

Belgrave Multi purpose Facility Business Plan

Final Report

June 2014



Table of Contents

Executive Summary	i
1 Introduction & Background	3
1.1 Introduction	3
1.2 Background	3
1.3 Site Description.....	4
1.4 Facility Overview	5
1.5 Facility Vision.....	5
1.6 Governance and Management Model	6
1.6.1 Heads of Agreement.....	6
1.6.2 Occupancy Arrangements	6
1.6.3 Management Model.....	6
1.7 Facility Fit Out	7
1.8 Transitional Arrangements and Relocation Costs.....	7
1.9 Facility Usage Model.....	7
1.9.1 Office Space.....	7
1.9.2 Consulting/Clinic Rooms	7
1.9.3 Multi Purpose Spaces.....	8
1.10 Facility Costs Apportionment Model	8
1.11 Facility Hire Charging Model	9
2 Business Plan.....	10
2.1 Introduction	10
2.2 Facility Areas Covered in Business Model.....	10
2.3 Key Business and Operational Assumptions	10
2.3.1 Staffing Structure and Classifications	10
2.3.2 Insurance Allowances.....	10
2.3.3 Tenants Fees and Charges	10
2.3.4 Room Hire Charge Per Hour	11
2.3.5 Anticipated Consulting/Clinic and Multi Purpose Rooms Usage	11
2.3.6 Utilities, Security, Waste Removal and Insurance.....	15
2.3.7 Office Costs.....	15
2.3.8 Cleaning Costs.....	15
2.3.9 Building Maintenance	16
2.3.10 Building and Plant Depreciation.....	16
2.3.11 Capital Loan Repayments	16
2.3.12 Asset Management and Replacement Allowances	16
2.4 Financial Model Global Impact Assumptions.....	17
3 Key Findings and Recommendations	19
3.1 Summary of Key Project Findings	19
3.2 Project Recommendations	19

Directory of Tables

TABLE 2.1 BELGRAVE MULTI PURPOSE FACILITY ROOM HIRE CHARGES FOR 2014 AND 2017	11
TABLE 2.2 PROJECTED CONSULTING ROOM USE	12
TABLE 2.3 PROJECTED MULTI PURPOSE ROOM HIRE USE.....	13
TABLE 2.4 ASSET REPLACEMENT VALUE AND TIMETABLE.....	16
TABLE 2.5 BELGRAVE MULTI PURPOSE FACILITY FINANCIAL PERFORMANCE SUMMARY	18

Appendices

APPENDIX ONE: VISIONING WORKSHOPS

Executive Summary

Yarra Ranges Council in partnership with Inspiro (formerly Ranges Community Health) has agreed in principle to develop a Multi Purpose Community Facility in Belgrave. Following feasibility studies which confirm the need for new community infrastructure in Belgrave, Council and Inspiro have agreed to partner in the development. In line with this agreement Inspiro will be the lead tenant and facility manager of the new facility.

The facility will be designed to accommodate Council's Aged and Disability Services, Maternal and Child Health Service, Youth Services and Counselling and a full range of Inspiro services. In addition Dandenong Ranges Emergency Relief Service will also be permanently located in the facility. A range of other community organisations will also make the facility their home base and will have access to the multi purpose rooms at the facility.

In order to develop a business plan and governance and management arrangements for the new facility, Council commissioned SGL Consulting Group Australia Pty Ltd (SGL) to work with the partner organisations.

The financial modeling of the centre shows an operating loss of \$244,290 in Year One rising to \$253,992 in Year Two and \$264,154 in year three. Continued losses increasing by CPI of 2.6% are indicated for the next seven years.

Anticipated use of the hireable spaces at the centre has been conservatively estimated and financial performance will improve if these spaces have greater utilisation by the community and other organisations. Active promotion of the hireable spaces by Council and Inspiro for use by other organisations will generate increased income for the centre which will reduce operating costs for both partners.

The size and scale of the building and how the space has been allocated indicates that for efficient management and good will between the partner agencies that each project partner contributes an equal share to the operating costs of the facility.

Based on an equal contribution to expenses by Council and Inspiro, each party would be required to contribute \$122,145 in year one based on operating expenses. This figure will be reduced by income received which is anticipated to be \$45,106 in year one which leaves a net balance of \$99, 592 for each party to contribute.

