



MINUTES

SPECIAL MEETING OF COUNCIL

Held on
Wednesday, 17th February 2010
6.00pm
City of Albany Council Chambers

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1.0 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Mayor declared the meeting open at 6:00 PM.

ITEM 1.0 - MOTION

VOTING REQUIREMENT: ABSOLUTE MAJORITY

MOVED MAYOR EVANS

THAT Council Suspend Standing Order 3.1, to allow recording of proceedings.

**MOTION CARRIED 11-0
ABSOLUTE MAJORITY**

2.0 OPENING PRAYER

Councillor Wolfe read the opening prayer:

“Heavenly Father, we thank you for the beauty and peace of this area. Direct and prosper the deliberations of this Council for the advancement of the City and the welfare of its people. Amen.”

3.0 PUBLIC QUESTION AND STATEMENT TIME

Council’s Standing Orders Local Laws provide that each Ordinary Meeting of the Council shall make available a total allowance of 30 minutes, which may be extended at the discretion of Council, for residents in attendance in the public gallery to address clear and concise questions to His Worship the Mayor on matters relating to the operation and concerns of the municipality in regards to the **Albany Entertainment Centre (AEC)**.

Such questions should be submitted to the Chief Executive Officer, **in writing, no later than 10.00am** on the last working day preceding the meeting (the Chief Executive Officer shall make copies of such questions available to Members) but questions may be submitted without notice.

Each person asking questions or making comments at the Open Forum will be **LIMITED** to a time period of **4 MINUTES** to allow all those wishing to comment an opportunity to do so.

[6:04:43 PM](#) **Tony Demarteau, Lorenzo Way, Albany.**

Mr Demarteau thanked Council for the opportunity to speak in regards to the situation with the Albany Entertainment Centre, and stated that he did not envy Councillors the task ahead of them, both tonight and over the next few months. There were tough decisions to be made, and decisions that would reflect heavily on Councillors and the ratepayers of Albany in general.

Item 3.0 continued.

Mr Demarteau urged Council to forget what had happened in the past, and to look beyond the negativity and work towards positive outcomes. Mr Demarteau said that he had spoken to many people over the past week regarding the AEC, and while they had been critical of the situation, the majority had positive ideas and suggestions on how the AEC could be best utilised to minimise the operational deficit, and Councillors needed to harness these ideas.

Mr Demarteau suggested to Council that they look at options of private outcomes at the AEC, and to investigate if income could be gained through this avenue. Mr Demarteau hoped that the AEC café would be operational more than just on event days, and suggested market stalls and external art activities.

Mr Demarteau hoped that Council would work with the State Government to determine if the AEC could still be used for conferences and seminars as originally intended, rather than using facilities in nearby hotels.

6:05:47 PM Don Phillips, Frenchman Bay Road, Albany.

Mr Phillips thanked the Mayor and Councillors for the opportunity to address the meeting. Mr Phillips said that before he proceeded he felt that it would be fairer to allow the CEO to outline options available to ratepayers, and that he had questions and suggestions. Mr Phillips wanted to know what the City would do for the ratepayers to assist them with this issue.

Mr Phillips referred to the information made available to the public regarding the AEC, and the lack of reports available from the previous CEO.

Mr Phillips questioned the options available with regard to the AEC, and stated that before the issue could be addressed, Council needed to know where the process had failed, and the financial implications for ratepayers.

Councillor Price, through the Mayor, replied to Mr Phillips that the whole Agenda of this Special Council Meeting was predicated precisely on the issues that Mr Phillips was questioning. Councillor Price stated that with due respect to all office bearers in the City, the CEO's address would not provide answers to those issues, but that deliberations by Councillors at this meeting would, and asked that Mr Phillips allow the Agenda to proceed as outlined.

Mr Phillips asked that information be given to the public when it became available.

Item 3.0 continued.

[6:09:39 PM](#) **Shanti Bezard, Brunswick Road Albany.**

Ms Bezard asked Councillors, the CEO and the Mayor, when the people of Albany were going to be consulted about the AEC in regard to what the public wanted to happen there, and the type of entertainment offered.

Ms Bezard felt that the public had not been sufficiently consulted and there had not been a feasibility study presented based on what the community wanted.

Forum closed at [6:11:04 PM](#)

[6:12:13 PM](#) **CEO Mr Paul Richards**

The CEO delivered a short power point presentation detailed at appendix A.

**4.0 RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE
(PREVIOUSLY APPROVED)**

Mayor

M J Evans JP

Councillors:

Breaksea Ward	R Hammond
Frederickstown Ward	D Wellington
Frederickstown Ward	D Price
Kalgan Ward	M Leavesley
West Ward	D Dufty
West Ward	D Wolfe
Yakamia Ward	R Sutton
Vancouver Ward	D Bostock
Vancouver Ward	R Paver

Staff:

Chief Executive Officer	P Richards
Executive Director Corporate & Community Services	WP Madigan
Executive Director Works & Services	K Ketterer
Executive Director Development Services	R Fenn
Executive Manager Business Governance	S Jamieson
Executive Manager Community Services	D Schober
Manager Finance	P Wignall

Public Gallery and Media:

Three (3) Members of the Media and approximately 45 members of the public were present.

Apologies/Leave of Absence:

Breaksea Ward	J Bostock
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5.0 DECLARATION OF INTEREST

Nil

6.0 ITEMS FOR DISCUSSION**ITEM NUMBER:** 6.1**ITEM TITLE:** OPERATION OF THE ALBANY ENTERTAINMENT CENTRE**THE NATURE OF COUNCIL'S ROLE IN THIS MATTER:**

Executive Function: Council setting strategic direction and overseeing the operational functions of the City.

File Number or Name of Ward	: MAN 075, MAN 168 (Frederickstown Ward)
Summary of Key Points	: Operation of the Albany Entertainment Centre
Reporting Officer(s)	: Executive Director, Corporate & Community Services (WP Madigan)
Disclosure of Interest	: Nil
Business Entity Name	: None supplied
Previous Reference	: OCM 13.07.1999 (Item 15.3.2) OCM 16.8.05 (Item 12.8.1) OCM 5.10.1999 (Item 15.3.2) OCM 30.8.05 (Item 6.2) OCM 4.7.2000 (Item 14.2.1) OCM 18.10.05 (Item 14.4.4) OCM 21.5.2002 (Item 14.3.2) OCM 18.04.06 (Item 14.4.2) OCM 20.1.04 (Item 14.3.1) OCM 18.7.06 (Item 14.4.1) OCM 17.8.04 (Item 14.4.1) OCM 21.11.06 (Item 14.3.1) OCM 17.5.05 (Item 14.3.1) OCM 5.12.06 (Item 6.1) OCM 21.6.05 (Item 14.3.3) OCM 14.08.07 (Item 6.1) OCM 21.6.05 (Item 14.4.1)
Attachments(s)	: Project Initiation Brief (V3.1) Frequently Asked Questions & Response to Questions

BACKGROUND

1. Up until the resignation of the former CEO in 2008, the Albany Entertainment Centre project was the province of the then CEO, Andrew Hammond, the City's General Management Services Directorate.
2. In May 2005, Council agreed to the proposal to locate the Albany Convention and Entertainment Centre within the Albany Waterfront Project and contribute a portion of land located within the area bounded by York Street, Grey Street West, Collie Street and Alison Hartman Gardens to the State as a contribution to the Albany Waterfront Project subject to:
 - a. Council approval of the size and location of the site to be transferred in freehold to the City on which to construct the Albany Convention and Entertainment Centre;
 - b. Council approval of the size and location of the site to be transferred to the State; and

Item 6.1 continued

- c. a deed of agreement being entered into between the State and Council recognising and agreeing upon the timing and funding of the different elements of the Albany Waterfront Project including but not limited to the Albany Convention and Entertainment Centre, release of land for commercial development, transport infrastructure including the proposed footbridge and boardwalks, boat harbour, groynes and public open spaces.
3. In addition, the Council resolved to:
- i) *Disband the Albany Waterfront Reference Group and facilitate Council involvement in the Albany Waterfront Project by way of a Council Committee comprising of 7 Elected Members. The objectives of the Committee are to be to make recommendations to Council on:*
- a) *the most suitable overall design concept;*
- b) *the siting of individual components within the overall design;*
- c) *the siting and function of the Albany Entertainment and Convention Centre and the exact parcel of land that will be used to accommodate the facility and be transferred in freehold to the Council. (refer footnote);*
- d) *the location and design of the footbridge;*
- e) *the scale, location and design of the marina;*
- f) *the most suitable overall design concept for the York Street site and the exact parcel of land situated within that site that will be transferred to the State as a contribution to the Albany Waterfront Project;*
- g) *any other financial contribution to the project;*
- h) *an Albany Waterfront Master plan that:*
- i) *identifies planning precincts;*
- ii) *specifies land uses and development controls and building guidelines;*
and
- iii) *provides overall urban subdivision design, public open space, parking, pathways, boardwalks etc.*
- ii) *All members of the Albany Waterfront Reference Group be thanked for their efforts and valuable input into the project.*
(Item 14.3.1 OCM 17 May 05).
4. In June 2005, Council renamed the existing Albany Entertainment and Convention Centre Steering Committee the “Albany Entertainment Centre Steering Committee” with terms of reference to make recommendations to council on the design, operation and layout of the new facility and the composition of the Committee be a committee of Council comprised of four Councillors and three Community representatives.
(Item 14.3.3 OCM 21 June 05)

Item 6.1 continued.

