layout options of the CLIC, and its integration with the associated administration office component of the project (as well as how this can function with/complement the remainder of the site through vertical or horizontal division).
- 1.1.2 A Real Estate Firm (CBRE) has been appointed to coordinate the Expression of Interest (EOI) process for both the Prospect Road and Main North Road sites, with a release to market to occur shortly inviting proposals for various development and tenure options across either site.
- 1.1.3 An Internal Project Lead has been appointed to provide a dedicated resource to assist in the delivery of the various components of the project.
- 1.1.4 A project brief has been released to a number of independent financial consultants to undertake the necessary Prudential Report (as a requirement of the Local Government Act).
- 1.1.5 A project brief has been drafted for release to a number of project management firms and consultants, with a view to appointing a Project Manager in the coming months to drive the design and construction of the project in line with budgetary and time expectations.
- 1.1.6 The internal Transition Team is undertaking the analysis of various options available for the temporary relocation of staff, services and community groups as required during demolition and construction activities. The potential use of existing Council assets is being prioritised so as to minimise costs and ensure continuity of service provision.
- 1.1.7 The Project Executive Group (PEG) continues to meet regularly to work through the detail of the documentation and research associated with the CLIC Project. The Actions List coming out of each meeting (**Attachment 1**) has been updated with items progressed by key Council staff.

2. RECOMMENDATION

- (1) Council receives and notes the progress update for the Community Hub, Library and Innovation Centre (CLIC) for the period 18 April 2017 until 23 May 2017.
- (2) Council receives and notes the Project Executive Group (PEG) Actions List (as presented in Attachment 1).

3. RELEVANCE TO CORE STRATEGIES / POLICY

- 3.1 Council's Community Engagement and Consultation Policy – November 2012
- 3.2 **Strategic Plan to 2020 Theme 1 – People** “Know, empower, celebrate, educate and activate our community”
 - Strategy 1.1 Know our community
 - Strategy 1.4 Celebrate our diverse and creative community
- 3.3 **Strategic Plan to 2020 Theme 2 – Place** “Loved heritage, leafy streets, fabulous places”
 - Strategy 2.1 Respect the past, create our future
- 3.4 **Strategic Plan to 2020 Theme 4 – Services** “Leaders of the sector providing efficient, responsive, accessible services”
 - Strategy 4.1 Excellence in Infrastructure
 - Strategy 4.2 Sound Financial Management
 - Strategy 4.4 Accountable and people-focused services
 - The actions and initiatives detailed within this report are directly connected to the above aspects of Council's current Strategic Plan. The Community Engagement and Communication Plan for the project are based upon the requirement to ‘know’ our communities, be inclusive of a broad cross section of our residents and ensuring that residents are well informed of the steps being taken for the development of the CLIC, with clearly identified opportunities to become involved and influence the project outcome.
 - Delivery of the CLIC will be based upon that aspect of the Strategic Plan referring to ‘fabulous places’, requiring a high quality facility that is loved by our communities.
 - Strategies within Theme 4 of the Strategic Plan (Services) speak to Council's requirement that the CLIC is delivered on time and on budget according to our standards of excellence.

4. COMMUNITY INVOLVEMENT

- 4.1 The online Engagement Hub continues to be updated with relevant information on the progress of the CLIC, with opportunities for the community to input into the discussion.

- 4.2 The Community Reference Group did not meet during this period, with a scheduled tour of Tea Tree Gully Library on 3 May rescheduled, with a visit to the (Adelaide) Metropolitan Library now scheduled to occur on 7 June 2017.

5. DISCUSSION

Architect Appointment

- 5.1 Brown Falconer, working in collaboration with representatives of Hudson Howells and Snohetta, have commenced a body of work that will provide an understanding of the spatial needs of the future Civic Centre, as integrated with the Community Hub, Library and Innovation Centre. Their work, which is being undertaken in consultation with Council staff and Elected Members, will be used to determine the spatial needs of the future civic centre and explore the inter-relationship of spaces within the CLIC and the administration centre.
- 5.2 This will assist in improving an understanding of how the spatial relationships and integration of services will achieve improvements to service delivery and deliver potential savings to the project, and will assist Council in considering Expressions of Interest received for the Prospect Road site.
- 5.3 It is also important that this preliminary work does not preclude consideration of other potential options for the Prospect Road site, as a developer (or development partner) may propose a previously unforeseen delivery model through the Expression of Interest process at the Prospect Road site which is about to be commenced.
- 5.4 The Project Executive Group will assist in the review of Brown Falconer's recommendations for the CLIC spatial layout prior to Council consideration.