The Asset Replacement Allowance agreed by both partners is based on 2% of the capital cost of the building. This is agreed at \$174,000 which is to be funded by Yarra Ranges Council.

The following recommendations have been developed to assist in establishing an achievable and sustainable Business Plan for the management and operation of the Belgrave Multi Purpose Facility.

The recommendations listed by the project team in this report include:

- 1 That a formal partnership agreement is established between Council and Inspiro outlining the intent of the agreement as well as key roles and responsibilities.
- 2 That a formal partnership is established through a detailed Memorandum of Understanding (Heads of Agreement) which is negotiated and developed in relation to the strategic and operational outcomes of the centre between Council, and Inspiro.
- 3 That Council appoints Inspiro as the facility manager and enters into a lease agreement to cover the occupancy of the building.

- 4 That a sub licence agreement to occupy is established with Dandenong Ranges Emergency Relief Service
- 5 That all operational costs after revenue attributable to the Belgrave Multi Purpose Facility are borne equally by Council and Inspiro.
- 6 That the fit out costs associated with the new centre are funded by the Yarra Ranges Council with the exception of specialist medical equipment which is to be funded by Inspiro.
- 7 That the room hire rates at the Belgrave Multi Purpose Facility be consistent with those charged for use of other Council community facilities.
- 8 That Council resources are provided prior to the opening of the centre to assist and support staff teams in the transition to the new centre and establishing an integrated service culture.
- 9 That both organisations commit to promoting and encouraging increasing use of the consulting room/clinics and multi purpose spaces to increase income for the centre to offset operating expenses.

1 Introduction & Background

1.1 Introduction

Yarra Ranges Council in partnership with Inspiro (formerly Ranges Community Health) has agreed in principle to develop a Multi Purpose Community Facility in Belgrave. Following feasibility studies which confirm the need for new community infrastructure in Belgrave, Council and Inspiro have agreed to partner in the development with Inspiro to be the lead tenant and facility manager of the new facility.

The facility will be designed to accommodate Council's Aged and Disability Services, Maternal and Child Health Service, Youth Services and Counselling and a full range of Inspiro services. In addition Dandenong Ranges Emergency Relief Service (DRERS) will also be permanently located in the facility. A range of other community organisations will have the facility as their home base and will access the multi purpose rooms at the facility.

In order to develop a business plan and document governance and management arrangements of the new facility, Council commissioned SGL Consulting Group Australia Pty Ltd to work with the partner organisations.

The key deliverables of the project were:

- Recommended operational management model
- Transitional arrangements
- Relocation cost issues
- Facility occupancy arrangements
- Facility hire charging model
- Facility fit out
- Future business and program development
- 10 year financial model, to include:
 - Forecast of ongoing operational costs when complete;
- Whole-of-life costs including maintenance costs

1.2 Background

In 2007 the Yarra Ranges Council prepared a Community Hubs Strategy with the aim of developing a long term policy and strategy to guide Council decisions in relation to the development of Community Hubs in the context of the range of community facilities in the . The strategy aimed to achieve:

- integration and linkage regarding location and service configuration for community hubs;
- enhanced viability of community service facilities in terms of multiple use, effective management, maintenance and overall adherence to the principles of sustainable development; and
- innovative solutions to address existing constraints of the current configuration of community facilities.

With a commitment to the provision of Community Hubs as the preferred future method of infrastructure and service delivery, in 2009 Council commissioned Woods Bagot to undertake a study to determine the feasibility of developing Community Hubs in Belgrave and Yarra Glen. This project and the further work undertaken by Lockyeri in 2010 on the Yarra Ranges Community Hubs Feasibility Belgrave and Yarra Glen identified that a range of community services in Belgrave and Yarra Glen are currently occupying out of date, inaccessible and / or unsuitable facilities.

These reports identified that the limitations of the facilities were preventing current community service organisations from expanding or maximising the delivery of their services to those in need. In particular, there was a significant shortage of appropriate spaces for outreach services delivery and a lack of general multipurpose meeting space for community use in both towns.

A substantial need was identified to create more multipurpose rooms in Belgrave, of varying sizes and configurations to provide an opportunity to attract a wide range of visiting or sessional medical and allied health services.