5. At the same meeting, and in relation to the Entertainment and Convention Centre, Function Centre & Hotel, Council resolved:
- i) *THAT the Albany Entertainment Centre be a Council owned and operated entertainment venue and that convention, function and hotel facilities be developed in the near vicinity and owned and operated by the private sector.*
 - ii) *THAT the preferred layout for the entertainment, convention and function facilities be in accordance with Option 2 with the function centre being placed contiguous to both the entertainment and hotel facilities.*

6. **Identification and determination of land to be transferred to the City**

It was resolved that the footprint of land required to accommodate the entertainment centre and parking for that purpose be transferred to the City in freehold.

7. **Priority of construction of elements within the frameworks of the overall projects**

Council resolved that the Albany Entertainment Centre should be commenced immediately and separate to other elements of the project.

(Item 14.4.1 OCM 21 June 05)

8. In August 2005, Council appointed four (4) Councillors and three (3) Community representatives to the Albany Entertainment Centre Steering Committee (Item 12.8.1 OCM 16 Aug 05).

At a Special Council Meeting on 30 August 2005 (Item 6.2), Council resolved:

“THAT Council resolves as follows:

a) Any previous decisions of the Council that are substantially different to the motions set out in paragraphs (b), (c), (d) and (e) be revoked under regulation 10 of the Local Government (Administration) Regulations 1996; and

b) Council enters into an agreement with the State of Western Australia known as the Albany Waterfront Memorandum of Agreement based upon the following key principles and commitments.

- *Urban design layout and development guidelines to be determined by way of Structure Plans and Precinct Plans adopted pursuant to the Town Planning Scheme.*
- *Architectural and building design to be determined by way of Central Area Design Guidelines (currently under preparation) adopted as a Local Planning Policy.*

Item 6.1 continued.

- c) *Residential activity to be prohibited by way of:*
- *Town Planning Scheme regulation*
 - *Specific covenants in Lease Documents*
 - *Restrictive covenants on Freehold Titles.*

9. As part of this resolution, the following elements were included:

Scope of Agreement

The Albany Entertainment Centre

The construction of a 650 to 700 seat entertainment facility, architecturally compatible with, and complementary to, the future development of contiguously located hotel and convention facilities.

- i) *The State of Western Australia will contribute \$27.8 million to the Albany Waterfront Project and \$14.9 million to the Albany Entertainment Centre Project plus the land necessary to accommodate that facility.*
 - ii) *The City of Albany will contribute \$1 million to the Albany Waterfront project and \$1.2 million plus any Federal grant monies obtained to the Albany Entertainment Centre Project.*
 - iii) *The City of Albany is responsible for financing and obtaining further funding for the design and development of Anzac Peace Park.*
 - iv) *The City of Albany acknowledges that the proceeds of the development of Lots 1512 and 1523 Emu Point are to be applied by the State Government to the Albany Waterfront Project.”*
10. In October 2005, Council determined to proceed to the concept development phase of the project by administering an architectural service procurement process. (Item 14.4.4 OCM 18 Oct 05).
11. In April 2006, Council appointed the Department of Housing and Works to provide the City with project technical advice including scope of works, detailed brief, project management schedule, revised budget and documentation services for the tender process; and selected the following Expressions of Interest received for the architectural design competition, as acceptable tenderers:
- Cox Howlett & Bailey Woodland/Roberts Gardiner Architects JV;
 - Hassell Ltd;
 - Hames Sharley (WA) Pty Ltd; and
 - James Christou /Denton Corker Marshall JV.

and invited them to submit a tender in response to Request for Proposal documentation, (including the preparation of an esquisse design), subject to the completion of a Project Definition Plan*

Item 6.1 continued.

*(Note: * A Project Definition Plan includes project objectives; functional requirements schedule, critical time plan and implications, accommodation schedule, site certification, risk assessment and updated cost plan.) (Item 14.4.2 18.4.06)*

12. In July 2006, Council acknowledged the Project Review Report (Ferguson Architects – 9 June 2006) that confirmed the following parameters to be used in the Project Definition Plan and by short-listed tenderers for the detailed design of the proposed Albany Entertainment Centre building:
 - 620 seats in theatre/auditorium;
 - Proscenium Arch with fly-tower;
 - Functional areas and spaces to be in accordance with the Albany Waterfront MOA and the report's accommodation schedule (Version 1) as recommended by Graeme Walne, Theatre consultant (Item 14.4.1 OCM 18 July 06)
13. In July 2006, the then CEO Andrew Hammond prepared a Proposal to the Hon. Eric Ripper MLA Treasurer for Western Australia, entitled Albany Entertainment Centre Business Case.
14. The Business Case identified that:
 - Moving the Entertainment Centre to the Waterfront project came at the specific request of the State Government. In acceding to this request Council lost the opportunity to construct a multi-purpose convention and entertainment facility and must now rely upon private enterprise to provide facilities that can host large plenary dinners and break out convention sessions. The opportunity cost for the Council has been very high.
 - Locating the Entertainment Centre at the Waterfront will assist in attracting hotel and conference facilities to the location given the significant amount of patrons the performing arts facility will bring to the locality.
 - The financial and operational viability of the Entertainment Centre will not be affected by a delay in attracting hotel and conference facilities to the site.
 - If the City does not receive extra funding it will end up with no facility whatsoever given that the committed level of funding will only achieve a 265-seat facility, less than currently provided by existing facilities.
15. The final Business Case prepared and approved by the former CEO did not include operating budgets or forecasts.
16. The final Design Brief for the proposed AEC was completed by Ferguson Architects.

Item 6.1 continued.

17. In November 2006, the Council agreed (resolved) to:

- i) Disband the Albany Entertainment Centre Steering Committee;*
- ii) Enter into a Memorandum of Agreement with the Department of Housing and Works and the Great Southern Development Commission that recognises:*
 - a) The Minister for Works as the Principal to the Project Architect and the Department of Housing and Works as the Principal's representative*
 - b) The Great Southern Development Commission as the administrator of the project capital works budget.*
 - c) a requirement for Council endorsement of key stages of the project including the appointment of the architect; selection of the design and statutory approvals (as necessary);*
- iii) Endorse the establishment of a local Project Planning Group consisting of Council Officers* to liaise with the Project Architect (and sub-consultants) to bring recommendations to Council on interior fit-out, landscaping and public art; (*the Council Officers in this were the CEO and MECD).*
- iv) Endorse the establishment of a Steering Committee consisting of representatives from the Department of Housing and Works (DHW), the Great Southern Development Commission (GSDC) and the City of Albany (Chief Executive Officer) to provide strategic direction and leadership in bringing the project to fruition.*
- v) Endorse the establishment of a Design Review Committee led by DHW and consisting of:*
 - Government Architect – Chairman (Prof. Geoffrey London);
 - Director of Urban Design firm Urbanizma (Prof. Patric deVilliers);
 - Manager Economic Development - City of Albany (Mr Jon Berry) *(the Mayor and CEO will also attend meetings as observers);*
 - Project Manager Department of Housing and Works (Mr Ian Johnston); and
 - CEO Great Southern Development Commission (Mr Bruce Manning).
(Item 14.3.1 OCM 21 Nov 06).

18. In December 2006, Council endorsed the Minister of Housing and Work's proposed appointment of Cox Howlett and Bailey Woodland JV for the provision of architectural services for the design and development of the Centre (Item 6.1 OCM 5 Dec 06).

19. At the Project Control Group Meeting on 11 December 2006, the then CEO Andrew Hammond, agreed to the Final Design Brief, and advised the:

- brief is set but can test functionality;
- fly tower – need to communicate technical operational issues – sound transfer etc with local interest groups;

Item 6.1 continued.