Approach to Market

- 5.5 Ongoing discussion concerning the preferred approach to market has consolidated into a preference for releasing a call for proposals from a small number of highly regarded commercial real estate agents. PEG were engaged in the initial shortlisting and have made the decision (after assessment) for the preferred agent. Successful firm, CBRE are now asked to release both sites (Prospect Road *and* Main North Road) to market via calls for Expressions of Interest.
- 5.6 As part of PEG's assessment of the agent/firm, the group needed to see how the agents would approach the market for each site, taking into consideration the unique opportunities that each site offers and the potential complexities associated with a non-traditional offer to market. Whilst it has previously been identified that a traditional land division of the Prospect Road site would likely realise the most interest, it is important that no potential options are precluded for this highly desirable site at this early stage. Similarly, the Main North Road site (including the adaptive re-use of the Tram Barn) is likely to inspire some exciting proposals.
- 5.7 By releasing both sites to market, accompanied by some guidance on the desired future characteristics of each site, all of the various tenure options, potential subdivision models and opportunities for community-led, partnership development would be able to be considered. For example, the options for the future of the Main North Road site will include (but not be limited to) lease, partial sale/lease, redevelopment, partial redevelopment, re-use of Tram Barn, leaseback of Tram Barn, community-led development, social housing, commercial development, and/or partial Light Industry.

- 5.8 The initial call for EOIs to be generated by CBRE (on behalf of Council) will allow those groups that have already expressed an interest in the future of each site to formalise their proposals for subsequent consideration by Council. CBRE have been furnished with a list of all groups that have made themselves known to Council and its staff as having an interest or a vision for either site (including from community members on behalf of groups). The opportunity will be opened broadly with the Agents charged with responsibility for spreading the word and seeking significantly diverse interest.
- 5.9 It is anticipated that the EOI process (after assessment) would lead to a shortlisting and a second round of more detailed proposal submissions, where preferred outcomes for each site can be further refined prior to negotiation of tenure outcomes and the entering into of agreements between parties.
- 5.10 The Project Executive Group will review submissions prior to the information and formal recommendations being put to Council for a decision. Consideration in confidence will be required due to the commercial sensitivities surrounding such projects.
- 5.11 Initial discussion with several project management firms have confirmed that independent advice would be beneficial during the EOI assessment process, to assist in understanding the feasibility and risks associated with the various proposals. This would mirror the approach taken in determining the site, scale and delivery model for the new CLIC, which was assisted by independent advice from SGS Economics and Planning as well as BRM Holdich.

Project Lead and Project Management

- 5.12 In acknowledgement of the increasing demands on the project, a call for Expressions of Interest in working as Project Lead for the next 3 months was distributed to all staff by Council's CEO. The Project Lead would be responsible for the ongoing delivery of the project, including coordinating the appointment of various independent experts/consultants to progress the project towards delivery (such as architect and project manager), and the coordination of internal processes to ensure continuity of service delivery (such as needs analysis and risk management).
- 5.13 Following the consideration of submissions received and discussions with two candidates, Chris Newby (Manager Development Services) was appointed as Project Lead for a period of 3 months. Chris will be supported by the various internal project groups that have been established to drive the project forward. Key activities for the Project Lead include:
- (1) Real estate agent(s) engaged to progress EOIs for sale/ development/ tenure options for Prospect Road and Main North Road sites
 - (2) Site EOIs received and assessed, and progressed to detailed Proposals
 - (3) CLIC and Civic Centre design progressed
 - (4) Transitional arrangements progressed (staff, services and community facilities)
 - (5) External Project Manager/ Firm engaged to continue to drive project completion.
- 5.14 Key next steps include the engagement of independent financial advisers for the completion of the required prudential report, the release of the Main North Road and Prospect Road sites to the market via the Real Estate Agents, and the engagement of

a Project Manager to coordinate the design and construction of the building. Discussion with an independent Project Management Adviser has already occurred, and will inform the ongoing drafting of the Project Manager Brief prior to release to select Project Managers and firms.