Service providers indicated that if appropriately designed space was available, it was likely that additional service providers and organisations would be attracted to the area which would enhance the quality and range of services offered to Belgrave and surrounding communities.¹

The need for new or upgraded facilities for a large number of community services (currently occupying unsuitable facilities), together with a strong demand for more multipurpose community spaces that could be used for a wide range of community and health service uses, presented a strong justification for further planning and development for a Community Hub in Belgrave.

In the township of Belgrave, the report recommended that:

“Council progress detailed planning and feasibility assessments for a new Community Hub in Belgrave, in line with Council’s Community Hubs Policy, including seeking EOI for development proposals in partnership with key partners, immediately following the development of Community Hub in Yarra Glen.”²

In 2012 Council commissioned architects H2o to develop concept plans for a new multi purpose facility in Belgrave. In May 2013 Quantity Surveyors Wilde and Woollard estimated a building cost of \$8,667,000 in 2018.

In 2013 a Memorandum of Understanding (MOU) was established between Yarra Ranges Council and Inspiro to progress the development of a multi purpose facility in Belgrave.

1.3 Site Description

Belgrave sits at the base of the Dandenong Ranges and acts as a central business district for the area. There are approximately 10,000 residents in the communities of Belgrave, Belgrave Heights, Belgrave South, Lysterfield and Narre Warren East.

Belgrave has a strong local economy, with a significant tourism industry and a mix of retail businesses and hospitality services. Its development as a tourist destination has led to considerable growth in tourism attractions and services.

Major features of the area include Puffing Billy Railway, Black Hill Reserve, Selby Conservation Reserve, Belgrave Lake Park, Glen Harrow Historic Gardens, Belgrave Art Stockade, Belgrave Shopping Strip and a number of schools.

The township of Belgrave is located at the southern end of the western half of the municipality. Belgrave is one of the major commercial areas and is characterised by undulating topography.

¹ Yarra Ranges Community Hubs Feasibility Belgrave & Yarra Glen, Lockyeri 2010

² Yarra Ranges Community Hubs Feasibility Belgrave & Yarra Glen, Lockyeri 2010

The town centre runs along the southern and northern sides of Burwood Highway, with the rail line running parallel to the south of the town centre. A library and range of other community facilities are currently located in the western end of the town centre.

Outlined below is a brief description of the five existing community facilities and the Inspiro building in Belgrave township and their condition:

- **Belgrave Library** – a small facility with significant under-croft space available for development. Good condition but with access issues given the steepness of the terrain.
- **The Tin Shed** – a small very basic hall located in front of the library.
- **Belgrave Youth Services** – an old house next to the car park opposite the library. Basic facility with access issues.
- **Dandenong Ranges Emergency Relief Service (DRERS)** – an old school house slated for demolition in 2001. The condition of the building is sub-standard for public use.
- **MCH and Preschool** – a co-located facility in Hayes Avenue. It is a small facility in good condition.³
- **Inspiro** – two building not fit for purpose.

Council also owns two large car parks in the Belgrave township being (Hayes and James car parks).

With the exception of the library, all facilities are aged and physically inaccessible. Two of these facilities are dilapidated and at the end of their lives.

Inspiro owns two buildings which are not fit for purpose and are located adjacent to the Youth Services Building.

Architects H2o considered seven possible options for the new facilities with the three co-located sites of the Belgrave Youth Services, the James Street car park and the Inspiro site being the preferred option.

Concept plans were developed by H2o Architects and these plans have been used as the basis for the formation of the business plan.

1.4 Facility Overview

The proposed new facility will be constructed on the combined Belgrave Youth Services site, the James Street Car Park Site and the Inspiro Health site. Council owns the land upon which the building will be constructed with Inspiro owning the land that will be used for car parking.

The concept plans for the Belgrave Multi Purpose facility comprise the following over two storeys:

- Reception/Lounge/Waiting area
- Multi purpose rooms with kitchenette facilities (x 4)
- Storage for community groups
- Clinic/counseling rooms x 10
- Staff work areas
- Staff room
- Meeting rooms
- Office, storage for DRERS
- Toilets, shower and laundry facility

1.5 Facility Vision

In order to develop a vision for the Belgrave Multi Purpose Facility two visioning workshops were held with key staff across Inspiro and Council service units that will be located in the new facilities.