20. The Design Brief made certain exclusions to the proposed works, including:
 - the fit-out of the Café area – Council subsequently allocated \$115,000 for this purpose in January 2010 (Item 19.2 OCM 19 Jan 2010)
 - the construction of 58 car parking bays which are included on the same lot, but excluded from the area covered by the Design Brief (\$150,000).
21. The Design Brief also provided for mobile in lieu of fixed bars and the kitchens being reheat only.
22. In August 2007, a Special Meeting of Council was convened.
23. During the Public Question time at that meeting, the following questions were raised –
 - a. Will the AEC enhance the lives of residents and be an asset to Albany?
 - b. Is it what the people want?
 - c. Is it an appropriate use of \$49million plus of public money?
 - d. Is it reasonable to approve a building at \$49million when essentially the same facility was available for \$14.9million?
 - e. What are the ongoing costs with regard to servicing and maintenance of the building?
 - f. What is the projected use of the building – what percentage of people will benefit?
 - g. Is it appropriate and ethical to build it on the waterfront, given the knowledge that the people want buildings lower than three storeys, this fact acknowledged by Council in September 2000?
 - h. The design does not meet the requirement of the Precinct Plan. Is it reasonable to amend the regulation without going to the people, or indeed ignoring it as suggested by Mr Fenn's reference to state law allowing a public work to be built anywhere?
 - i. What is the heritage impact of the building? I would like to draw your attention to the fact that the Heritage report in front of you is not from the Heritage Council, but prepared privately specifically for LandCorp.
 - j. No record of the CEO's response to these questions has been located.

Item 6.1 continued.

24. At that meeting Council resolved to:

- a. Endorse the design of the Albany Entertainment Centre prepared by architects Cox Howlett Bailey Woodland for the Department of Housing and Works (DHW) and request DHW to undertake the following actions in order to meet their obligations under the Public works Act:
 - (i) Refer the proposal to the Coastal Planning Branch of the Department of Planning and Infrastructure for assessment against SPP2.6 and policy DC6.1
 - (ii) Refer the proposal to the Heritage Council of WA for advice and for assessment against the adopted "*Albany Waterfront Structure Plan Heritage Report Impact Assessment*" (Tom Stevens, Feb 2006 V4), and;
 - (iii) Submit an alternate plan to the City of Albany showing alternate car parking arrangements that provides for heavy vehicle access to the site and disabled car parking.
- b. Receive public comments and forward them to the Department of Housing and Works for further consideration in the design development phase.
(Item 4 SCM 14 Aug 08).

25. In March 2009, in line with the organisation functional review, the point of contact for the project was transferred from the General Management Services Directorate to the Corporate & Community Services Directorate, and the Executive Director of Corporate & Community Services (EDCCS) took over the role previously undertaken by the then CEO, Andrew Hammond and the Manager of Economic Development. From that point, the EDCCS also sat on the Steering Committee in a position previously held by the CEO, Andrew Hammond.

26. A Project Initiation Brief (PIB) has been prepared for the Albany Entertainment Centre.

27. The aim of the (PIB) document is to guide the consultation process with internal and external stakeholders regarding the AEC, its operation and artistic direction, plus seek Council support by resolution of an agreed strategy from options to be work shopped through the Albany Tourist and Marketing Advisory Committee (ATMAC).

STATUTORY REQUIREMENTS

28. Nil.

POLICY IMPLICATIONS

29. Nil.

Item 6.1 continued.

FINANCIAL IMPLICATIONS

30. The draft operating budget for 2010/2011 has been prepared, including a major component for building maintenance (based on 3%, which represents the upper level of accepted industry standards), the AEC will incur a significant operating deficit.
31. Through the Memorandum of Understanding, Council has committed contributions of \$1million and \$1.2million to the AWF & AEC projects. Both of these allocations have been fully budgeted.
32. A reallocation of funds for the café fit out was approved in January 2010.
33. No funding has been allocated towards the construction of the additional car parking bays (currently estimated at \$150,000).
34. Advance funding will be required for forward programming, particularly the larger shows (eg WASO) which require bookings up to two years in advance, and deposits paid.

STRATEGIC IMPLICATIONS

35. This item directly relates to the following elements from the Albany Insight ~ Beyond 2020 Corporate Plan...

“Community Vision

Historic Albany – Home to a vibrant, resourceful and culturally diverse community...

Priority Goals and Objectives

Goal 1: Lifestyle and Environment ... Albany will be Western Australia’s regional city of first choice offering a diverse range of healthy and active lifestyle opportunities...

Objective 1.4 Our cultural and artistic communities are valued, celebrated and supported.

City of Albany Mission Statement

At the city of Albany we... Seek innovative ways to do things and empower our people to deliver on expectations and promises.

COMMENT / DISCUSSION

36. Council direction is required in relation to a number of matters relating to the AEC:
 - Business and Operation Plan – in particular the budget parameters
 - Sponsorship Packages
 - Opening Ceremony / Opening Series
 - Forward programming policies, and commitment of funds
 - Café operations
 - Management of the Centre
 - Human Resource Structure
 - Transition Date from Town Hall to AEC

Item 6.1 continued.

37. In addition, a claim has been made that the structure is slowly sinking due to an underestimation of the soft foundations. This is being investigated by Building Management and Works, who have already confirmed that there are no issues according to Cox and Doric.
38. Given the number of points that needs direction, it was recommended to Council at the 09 Feb 09 briefing session that a Special Meeting be convened for the purpose of defining an appropriate course of actions and strategic direction from Council.

SUMMARY CONCLUSION

[6:30:27 PM](#) Cr D Wellington.

Councillor Wellington expressed concern that the Officer Recommendation did not allow Council to have any discussion.

Mayor Evans interjected and said that he would move to resume Standing Order 3.1 to stop recording so that Councillors could comment.

Councillor Wellington concurred.

ITEM: 6.0 - DRAFT MOTION

VOTING REQUIREMENT: ABSOLUTE MAJORITY

**MOVED COUNCILLOR WELLINGTON
SECONDED COUNCILLOR DUFTY**

THAT Council resume Standing Order 3.1 - Recording of Proceedings, to stop recording of proceedings.

**MOTION CARRIED 11-0
ABSOLUTE MAJORITY**

ITEM:6.0 - DRAFT MOTION

VOTING REQUIREMENT: ABSOLUTE MAJORITY

**MOVED COUNCILLOR WOLFE
SECONDED COUNCILLOR PRICE**

THAT Council suspend Standing Order 3.1 - Recording of Proceedings, to allow recording of proceedings.

**MOTION CARRIED 7-4
ABSOLUTE MAJORITY**

RECORD OF VOTE

For the Motion: Mayor Evans, Crs R Hammond, D Price, D Wolfe, J Matla,
R Sutton and R Paver

Against the Motion: Crs D Dufty, D Bostock, M Leavesley and D Wellington

Item 6.1 continued.

ITEM: 19.1 - OFFICER RECOMMENDATION
VOTING REQUIREMENT: SIMPLE MAJORITY

THAT a Special Council Meeting be convened to consider all aspects in relation to the management and future operations of the Albany Entertainment Centre.

In accordance with clause 7.7 of the Standing Orders Local Law 2009, Councillor Sutton moved the procedural motion that the motion under discussion be now put.

ITEM: 6.1 – PROCEDURAL MOTION BY COUNCILLOR SUTTON

VOTING REQUIREMENT: SIMPLE MAJORITY

**MOVED COUNCILLOR SUTTON
SECONDED COUNCILLOR HAMMOND**

That the motion be now put.

MOTION CARRIED 9-2

RECORD OF VOTE

For the Motion: Mayor Evans, Crs R Hammond, D Price, D Wellington, M Leavesley,
D Wolfe, D Dufty, J Matla and R Sutton

Against the Motion: Crs R Paver and D Bostock

ITEM: 6.1 – ALTERNATE MOTION BY COUNCILLOR WOLFE

VOTING REQUIREMENT: ABSOLUTE MAJORITY

**MOVED COUNCILLOR WOLFE
SECONDED COUNCILLOR MATLA**

(1) THAT Council confirm that the Mayor and following Councillors:

- a. Deputy Mayor, Cr Wellington; and**
- b. Chair of the Finance Strategy Committee, Cr Leavesley;**

And the Chief Executive Officer;

Are appointed to form an AEC - City of Albany delegation for the purpose of meeting with the Minister for Treasury on Friday 19th February 2010 in order to establishing direct dialogue with the State Government;

(2) THAT the City of Albany delegation is formed with the specific purpose of investigating options to seek initial and on-going operational funding support for the AEC from the State Government and any other sources.