Governance Arrangements – Prudential Report

- 5.15 Further investigations into the requirements of the Prudential Report have revealed an opportunity for a report framework to be prepared and adopted by Council, with subsequent refinement to occur at latter stages over the course of the project as certainty over the scale of the development increases.
- 5.16 A staged Prudential Report approach will allow this potential ‘hold point’ in the project plan to be progressed earlier than previously anticipated, with updates on total anticipated costs associated with the project subsequently factored into revisions to the original Prudential Report.
- 5.17 This delivery model for the preparation of the Prudential Report is based on current best practice within local government and has been mirrored in recent examples across metropolitan Adelaide. A draft framework will be prepared for consideration by the Audit Committee, prior to being presented to Council in coming months.

Project Executive Group (PEG) Update

- 5.18 The PEG continues to meet regularly to work through the progression of the CLIC Project. The Actions List (**Attachment 1**) has been updated with items progressed by key Council staff, while other sub-groups continue to assist with the delivery of the project and the necessary steps required to reach the critical decision making points and key milestones, allowing the project to be completed on-time and on-budget. On-going project updates will continue to be provided to Council as an agenda item within ordinary meetings.

ATTACHMENTS

Attachment 1 Project Executive Group Actions List

Meeting Date	Meeting PEG or IPT	Topic	Action Item	Responsibility	O = Ongoing C = Completed H = Historic	Target Date	Status
6/12/2016	PEG	Prudential Report (Brief)	Prepare Prudential Report brief.	Nathan (Ginny)	O	30/06/2017	Request for Quote document being prepared for release by 9 May - then Prudential Report to be progressed through May-July.
21/02/2017	PEG	Property Sales Revenue - timing	Determine preferred timing of revenue streams from sale (or amended operations) of sites, informed by the outcomes of site options investigations	Cate (Ginny)	O	18/04/2017	Advice prepared - for discussion at future PEG (16 May meeting). Timing has been inserted into Project Plan (major income currently expected/ desired March 2018 and September 2018)
4/04/2017	PEG	Property Sales (or future use)	Release Brief to R/E Agents for both Prospect Road and Main North Road sites	Nathan/ Chris N	C	18/04/2017	Eols for RE Agents released - 4 responses received for assessment by staff and PEG
4/04/2017	PEG	CLIC Design	Elected Member Workshop to present spatial layout options to be scheduled	Nathan/ Chris N	C	23/05/2017	Scheduled for 16 May 2017
4/04/2017	PEG	Thomas Street Centre	Chris & Nathan to provide letter to DECD with the history of the project and details of process ahead. This will include a request for a willingness to be flexible on end date.	Nathan/ Chris N	O	28/04/2017	DECD package being prepared (to include Engagement Hub link)
18/04/2017	PEG	Property Sales/Tenure Revenue	Meet with Ginny & Chris B re: revenue streams and report back to PEG for discussion	Nathan/ Chris N	C	2/05/2017	Advice prepared - for discussion at future PEG (16 May meeting). Timing has been inserted into Project Plan (major income currently expected/ desired March 2018 and September 2018)
18/04/2017	PEG	Project Plan	Detailed Project Plan updated for next PEG meeting, including RE Agent engagement and timelines for revenue receipt	Chris N	C	2/05/2017	Project Plan updated for discussion 2 May 2017
18/04/2017	PEG	Property Release to Market	Detail the Real Estate Agent EOI assessment criteria and bring to PEG for discussion	Nathan/ Chris N	C	2/05/2017	Draft criteria analysis prepared for discussion
18/04/2017	PEG	Prudential Report (Quotes)	Quotes to be sought from selected sources for provision of Prudential Report	Nathan/ Chris N	O	19/05/2017	Request for Quote document being prepared for release by 9 May - then Prudential Report to be progressed through May-July.
18/04/2017	PEG	Project Objectives	Prepare draft Project Objectives (and mandatory/flexible criteria) based on feedback to date (from the beginning of the project – what we've heard/ seen). Review with PEG prior to workshopping with Elected Members	Chris N	O	2/05/2017	Draft objectives developed as distilled from Workshop Notes, Tours, Libraries Alive report, Strategic Plan to 2020, Community Survey