³ Yarra Ranges Community Hubs Feasibility Belgrave & Yarra Glen Lockyeri 2010

The first workshop held on 20 March 2014 was attended by 14 staff from Council and Inspiro as well as staff and volunteers from DRERS. The first workshop focused on connecting staff who are likely to be working together in the future and exploring the benefits to each organisation and the community through provision of an integrated service.

At this workshop staff expressed the need for change management resources to be provided to all the staff teams to be based in the new facility in order to connect, develop relationships and determine systems and processes for a streamlined and integrated service.

The consultant supports this approach with resources to be provided prior to the opening of the new facility to set the model up for success and to ensure the community will experience the facility as a single integrated service from the beginning.

The second workshop was attended by senior staff from Council, Inspiro and DRERS. Notes taken at both workshops are included in Appendix 1.

From these workshops the following vision for the Belgrave Multi Purpose Facility was created.

“A place where health, wellbeing and community meet.”

1.6 Governance and Management Model

Yarra Ranges Council will be the owners of the building and Inspiro will retain ownership over the new carpark as this is the site of their current building.

Yarra Ranges Council and Inspiro have jointly agreed that Inspiro will be the Facility Manager of the Belgrave Multi Purpose Facility.

It is proposed that two documents be developed to outline the formal and contractual arrangements between both parties.

1.6.1 Heads of Agreement

It is anticipated that Council and Inspiro will develop a Heads of Agreement that outlines the partnership, roles, responsibilities and obligations between the two parties. This document will cover the buildings and the car park and will set out the intentions of both parties.

1.6.2 Occupancy Arrangements

As the facility will be owned by the Yarra Ranges Council it is anticipated that it will be occupied under lease by Inspiro in accordance with Council's lease and license policy. It is anticipated that Council's community service rental rate will apply to Inspiro's occupancy of the facility of approximately \$260.

The Yarra Ranges Council will enter into an occupancy agreement with Inspiro which is likely to be a 3 year lease with two extension options, therefore 3 yrs x 3yrs x 3 yrs = 9 years total.

The lease will include a schedule which will outline Inspiro's maintenance responsibilities under the lease.

It is anticipated that DRERS will have access to two interview rooms and storage on the ground floor under a sub licence agreement with Inspiro at Council's community service rate of \$260 per annum.

1.6.3 Management Model

Whilst Inspiro will be the facility manager, each partner organisation will continue to report and operate within their existing corporate structures, whilst providing an integrated service to the community.

Once the facility is operational consideration needs to be given as to how issues are to be resolved and the appropriate vehicle for communication between staff teams.

It is suggested that monthly staff meetings are held for the first six months to provide a forum for staff based at the centre to connect, communicate and resolve issues. The frequency of these meetings can then be reviewed as required.

1.7 Facility Fit Out

The general facility fit out will be funded as part of the capital cost of developing the new facility and has been included in the QS report which was prepared in 2013 (based on the concept plans prepared by H2o Architects).

Specialist medical equipment required by Inspiro such as dentist chairs for example are to be provided by Inspiro and have not been included in the current building cost estimates.

Each individual organisation will be responsible for the provision of their own Information Technology Hardware and Software as each organisation will need to continue to connect to the Inspiro and Yarra Ranges Council corporate systems. It is anticipated that this will be achieved through WiFi being provided across the facility.

1.8 Transitional Arrangements and Relocation Costs

The chosen site for the proposed Belgrave Multi Purpose Facility allows for the facility to be developed in stages. With the new buildings being constructed on the existing Youth Service site and the James Street carpark, the project architects envisage youth services being relocated to the Belgrave Inspiro building during construction.

Once the building was completed Youth Services and Inspiro could commence operations from the new building. The existing Inspiro building would then be demolished and a new car park developed in the site.

In regard to relocation costs, Yarra Ranges Council, Inspiro and DRERS will all be individually responsible for any and all relocation costs in regard to their own services and staff.

1.9 Facility Usage Model

The facility model is based on open plan office space and ten (10) clinic/consulting rooms and four (4) large multi purpose activity spaces.

1.9.1 Office Space

All office space will be set up as hot desks in order to maximise use and efficiency of available space. Many of the staff to be located at this facility are not full time so hot desks are an effective model and will support staff from the different organisation in working cohesively and building connection through the sharing of office and desk space.

1.9.2 Consulting/Clinic Rooms

The consulting/clinic rooms will also be shared spaces between the partner organisations as well as being available for use by other services.