**MOTION CARRIED 9-2
ABSOLUTE MAJORITY**

RECORD OF VOTE

For the Motion: Mayor Evans, Crs R Hammond, D Price, D Wellington, M Leavesley,
D Wolfe, D Dufty, J Matla and R Sutton

Against the Motion: Crs R Paver and D Bostock

Item 6.1 continued.

Councillor Price foreshadowed the following motion:

THAT Council request the CEO to investigate on all known issues relating to necessary legal advice and insurance issues and report back to Council at the March OCM 2010, together with the response received from the Minister and a documented transcript from the meeting with the Minister.

Councillor's Reason:

The purpose of the motion is to request the CEO to investigate all known issues and report back.

**ITEM 6.1 – MOTION BY COUNCILLOR PRICE
VOTING REQUIREMENT: SIMPLE MAJORITY**

**MOVED COUNCILLOR PRICE
SECONDED COUNCILLOR DUFTY**

THAT Council request the CEO to investigate all known issues relating to necessary legal advice and insurance issues and report back to Council at the March OCM 2010, together with the response received from the Minister and a documented transcript from the meeting with the Minister.

MOTION CARRIED 10-1

RECORD OF VOTE

For the Motion: Mayor Evans, Crs R Hammond, D Price, D Wellington, M Leavesley, D Bostock, D Wolfe, D Dufty, J Matla and R Sutton

Against the Motion: Cr R Paver

The Mayor declared the meeting closed at [7:28:03 PM](#)

Confirmed as a true and accurate record of proceedings.

Mayor MJ Evans, JP
MAYOR



Albany Entertainment Centre Presentation

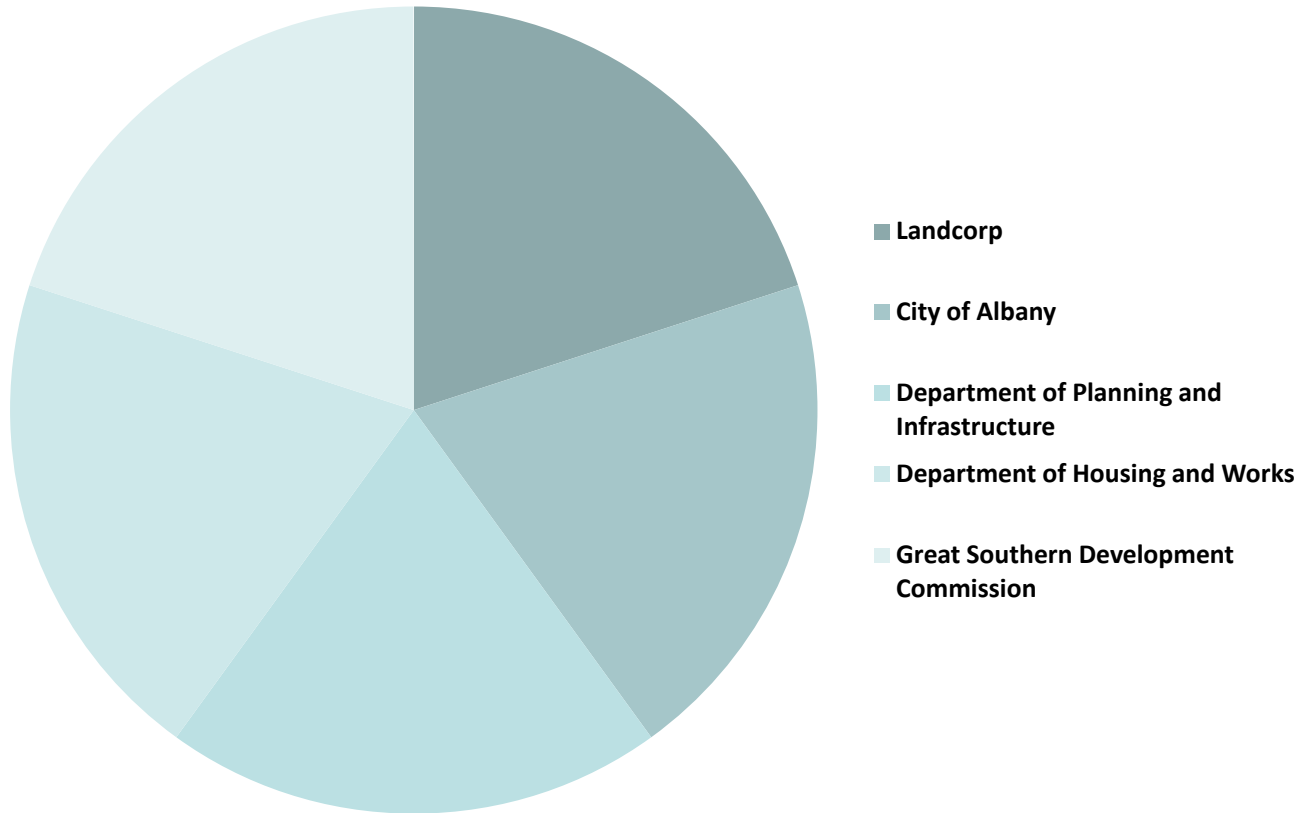
CITY OF ALBANY AEC Comparatives

	Build Value	Build Date	Seating Capacity	Location	Operated By	Population ¹⁰	Staff Numbers	Maintenance Cost	Trf to Reserve	Cost to Council ¹²
AEC 2004 ¹	\$14m ⁶	N/A			Council		4.5	\$ 45,000	\$ 150,000	\$0.375m
AEC 2006 ²	\$25m ⁶	N/A			Council		Unknown	\$ 150,000	N/A	\$0.577m
Town Hall	\$10m ⁷	1983	310		Council	53,739	3	\$ 9,000	N/A	\$0.156m
AEC 2010	\$72m	2010	620	Waterfront	TBC	53,813	TBC	TBC	TBC	TBC
Glasshouse ³	\$62m	2009	608	One block back from Hastings River	Council	284,676	11 plus	\$ 53,536	\$ 100,000	\$2.5m ¹¹
Bunbury ⁴	\$8.8m	1990	810	Inlet frontage (four blocks from ocean)	Board of Management	219,812	10 ⁸	\$ 11,456	N/A	\$0.333m
Geraldton ⁵	\$3.8m	1982	620	Four blocks back from Hastings River	Council	59,925	5 plus four casuals ⁹	\$ 45,000	N/A	\$.691m
Mandurah	\$21m	1997	800	Inlet frontage	Trust		11 plus 8 casuals	Commercial in confidence	Commercial in confidence	Commercial in confidence