The Maternal and Child Health Service for example will have access to the same consulting rooms when the service operates however these rooms will be available for other staff/ancillary health providers to use when not in use by Maternal and Child Health nurses.

Visiting services will all pay the relevant community hire rate for consulting rooms. In 2014 this rate is \$10 per hour. In 2017 this rate will be \$10.75 based on a CPI increase of 2.6% each year.

1.9.3 Multi Purpose Spaces

The four multi purpose spaces (two on each level) have an operable wall between each space allowing the space of two rooms to be made into one larger room of approximately 120m².

These spaces will be used by Inspiro for Occupational Therapy groups, parenting programs as well as a range of other support programs.

Council services will use these spaces for youth groups, playgroups, new mothers groups as well as a range of other community and support programs.

The specific level of use of these spaces by Council and Inspiro is not yet known as the programs offered respond to community need with many programs running for a series of weeks rather than year round. Council services and Inspiro will have free access to these spaces on an as needed basis with a room booking system to be established.

DRERS will access one of the multipurpose spaces on the ground floor to run their community lunch service between 11.00am -3.00pm Monday to Friday. DRERS will pay the community hire rate for use of this space each day.

The existing users of the Tin Shed will all relocate to the Belgrave Multi Purpose Facility and access the multipurpose spaces on a room hire basis at the appropriate rate.

The Belgrave Community Arts Partnership has dedicated storage space within the new facility and will access use of the Multi purpose space at the community hire rate. Use of the space by this group will vary from a monthly meeting to workshops and weekend use depending on projects throughout the year. Consultation with this group suggests their average access across the year would be one hour per week charged at the community hire rate.

1.10 Facility Costs Apportionment Model

In order to determine the percentage of expenses to be borne by Yarra Ranges Council and Inspiro an assessment was undertaken of space within the new facility which would be for the dedicated use of that organisation only rather than shared use. It is assumed that all costs associated with shared spaces are divided equally between each partner. Outlined below are dedicated spaces within the new building. Space for DRERS has been deemed as dedicated Council space.

Dedicated Spaces – Council

- M&CH two consulting rooms and storage 47 m²
- DRERS storage & 2 x small meeting rooms 40 m²
- BCAP storage 5 m²

Total 92 m²

Dedicated Spaces - Inspiro

- Storage 20 m²
- 5 clinic rooms 75 m²
- Needle exchange 10 m²
- Sterilising room 8 m²

Total 113 m²

Total dedicated space = 205 m²

- Council percentage 45%
- Inspiro percentage 55%

Given the percentage difference is small particularly in relation to the relatively small spaces in the context of the building overall; it is recommended that all operational costs are split 50/50 between Council and Inspiro in the interests of goodwill and ease of ongoing management of the facility.

DRERS will be responsible for meeting their own telephone and operating costs.

1.11 Facility Hire Charging Model

The facility hire charging model will be the same model as is currently used across other Yarra Ranges community facilities with separate rates applying to community and commercial hirers.

Details of the rates are set out in section 2.3.4 of this report.

2 Business Plan

2.1 Introduction

This section provides a summary of key business assumptions that have been included in the 10 year business plan for the Belgrave Multi Purpose Facility.

2.2 Facility Areas Covered in Business Model

This business plan includes all costs, expenses and revenue related to the governance and operational management and operation of the Belgrave Multi Purpose Facility. It does not include any costs associated with the structural integrity of the building or any areas outside the building including any landscaping or the car park which will be the responsibility of Yarra Ranges Council.

2.3 Key Business and Operational Assumptions

This section summarises the range of key operational business assumptions that guide the business plan under each relevant section.

2.3.1 Staffing Structure and Classifications

Both Yarra Ranges Council and Inspiro will continue to provide staffing for the range of services at the Belgrave Multi Purpose Facility from their individual budgets. The only staffing position to be included within this business plan is the reception position for the centre that will form part of the operational costs for which Council and Inspiro will be equally responsible.

Inspiro as the Facility Manager will be responsible for the employment of reception staff. An allowance of 1.35 effective full time position (EFT) has been allowed to ensure coverage over lunchtime (minimum of two hours) and backfill for four weeks of annual leave.

Inspiro has provided a cost guide of \$57,000 as the annual salary for 1 EFT (including oncosts) in 2014.

2.3.2 Insurance Allowances

The financial model includes an allowance for payment of annual contents insurance. However, building and public liability insurances are not included in the model as this is the responsibility of the facility owner being the Yarra Ranges Council.

Inspiro will also be required to provide all relevant insurances for the operation of their services.

2.3.3 Tenants Fees and Charges

The model uses the following assumptions for tenant fees.

- DRERS – in 2014 Council charge \$260 per annum for community service organisations using Council facilities. This rate will apply to DRERS for use of the interview rooms and storage.
- DRERS will pay the community hire rate for use of the multi purpose rooms.

2.3.4 Room Hire Charge Per Hour

The room hire charges outlined in Table 2.1 below are consistent with those currently used in other Yarra Ranges community facilities and therefore been used in calculating room hire income. The current fee in column two is outlined as is the fee to be used in 2017 (which is the 2014 rate plus 2.6% CPI added for each year).

Table 2.1 Belgrave Multi Purpose Facility Room Hire Charges for 2014 and 2017

Fee Type	Fee Amount 2014	Fee Amount 2017
Function Fee	\$215	\$232
Function Bond	\$220	\$237
Commercial/hour	\$15.50	\$16.70
Community/hour	\$7.70	\$8.30
Consulting Room/hour	\$10	\$10.75

The intent of aligning these facilities charges with other Council facilities is to provide for transparent, consistent and equitable application of fees and charges across Council's community facilities. With the Belgrave Multi Purpose Facility also using this model, the community will experience increased consistency with regard to room hire costs at Council owned facilities.

Where groups want to access two of the spaces combined to create a larger space two room hire fees will be charged.

2.3.5 Anticipated Consulting/Clinic and Multi Purpose Rooms Usage

All services based at the Belgrave Multi Purpose Facility will have priority use over the consulting/clinic rooms and multi purpose spaces. Table 2.2 on the next page outlines known and anticipated use of the clinic/consulting rooms which will be available for hire. For the purposes of the business plan, three of the available ten rooms have been identified as available for external agencies use.

The known use of the multi purpose rooms by DRERS is included in the anticipated utilisation table in Table 2.3.

Services such as Youth Services and Inspiro's Occupational Therapist for example will regularly use these spaces but were unable to nominate exactly what the level of use would be. The anticipated room hire income for the centre is based on the following assumptions for community use of the centre (based on year 3 use following 2 years of set up and consolidation).

This conservative level of use has been used to calculate room hire income for the centre based on expected levels in Year 3.

Active promotion of the hireable spaces by Council and Inspiro for use by other organisations will generate increased income for the centre which will reduce operating costs for both partners.

Table 2.2 Projected Consulting Room Use

Area	Time and Hours of Use																	Total Hours			
	MONDAY	8.30	9.00	9.30	10.00	10.30	11.00	11.30	12pm	12.30	1.00	1.30	2.00	2.30	3.00	3.30	4.00		4.30	5.00	
Consulting Room 1		New Provider																			3
Consulting Room 2																					
Consulting Room 3																					
TUESDAY																					
Consulting Room 1	Existing User																	8.5			
Consulting Room 2		Existing User																	8		
Consulting Room 3	Existing User																	8.5			
WEDNESDAY																					
Consulting Room 1																					
Consulting Room 2		Existing User																	4		
Consulting Room 3	Existing User																	8.5			
THURSDAY																					
Consulting Room 1		New Provider																	8		
Consulting Room 2																					
Consulting Room 3	Existing User																	8.5			
FRIDAY																					
Consulting Room 1		New Provider																			3
Consulting Room 2																					
Consulting Room 3																					
TOTAL																			60		