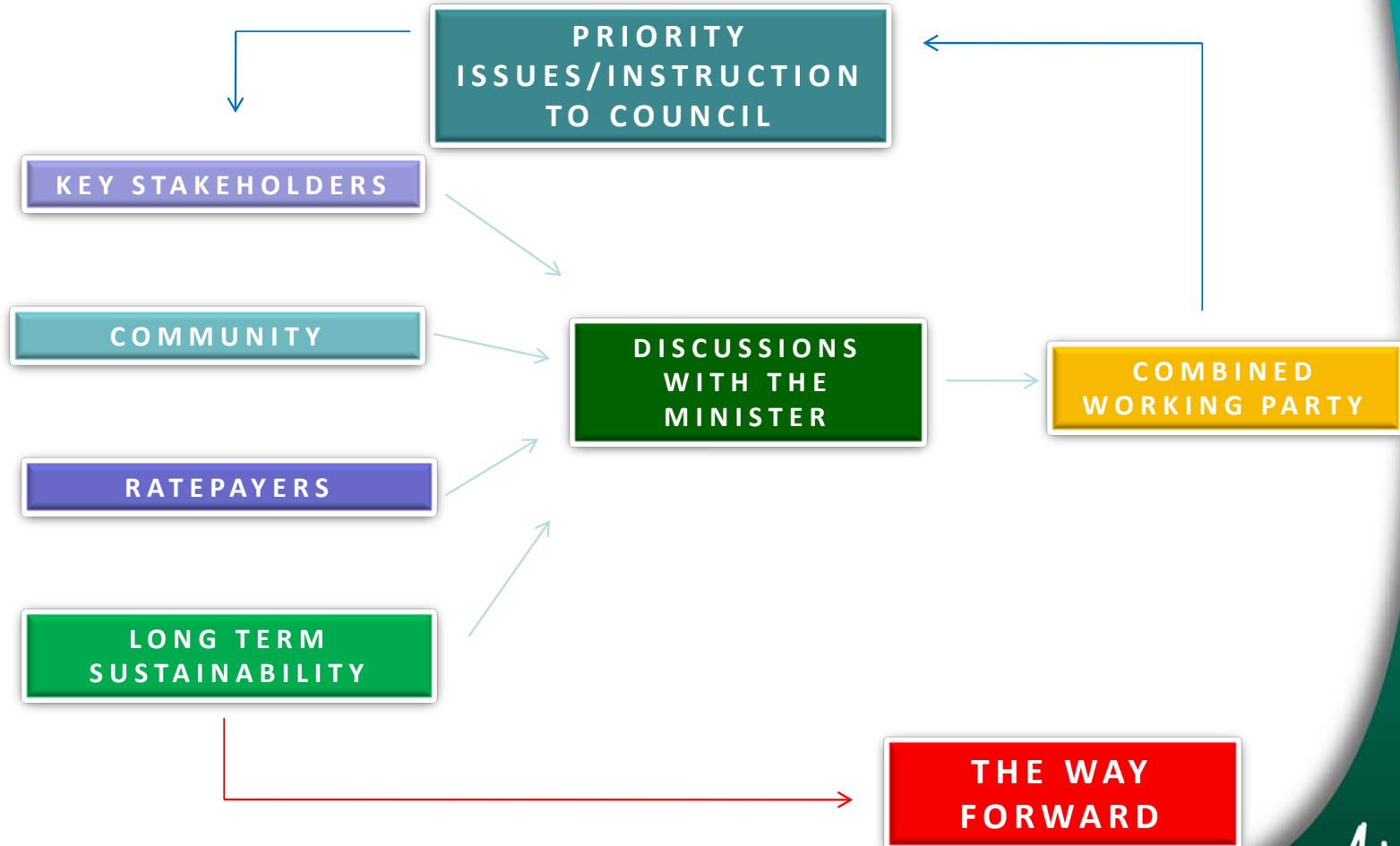
Notes

1. AEC 2004 relates to Town Hall and AEC
2. Council Adopted Five Year Plan 2007/08 to 2011/12
3. Data provided by Port Macquarie-Hastings Council - Current Budget 2009-10
4. Data provided by Bunbury Council - Year to Date Projected to 30 June 2009
5. Data provide by Geraldton-Greenough Council - Current Budget 2009-2010
6. Incremental and Various
7. Insurance Value
8. Volunteer Base in excess of 100
9. Confirmed with Geraldton-Greenough Council - Box Office and Marketing Manager
10. Australia Bureau of Statistics 2006 Census data Statistical Divisions
11. This figure excludes interest and loan principal payments. (Original Budget for 09-10 amounted to a cost to Council of \$1.3m. Q1 Review increased this amount to \$2.371m and current estimate is \$.25m).
12. Excludes non-cash Depreciation
 - TBC To be confirmed by Council

CITY OF ALBANY Key Stakeholders



CITY OF ALBANY Issues to be discussed



CITY OF ALBANY PRIORITY ISSUES

- **MANAGEMENT STRUCTURE**
- **OPERATING BUDGET – Café, Bar etc.**
- **MAINTENANCE COSTS**
- **BEST PRACTISE VISITS**
- **MANAGEMENT/ADVISORY BOARDS**
- **USE OF BUSINESS CONSULTANTS**
- **OWNERSHIP OF BUILDING**
- **LAND TITLE**

THANKYOU

Questions?





Albany Entertainment Centre Supplementary Questions Asked

QUESTIONS RELATING TO THE ALBANY ENTERTAINMENT CENTRE Prepared by Cr Dot Price for OCM 16/2/2010 and SCM 17/2/2010

1. I read in the FAQ document, on page 1, that major infrastructure projects coordinated by General Management Services, such as the AEC and ANZAC Peace Park were specifically excluded from this process. What processes did apply to these projects? Were there any reports to the then Council of the process of these major projects?

There were no reporting mechanisms or internal review controls for either of these projects.

2. Can you please explain why maintenance costs are included in this draft budget relating to the operation and maintenance of the AEC? Is it because Council asked you last month to prepare these figures for another building owned by the City, specifically ALAC?

Through the January meeting Council indicated it required more in-depth figures in relation to City Business Units (discussion at that time focused on ALAC). Accordingly full operations and maintenance costs have been included in the draft budget of the AEC.

3. How is it that we have no records of the figures for the running costs of the most expensive building in Albany to date?

Although not recorded in the City's Records Management System, a single page spreadsheet entitled 'Albany Entertainment Centre 7 Year Financial Projections' has subsequently been located. The historical focus appears to have centered primarily on the physical build of the AEC for which there is extensive documentation.

Since 2009, more detailed financial planning has been undertaken, and although further direction by Council is required, is now presented in its current form to the Council.

4. Do we have repair issues associated with other buildings owned by the City, including, but not limited to, this building?

The current building portfolio comprises buildings to a value of \$126M. Currently there is an amount of \$670,000 provided for repairs and maintenance and this amount covers only reactive maintenance work required. Considering the norm of 3% of asset value which is recommended for maintenance provision, an amount of \$3.8M should be provided on an annual basis.

Considering the above, there are many buildings in the estate portfolio which require large amounts be spent to bring them to an acceptable standard, but where no funding or reserve funds are available. This is particularly relevant for the historic buildings and to name a few:

- a) Penny Post building: repair of retaining wall and internal structures as per heritage architects - \$1,000,000.
- b) Womens Rest Centre: repairs to flooring, walls, roofing and external drainage in terms of heritage plan - \$1,750,000.
- c) West Rail Barracks: reconstruction of external walls and rehabilitation of heritage structure - \$1,400,000.
- d) Town Hall: rough estimate for structural repairs and rehabilitation - \$1,200,000.

- e) Community group lease premises: halls, progress halls over 100 leases – estimated rehabilitation costs - \$2,000,000.

Currently there are virtually nil reserves available, and no maintenance work on these buildings is possible, with their condition and standard being lowered every year.

5. How much of the sums before us tonight can be attributed to the financial crisis?

None of the costs are directly attributable to the G.F.C.

6. In the PIB prepared for us, on page 3, the statement is made that "no operational assistance was apparently sought by the City". What is this conclusion based on? Was any sought by the project administrator, the GSDC?

In 2005, Council resolved that the Albany Entertainment Centre be a Council owned and operated entertainment venue and that convention, function and hotel facilities be developed in the near vicinity and owned and operated by the private sector.

The Business Case (2006) states that the City will 'own, operate, manage and maintain the facility', and the, summary on page 28 states: "Council will own, operate and manage the facility and can sustainably fund the annual operating deficit and provision for major maintenance."

The AEC Budget 7 Year Projections show no income being derived by way of operational assistance, other than 'Grants & Sponsorships' for \$45,000.

It is unknown whether any operational assistance was sought by the GSDC as project administrator.

7. The Minutes of the OCM of 21/6/2005 show a motion recording "That the Albany Entertainment Centre be a Council owned and operated entertainment venue....." Almost four and one half years (4.5 years) have passed since then, and we are now receiving a detailed budget proposal to prepare for its ownership and operation. Who, in the City, had carriage of this project prior to March 2009 when Mr Madigan was given carriage of it?

Prior to March 2009, carriage for the Albany Entertainment Centre project rested in the General Management Services Directorate.

8. I have read the AEC Business Case presented to the then Treasurer, The Hon. Eric Ripper MLA, and I assume questions were asked about it by Treasury. Does the City have a copy of any documentation about this Business Case from the then Treasurer or the office of the Treasury Department?

The City Council's Records Management System usually allocates reference numbers and documents are stored in both hard copy and electronically – no file can be found on the operating proposals for the AEC.

An initial search of the e-mail archives has identified one particular email dated 22 July 2006, prepared by the Department of Treasury and Finance, and forwarded from the GSDC to the City which specifically addresses perceived shortcomings in the Business Case. It suggests a meeting to discuss the matters raised by Treasury and requires additional information from the City. No reply to this mail has been found in the e-mail archives to date.

9. Was the Business Case authorised by the Council of that time?

There is no record of the Business Case being authorised by Council.

10. Who prepared the figures for the Business Case?

In 2002, the Theatre Manager and the then CEO prepared an indicative budget for the AEC and 'discussed an operating deficit of around \$400,000 based on other regional budgets'.

From that point, the Theatre Manager had no further input into the budgetary process until 2009 when carriage of the project was transferred to the EDCCS.

11. Was there a response from Cabinet in relation to the Business Case? If so, may we see that response?

No response from Cabinet to the Business Case has been located.

12. Did the then Cabinet or Dept of Treasury ask for any changes? If so, what were those changes? What enquiries has the City made to find any responses if there were any?

Please see answer 8. No further enquiries have been made based on the initial legal advice from Hudson, Henning & Goodman.

13. Was the Business Case, presented by the former CEO to the Treasurer in July 2006 prepared with the assistance of any other parties listed in the MOU, including the GSDC?