This would see 60 hours x \$10.75 x 48 weeks = \$30,960/year revenue

Table 2.3 Projected Multi Purpose Room Hire Use

Area	Time and Hours of Use																										TOTAL HOURS				
	MONDAY	9.00	9.30	10.00	10.30	11.00	11.30	12pm	12.30	1.00	1.30	2.00	2.30	3.00	3.30	4.00	4.30	5.00	5.30	6.00	6.30	7.00	7.30	8.00	8.30	9.00		9.30			
Multi purpose Room 1			New Community Group																										2.0		
Multi purpose Room 2																						New Community Group								2.0	
Multi purpose Room 3				DRERS									Full Circle Drumming																6.0		
Multi purpose Room 4															Tucker In the Tin Shed (fortnightly)														1.5		
TUESDAY																															
Multi purpose Room 1			New Community Group																				BCAP						3.0		
Multi purpose Room 2																						New Community Group								2.0	
Multi purpose Room 3				DRERS																									4.0		
Multi purpose Room 4																						Sounding Circles								2.5	
WEDNESDAY																															
Multi purpose Room 1			New Community Group																											2.0	
Multi purpose Room 2																						New Community Group								2.0	
Multi purpose Room 3				DRERS																		Full Circle Drumming								6.5	
Multi purpose Room 4																													0		
THURSDAY																															
Multi purpose Room 1			New Community Group																											2.0	
Multi purpose Room 2			New Community Group																				New Community Group								4.0
Multi purpose Room 3				DRERS																										4.0	
Multi purpose Room 4																													0		
FRIDAY																															
Multi purpose Room 1			New Community Group																											2.0	

	9am	9.3	10	10.3	11	11.3	12	12.3	1	1.3	2	2.3	3	3.3	4	4.3	5	5.3	6	6.3	7	7.3	8	8.3	9	9.3	TOTAL HOURS			
Multi purpose Room 2																														
Multi purpose Room 3					DRERS																									4.0
Multi purpose Room 4																												0		
SATURDAY																														
Multi purpose Room 1											Anticipated Use																	2.0		
Multi purpose Room 2																												0		
Multi purpose Room 3																												0		
Multi purpose Room 4																												0		
SUNDAY																														
Multi purpose Room 1																												0		
Multi purpose Room 2																												0		
Multi purpose Room 3												Alcoholics Anonymous																2.0		
Multi purpose Room 4																												0		
TOTAL																											53.5			

Key

Colour Code	Category	Rate	Total Hours	Total Income
Yellow	Current User	\$8.30	24.5	\$203.35
Green	Current User	\$16.70	7.0	\$116.90
Blue	Anticipated Use	\$8.30	20.0	\$166.00
Orange	Anticipated Use	\$16.70	2.0	\$33.40
Total			53.5	\$519.65

This would see:

- Known Room Hire Income \$320.25 x 48 weeks = \$15,372
- Anticipated Room Hire Income which includes current use and projected use is \$519.65x 48 weeks = \$24,943.20

2.3.6 Utilities, Security, Waste Removal and Insurance

The estimates for the likely utility, security, waste removal and insurance costs have been based on costs currently incurred by Council and Inspiro in the running of similar Centres.

These are estimated at:

- | | |
|---------------|----------|
| • Electricity | \$30,000 |
| • Gas | \$ 6,000 |
| • Water | \$10,000 |
| • Insurance | \$ 5,000 |
| • Security | \$ 4,000 |
| • Waste | \$ 5,000 |

Total estimated annual operating cost **\$60,000**

2.3.7 Office Costs

It is anticipated that the telephone system to be used at the centre will provide a single number for the centre with each service having their own extension.

As the building is on two levels it is anticipated that two photocopiers are provided. One large copier is to be located on the ground floor to service the majority of staff and a smaller unit to be located on the first floor to service receptions and the consulting/clinic rooms.

- | | |
|------------------|----------|
| • Telephone/Wifi | \$10,000 |
| • Photocopiers | \$12,000 |
| • Stationery | \$ 2,000 |
| • Consumables | \$7,000 |

Total estimated annual operating cost **\$31,000**

2.3.8 Cleaning Costs

Inspiro as the facility manager will be responsible for managing the cleaning contract.

It is anticipated that the public use areas including consulting/clinic rooms, toilets, reception, and DRERS offices will require a high level of cleanliness with cleaning to be undertaken daily.

Staff rooms on the ground floor and the multi purpose rooms will be cleaned twice weekly.

A quote was obtained in May 2014 from Council's existing contract cleaner based on the current floor plan of the Belgrave Multi Purpose Facility. The following cost estimate was provided.

- General cleaning \$517.47 week/ monthly \$2242.40 yearly \$26,908.80 inclusive of GST
- Windows half yearly \$500.00 per service Inc GST
- Carpets steam cleaning \$700.00 per service Inc. GST
- Hard floors \$750.00 Inc. GST per service

Total \$29,358 including GST

An allowance of \$35,000 excluding GST has been allowed for to ensure this component is not underfunded.