No records other than the email reported at question 8 have been located, although the CEO, GSDC, has advised: "I recall well that financial material/projections were produced by the COA for its AEC bid to Treasury. However, I did not contribute to them."

14. Legally, is there a duty of care to the City from either Treasury or GSDC if they have looked at and received the financial statements or draft budget that must have accompanied the Business Case?

This would require a legal opinion which is pending at the time this list of answers was being prepared.

15. In my reading of the Business Case of July 2006, I observe changes in the operating costs reported over time. How many times have the operating deficit figures been changed? Are there any documents relating to these former operating cost estimates?

The Strategic Business Item (July 2004) for the proposed Convention and Entertainment Centre, which was to be located in York Street, adjacent to the Town Hall, required an annual subsidy/sponsorship of \$374,700 and included the operations of both the Centre and Town Hall.

This figure was further reduced to \$180,000 through the incorporation of the Visitor Centre.

The 7 Year Financial Projections identified operational losses of \$526,000 (2009/10) to \$670,999 (2016/17).

Preliminary budgets (October 2009) indicated an operating deficit of between \$1.3m to \$1.6m and this figure has been further refined to date.

Full (chronological) documentation is being prepared by the City.

16. I have been a member of the Finance Strategy Advisory Committee and the Audit Committee since my election to this Council Can you briefly describe the process leading up to this budget preparation? What records did you have access to?

- a) Town Hall Theatre Manager provided experienced based estimates of revenue and Expenses.
- b) Limited modelling previously done was reviewed.
- c) Financial data was sourced from Bunbury and Geraldton and the Glasshouse theatre in Port Macquarie. Information was sought from Mandurah but limited information was provided. The comparative data was put into the context of the similarities or otherwise of the facilities.
- d) Justification for building maintenance provision was sought and received from the Principal Project Manager.

17. The City of Albany was expecting \$42 million from the sale of land in Cull Rd and Yakamia. What has been the impact of the non-realisation of that amount?

Impact – a large funding shortfall and debt levels outside the parameters of what many may consider is prudent fiscal management.

18. Was the Business Case, presented by the former CEO to the Treasurer in July 2006 prepared with the assistance of any other parties to the MUO, including the GSDC?

Not known. Refer to question 13.

19. On the 11th December 2006, Mr Hammond agreed to the final design brief and we are advised in the Business Case that "Brief is set but can test functionality" at does this phrase mean in layman's terms?

Brian Smyth, Project Manager, has advised that this statement ensured the architects could design to the Brief.

20. Did the then Council see and approve the design brief?

Yes. Special Council Meeting held on 14/08/07, Item 6.1:

Council Resolved:

THAT Council:

1. *Endorse the design of the Albany Entertainment Centre prepared by architects Cox Howlett Bailey Woodland for the Department of Housing and Works (DHW) and request DHW to undertake the following actions in order to meet their obligations under the Public Works Act:*
 - a) *Refer the proposal to the Coastal Planning Branch of the Department of Planning and Infrastructure for assessment against SPP2.6 and policy DC6.1.*
 - b) *Refer the proposal to the Heritage Council of WA for advice and for assessment against the adopted "Albany Waterfront StructurePlan Heritage Report Impact Assessment" (Tom Stevens, Feb 2006 V4), and;*
 - c) *Submit an alternate plan to the City of Albany showing alternate car parking arrangements that provides for heavy vehicle access to the site and disabled car parking.*
2. *Receives public comments and forwards them to the Department of Housing and Works for further consideration in the design development phase.*

21. At the SCM of August 2007 the proposal for the AEC was referred to the Coastal Planning Branch of (then) DPI for assessment against SPP2.6 and policy DC6.1. What was the outcome of that assessment and where is that outcome documented?

The Manager, Coastal Planning Environment & Sustainability, Coastal and National Resource Planning responded (21 December 2007) to the consultants, intra alia:

“ It is noted that the design conditions for the seawall and overtopping for the building are the 100 year design event. Whilst this may be appropriate for the seawall, a structure that would be expected to require maintenance over its design life, this may not be appropriate for the design of the building. A higher return period even may be considered more appropriate to reduce the maintenance requirements on the building. Similarly, access requirements should be considered to allow an excavator (typically 30T) to travel around the promenade and undertake maintenance on the seawall.”

and

“As previously noted under the current design, the seawall will be overtopped during storm events. This will result in waves braking over the structure and the pooling of water behind the structure. The foreshore manager (assumed to be the City of Albany) and the AEC Manager must accept ownership of this risk to pedestrians. Alternative access to the AEC away from the promenade, either from the side, or rear of the building, will be required during storm events.”

“A previous suggestion to reduce the volume of wave overtopping was to raise the height of the proposed limestone block kerb behind the seawall. It is suggested that this be reviewed if the volume of wave overtopping is considered unacceptable.”

The City has been contacted this week in regards the risk acceptance of the overtopping and is seeking advice as to likely costs and various legal issues.

22. In the Business Case put to the then Treasurer, on page 4, I note the statement "A close working alliance with contractual comfort would be required between the hotelier and the City to coordinate the management of conventions and functions and to undertake collaborative marketing and promotional activities." Further, on the same page, I read "Whilst the City would prefer that the hotel and conference centre facilities to be constructed in tandem with the entertainment centre or soon thereafter, the financial and operational impacts of a delay will be inconsequential to the centre's operations" These two statements appear to me to be in conflict. Can someone please clarify this situation for me?

No Risk Analysis for the Business Case has been able to be located within Council's Records Management System.

The Business Case (page 11) however states:

“The financial and operation viability of the Entertainment Centre will not be affected by a delay in attracting hotel and conference facilities to the site”.

The current Risk Analysis & Risk Register which are nearing completion have identified that without a hotel on the site, income generating opportunities diminish greatly.

- 23. On page 15 I read "An agreement establishing equitable contributions to collaborative convention marketing and promotional programs would also be required." Was this "requirement" ever accepted and supported in a Council motion? Whilst I can see obvious benefits to both parties, how does the City operate while the hotel is being built? Is there any documentation outlining the procedures or processes to be followed?**

The Marketing and Communications Plan is still to be completed – this has been substantially slowed by the debate regarding the naming of the AEC.

According to the Manager for Economic Development, there was no budget allocation in the initial costings for this purpose.

In December 2009, Council adopted the terms of reference of the Albany Tourism Marketing Committee (ATMAL), subject to the inclusion of marketing for the Albany Entertainment Centre following the initial opening season.

- 24. On page 23 of the Business Case I read that a kitchen with limited cooking facilities supported by main hotel food and beverage facility including freezer, cool room, and scullery and store area will be provided in the AEC. On the same page I read "Whilst the City would prefer that the hotel and conference facilities to be constructed in tandem with the entertainment centre or soon thereafter, the financial and operational impacts of a delay will be inconsequential to the centre's operations." Does this mean that for 3 years or more we don't have the main hotel food? How can we hold a convention?**

Both kitchen areas in the Centre are 'reheat' kitchens, which means essentially that food is prepared off-site and brought into the premises for 'reheating'.

- 25. On page 24 of the Business Case, I read "the City's 15 year financial plan incorporates an annual operating loss of \$330,000 increase on the current operating deficit of the Town Hall". How was this figure arrived at? Where is the documentation which backed this claim presented to Cabinet? Was that documentation presented to the former Council?**

The 15-Year Financial Plan has not been located in the Council Records system.

The AEC Budget 7-Year Projection lists an operating deficit of \$526,000 for 2009/10.

Actual operating deficits for the Town Hall for 2004/05 and 2005/06 respectively were approximately \$202,000 and \$172,000 respectively.

Therefore, the increase in operating deficit on the then 'current operating deficit of the Town Hall' is \$324,000 and \$354,000 respectively.

QUESTIONS RELATING TO THE ALBANY ENTERTAINMENT CENTRE Prepared by Nicolette Williams for SCM 17/2/2010

26. Can you please advise the annual loss currently being absorbed by COA for:

- i. The Library \$1,050,000
- ii. The Town Hall \$ 156,000
- iii. The ALAC \$ 326,000
- iv. Vancouver Arts Centre \$ 251,000
- v. HMAS Perth dive site \$ 49,000

27. When will a convention/function co-ordinator be appointed to source large conference business for the AEC in preparation for 2011?

Staffing structures for the Centre have not been determined at this stage, and direction is required from Council.

28. Do contractual obligations between the COA and the WA Government for completion and key handover; allow the City to refuse the keys as stated by the Mayor to the media last week?

The City has requested legal advice on this matter.

QUESTIONS RELATING TO THE ALBANY ENTERTAINMENT CENTRE Prepared by Graham Harvey, CEO Albany Chamber of Commerce & Industry for SCM 17/2/2010

29. Similar Entertainment Centres in Bunbury, Mandurah and Geraldton operate at substantially reduced deficits than the amount projected for the Albany Entertainment Centre. Chamber on behalf of its members, were very concerned to be confronted with last week's headlines about a \$2.4 million cost per annum over the next five years. The costs of operating deficits for the Bunbury Entertainment Centre are \$280,000 per year, Geraldton runs at a deficit of \$400,000, and Mandurah \$425,000.

The City has again contacted the three Councils listed by the Chamber of Commerce in its media comment.

The figures presented to the City have been again confirmed as:

Council	Contact Name	Cost to Council
City of Geraldton	CEO, Tony Brun	\$691,000
City of Mandurah	Not provided	Commercial Confidence
City of Bunbury	Manager, Bunbury Recreation and Entertainment Centre	\$333,000

The closest comparator used (based on build cost, date proximity, staffing numbers, operating scale and other synergies) is Glasshouse, as shown below:

Council	Contact Name	Cost to Council
Glasshouse Theatre	Bev Fraser	\$2,500,000

- 30. The ACCI's question is-how can there possibly be a \$2 million difference between the operations of these centres compared to Albany which is a similarly configured facility.**

The most comparable Centre to Albany is the Glass House Theatre, Port Macquarie NSW which opened in 2009, and has an operating deficit of \$2.5M, not including debt servicing and depreciation. The figures quoted in the local press this week are not 'apples for apples'; for instance Geraldton was built 28 years ago and at a cost of \$3.8M, which has little if any relevance to the AEC.

- 31. What has changed from advice received from the City in October 2009 projecting an operational deficit of \$700,000 versus an operational deficit of \$2.4 million less than five months later in February 2010.**

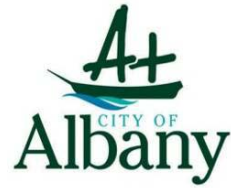
The overall preliminary operational deficit stated in the City's correspondence of October 2009 to Mr Michael Pemberton was in the range of \$1.3M - \$1.6M.

These figures have been further refined in the main, to increase the building maintenance allowance based on the quantity surveyor's estimation of the value of the building 'above ground', engagement of the venue management company and increased staff structures based on the Glass House recommendations, and allowances for the operating of the cafeteria.

The City has used many of the 'lessons learnt' from the Glasshouse as the closet comparator to the AEC.

- 32. Have these revised figures been audited by Treasury, and have these figures been submitted to the Department of Culture and Arts for a comparative analysis against the operating costs of Bunbury, Geraldton and Mandurah.**

Please see answer to question 8. The City was unaware until recently that Treasury had seen the operating costs as all documentation held relates to the physical build of the AEC. No external analysis of the draft budget has been undertaken but is one of the considerations to be discussed with Council to seek their direction – further money will need to be identified to complete the various business planning/modeling.



Project Initiation Brief
(PIB) v3.1

Albany Entertainment Centre

DOCUMENT VERSION CONTROL

VERSION NO.	VERSION STATUS	DISTRIBUTION	DATE	COMMENT
v3.0	Draft	From CEO to EDCCS	05/02/10	For consideration by EDCCS
V3.1	Draft	From CEO to EDCCS & Councillors at Agenda brief	09/02/10	For consideration by Council at Agenda Brief

APPROVALS

STAGE NO.	TITLE	SIGNATURE	DATE	WHEN REQUIRED?
1	Project Manager	Name: David Schober Signature:	05/02/10	Once PIB completed, forward to Manager for approval
2	Executive Director	Name: Peter Madigan Signature:	05/02/10	Once approved, forward to Project Office.
3	Project Officer	Name: Melissa Organ Signature:		Once received, forward to CEO.
4	Chief Executive Officer	Name: Paul Richards Signature:		Once signed and returned by CEO, Project Office to notify Project Manager to upload onto Online Project Database and register in Synergy.

1. AIM

This Project Initiation Brief (PIB) provides a reference point and guide for the development and operations of the Albany Entertainment Centre (AEC) as a City of Albany business unit.

The aim of this document is to guide the consultation process with internal and external stakeholders regarding the AEC, its operation and artistic direction, plus seeks Council support by resolution of an agreed strategy from options to be work shopped through the Albany Tourist and Marketing Advisory Committee (ATMAC).

2. EXECUTIVE SUMMARY

Background

Discussion on the concept of the AEC and subsequent planning for the physical build has been ongoing since 1996, with the actual build programme commencing in 2007. The AEC is a State Government funded build with the operational costs for the facility resting with the City of Albany – no operational financial assistance was apparently sought by the City.

The AEC is part of the Albany Foreshore re-development which includes the Anzac Peace Park, marina and hotel/residential complex. However, the AEC's operating capacity (volume and revenue) is closely linked with the required accommodation offered by the planned neighbouring hotel/residential complex. The proposed foreshore hotel is to be marketed by Landcorp in mid 2010 using Expressions of Interest (EOI) with an anticipated build programme that delivers a finished operating hotel by 2013 – this delivery timeline is subject to slippage and directly affects operational capacity of the AEC, especially for its first three operational years.

Situation

Little, if any detailed commercial planning for the AEC was conducted when it was commissioned and to date there has been a complete lack of meaningful Council, community and stakeholder engagement for its operation and only limited discussions (and planning) for its artistic direction have taken place. No consideration appears to have given to date regarding the AEC and its synergy with other existing City assets, such as the Town Hall; however, the design of the AEC does not allow much flexibility for multi-use purposes. For instance, for regulation non-compliance does not allow the AEC foyer area to be used for commercial purposes (such as any consolidation of costs by moving the existing Visitors Centre into the foyer area as one operating point). Many other (commercial) operating practices are not viable due to the build design, for instance there is no fixed bar (mobile bars only) and the kitchens are re-heat only allowing little attractiveness to high end restaurateurs.

Recent mitigation of risks (course of actions)

- Research has now been conducted on similar Entertainment Centre venues in Geraldton, Bunbury, Mandurah and Port Macquarie (Glasshouse Theatre) in regards their management structure, financial position and operating practices;
- Engagement has been made with Perth International Arts Festival (PIAF) regarding their expert assistance and advice on artistic direction and event management;

- Indicative artistic scheduling has commenced for the AEC; and
- Draft project documents are in the process of being produced to assist Council debate regarding the strategic direction of the AEC as a facility and asset (see Section 5 Detailed Project Scope).

Using the data from venue comparators the cost projections for the AEC have been based on providing for annual repair/maintenance at 3% of the above ground building cost, an increase of staff to eight (8) plus a fixed term contract (of three years) for a specialised venue management company – the annual projected operational loss is \$2,392,716 for the first year of operation and \$2,221,047 for the second (full) year of operation.

N.B it must be emphasised that the costs are indicative as there are so many operating and financial systems used by other venues that the AEC will probably require two years operation to establish a meaningful financial baseline.

Specific policy and operating guidelines are currently being drafted for the consideration of Council.

The venue is currently scheduled for completion in late 2010.

3. LINK TO STRATEGIC PLAN – ALBANY INSIGHT - BEYOND 2020

3.1 *This item directly relates to the following elements from the Albany Insight ~ Beyond 2020 Corporate Plan...*

- **Lifestyles and Environment –**
 - *Our cultural and artistic communities are valued, celebrated and supported.*
 - *Young adults are well catered for*
- **Economic Development –**
 - *Investment is complementary to Albany's sense of place and occurs within an up to date and effective planning framework.*
 - *Our unique cultural heritage attractions deliver world class tourism experiences.*
 - *A significant annual international festival is hosted.*
- **Governance**
 - *Manage our municipal assets to ensure they are capable of supporting our growing community.*
 - *Deliver excellent community services that meet the needs and interests of our diverse communities*

4. WORK PACKAGES

WP #	Description	Work Package Leader	Start	End
1	Develop AEC Business Plan (including financials): <ul style="list-style-type: none"> • Scope as a standalone and discuss synergy with other City assets; • Scope and deliver an effective operating solution for the AEC cafe; • Decision on staff and specialist venue management company; and • Risk management plan. 	PM	05/02	16/02
2	Define AEC Policies (for Council adoption) and operating guidelines (to include programming and ticketing)	DS	05/02	18/02
3	Commissioning of the AEC and transition from Town Hall (to include plan for Town Hall operations and costs post AEC opening)	DS & PW	05/02	16/02
4	Marketing and communications plans to be completed: <ul style="list-style-type: none"> • AEC logo and branding; • Advertising; • Public relations; • Community updates; and • Community access ('sneak peaks'). 	JAG	01/01	16/02
5	Sponsorship packages and partnering plans to be developed	JAG & JB	05/02	12/02
6	Opening ceremony and opening week's attractions plan to be developed	SG	05/02	16/02
7	Opening season and indicative years 2011/12, 2012/13, 2013/14 and 2014/15 to be developed	PM	05/02	16/02
8	Risk Management Plan	PM	05/02	16/02
9	Asset Management Plan	PB	05/02	16/02

5. **DETAILED PROJECT SCOPE**

The PIB considers the commissioning and operation of the AEC, recognising the need to maximise business opportunities and minimise costs and risk to Council.

- **Business and Operations Plan**

Refer to [Business Plan\02_AEC Business Plan_Council.doc](#)

Refer to [Financials&budgets\Budgets\AEC-operating_budget.xls](#)

- **AEC Policies (for Council adoption) and operating guidelines**
- **Commissioning of the AEC and transition from Town Hall**
- **Marketing and communications plans**
- **Sponsorship packages and partnering plans**
- **Opening ceremony and opening week's attractions plan**
- **Opening season and indicative years 2011/12, 2012/13, 2013/14 and 2014/15**

6. COUNCIL DETERMINATIONS

COUNCIL MEETING DATE
OCM 13.07.1999 (Item 15.3.2)
OCM 5.10.1999 (Item 15.3.2)
OCM 4.7.2000 (Item 14.2.1)
OCM 21.5.2002 (Item 14.3.2)
OCM 20.1.04 (Item 14.3.1)
OCM 17.8.04 (Item 14.4.1)
OCM 17.5.05 (Item 14.3.1)
OCM 21.6.05 (Item 14.3.3)
OCM 21.6.05 (Item 14.4.1)
OCM 21/11/06
SCM 14/08/07

7. MANAGEMENT RESPONSIBILITY MATRIX

This section details stake-holder agreed responsibilities, including consultation, for the project and provide a brief overview of the consultation process.

INTERNAL STAKEHOLDERS			
RESOURCE	TITLE	ROLE & RESPONSIBILITY	CONTACT
ATMAC	Project Board	Meetings will review and communicate progress and resolve any issues that arise.	Rae Batten 9841 9312
Peter Madigan (PM)	Project Director	Selects the project delivery team and directs the project; particularly from a technical and methodological perspective. The Project Director will also undertake project assurance.	Rae Batten 9841 9312
David Schober (DS)	Project Manager	The Project Manager will coordinate and manage project work and ensure that project outputs and milestones are delivered on time. The Project Manager will meet regularly with the Project Director and Work Package Leaders to monitor progress and identify issues promptly.	Rae Batten 9841 9312
Pam Wignall (PW)	Work Package Leaders	Each Work package will have a work package leader. Work Package leaders will be in-charge of managing the work within their respective work package and ensuring milestones are met in the required timescales.	PW 9841 9263
Stewart Gartland (SG)			SG 9841 2222
Mark Weller (MW)			MW 9841 9202
Julie-Ann Gray (JAG)			JAG 9841 9344
Jon Berry (JB)			JB 9841 9339
Michelle Dayman (MD)			MD 9841 9342

8. PROJECT BUDGET AND FUNDING SUMMARY – Draft 1 only

PROJECT COMPONENT	PROJECTED COST (\$)	CITY FUNDING (\$)	External FUNDING (\$)	TOTAL (\$)
Café Procurement *	1,000	1,000	0	1,000
Sponsorship Procurement *	5,000	5,000	0	5,000
Risk Management Plan *	10,000	10,000	0	10,000
Asset Management Plan *	15,000	15,000	0	15,000
Marketing Plan (Incl logo development) *	5,000	5,000	0	5,000
Handover And Management Procedure *	2,000	2,000	0	2,000
Town Hall Operations Plan	0	0	0	0
Forward Programming To 2014/15	Tbc			

* Expenditure 09/10

Budget build item 10/11

∅ Lotterywest offers 'Community Events and Celebrations' grants to help communities celebrate significant occasions, encourage cultural diversity and bring communities together.

GSDC Regional Grants Scheme

+ Net cost is anticipated to be offset by performance fees.

A detailed operational budget for the centre has been prepared:

N:\CORP.COMM.SERVICE\AEC\Financials&budgets\AEC Budget Feb_2010.xlsx

The Five Year AEC Budget and Key Assumptions follows.

KEY ASSUMPTIONS FOR THE ALBANY ENTERTAINMENT CENTRE BUDGET

1. The above summary assumes that the City of Albany retains the cafeteria, liquor licence and catering function. This option is the least cost-effective.
Three other options have been modelled:
 - a. The City leases the cafeteria but retains the liquor licence.
 - b. The City leases the cafeteria and the liquor licence.
 - c. The City leases the cafeteria, the liquor licence and the catering function as a package.
2. Inflation of 2.5% has been incorporated where appropriate.
3. Revenue and associated expenses in Year 1 (2010-11) reflect a 'soft opening' of the AEC at the beginning of November 2010 and the official opening in December 2010.
4. The opening season revenue assumes 5 shows with an average audience of 410.
5. Commercial Hirer revenue assumes 40 shows per year with an average audience of 410.
6. Local Hirer revenue assumes 20 shows per year with an average audience of 410.
7. City of Albany Presentations revenue assumes 10 shows per year with an average audience of 300.
8. Non-ticketed revenue includes rental of studio and room space and liquor sales.
9. Sponsorship revenue of \$250,000 is included in year one and \$100,000 in subsequent years.
10. The budget allows for eight FTE (excluding Cafeteria and Liquor staff). This is based on staffing levels at like facilities.
11. Utilities costs include costs for usage of 2,280 kilowatt hours per day (without shows) to 6,840 per day peak with shows.
12. Contracts include \$350,000 (escalated) for a specialist Venue Management Company. This is consistent with the approach to achieve the best outcome for the Centre, both culturally and from a cost perspective.
13. Insurance cover is an indicative cost at the mid-point of insured values of \$65m and \$35m. There is no cover for physical loss from action by, or water from the sea.
14. Year 1 (2010-11) includes an operating contingency of \$250,000.
15. Year 1 (2010-11) includes an capital allowance of \$50,00 for any gaps in equipment requirements.
16. A provision for planned (cyclic) and Asset Management program costs has been included – refer 'Transfer to AEC Building Reserve'. It is at the high-end of typical provisions - 3.0% of the above-ground building value of \$35m. This conservative approach is dictated by the many unknowns associated with the building at this stage (including the un-confirmed above ground value of \$35m).
17. The non-cash item of depreciation (\$700,000) assumes depreciation on a building value of \$35m over 50 years.
18. No allowance has been made at this stage for an allocation of City administrative overheads.
19. An opportunity cost is the value of the benefits which could be received by taking an alternative action (to funding the AEC costs). Using a total funding requirement of \$2.4m in Year 1, the City could save \$122,000 in interest payments (at 5% interest) if it used the \$2.4m to reduce debt. There would be other benefits such as a reduced debt ratio. THIS IS ONE EXAMPLE ONLY OF A POTENTIAL OPPORTUNITY COST. Normally, the value of the next-highest-valued alternative use of that resource is included in modelling. Opportunity cost has been included in order to incorporate an example of the true cost of the AEC.

9. RISK ASSESSMENT

<i>(L)Likelihood</i>	<i>(C)Consequence</i>				
	Insignificant	Minor	Moderate	Major	Severe
Rare	Low	Low	Medium	Medium	High
Unlikely	Low	Medium	Medium	Medium	High
Possible	Low	Medium	Medium	High	Extreme
Likely	Medium	Medium	High	High	Extreme
Almost Certain	Medium	High	High	Extreme	Extreme

RISK	(L)	(C)	RISK RATING	TREATMENT
Fail to receive funding from Lotterywest	Possible	Major	High	Seek Council funding from municipal revenue
Completion of building	Unlikely	Severe	High	Defer opening and postpone acts and acknowledge potential cost impact on City
No commercial interest in Café	Possible	Major	High	The above 10/11 deficit incorporates a contingency plan for the City to operate the café. Other options are detailed in the budget. Contract could be a three stage offer. If unsuccessful in first round tenders, offer again with exclusive catering contract. If unsuccessful with second round tenders, include venue liquor provision as well as catering contract. City fits out café then re-tenders
Fail to receive commercial sponsorship	Possible	Major	High	Council considers funding from municipal revenue

Note that the risks identified above are current risks. It is imperative that a full risk analysis be carried out to identify potential exposures and that subsequently, those exposures are fully costed.