2.3.9 Building Maintenance

Estimates used in the financial model have been based on costs currently incurred for Building Maintenance by Inspiro at their Lilydale building based on Council meeting all external and internal structural repairs and maintenance items.

Inspiro to meet internal minor, routine and cyclic maintenance items in accordance with the lease schedule.

The key other costs include:

- Lift Servicing \$4,000
- Operable Wall Servicing (per wall) \$1,700 x 2 = \$3,400
- Mechanical Services \$3,000
- Facilities Maintenance \$25,000

This would see the total estimated annual operating cost at \$35,400.

2.3.10 Building and Plant Depreciation

Depreciation has not been allowed for in this financial model. This can be included once plant and equipment are more defined and agreed allowances allocated.

2.3.11 Capital Loan Repayments

The financial models do not assume or include any capital financing costs as these costs are the responsibility of Yarra Ranges Council.

2.3.12 Asset Management and Replacement Allowances

A below the operational cost allowance has been made for asset management and renewals during the 10 year operating budget.

Based on the estimated capital cost of the building of approximately \$8.7 million (in 2018) it is recommended that an amount of \$174,000 (2% of capital cost) be provided annually to fund the major asset renewal programs.

Whilst the majority of this will be the responsibility of the Yarra Ranges Council, some of the costs (such as replacement of fittings) may need to be borne by Inspiro depending on specifications within the lease documentation (which is yet to be developed).

Yarra Ranges Council work to the following indicative formula for the replacement of assets.

Table 2.4 Asset Replacement Value and Timetable

Allowance	% of total replacement value Fee Amount	Replacement/ Useful Life/Years
Structure	45	50-100
Fit out	20	15
Mechanical	10	15
Electrical	15	25
Plumbing	10	50

2.4 Financial Model Global Impact Assumptions

The base case financial model has included the following global impacts across the 10 year business model based on all components being open in 2017 as the first year of business. Please note no start up costs pre-opening allowances are included in the base case financial model.

The main business impact assumptions include:

- **CPI Increases:** Assumes on average 2.6% yr. 2 to 10 with 1.4% extra increases every year for salary increase upgrades.
- **CPI Increase:** Assumes an additional 7.6% increase for electricity, gas and water. (total 10%)
- **Business Growth:** Assumes year 3 is base year at 100% and year 2 is reduced by 10% to 90% of year 3 and year 1 is reduced by 10% to 80% of year 3.
- **Real Price Growth:** Assumes price increases from year 2 to year 10 are based on annual CPI increases.
- **Expenditure Increases:** Assumes annual expenditure increase of C.P.I as indicated.
- **Salary Increases:** Allows for annual increases through CPI impact.

Table 2.5 Belgrave Multi Purpose Facility Financial Performance Summary

Category	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Income										
Room Hire	\$45,106	\$52,064	\$59,352	\$61,505	\$63,728	\$66,026	\$68,401	\$70,854	\$73,389	\$75,297
Total Income	\$45,106	\$52,064	\$59,352	\$61,505	\$63,728	\$66,026	\$68,401	\$70,854	\$73,389	\$75,297
Expenses										
Reception	\$82,890	\$84,962	\$87,086	\$89,263	\$91,495	\$93,782	\$96,127	\$98,530	\$100,993	\$103,518
Total salaries and wages	\$82,890	\$84,962	\$87,086	\$89,263	\$91,495	\$93,782	\$96,127	\$98,530	\$100,993	\$103,518
Building Maintenance	\$35,400	\$36,320	\$37,265	\$38,234	\$39,228	\$40,248	\$41,294	\$42,368	\$43,469	\$44,599
Photocopiers	\$12,000	\$12,312	\$12,632	\$12,961	\$13,298	\$13,643	\$13,998	\$14,362	\$14,735	\$15,118
Consumables	\$7,000	\$7,182	\$7,369	\$7,560	\$7,757	\$7,959	\$8,165	\$8,378	\$8,596	\$8,819
Stationery/Office Equipment	\$2,000	\$2,052	\$2,105	\$2,160	\$2,216	\$2,274	\$2,333	\$2,394	\$2,456	\$2,520
Telephone/Wifi Security/cash collection	\$10,000	\$10,260	\$10,527	\$10,800	\$11,081	\$11,369	\$11,665	\$11,968	\$12,279	\$12,599
Electricity	\$4,000	\$4,104	\$4,211	\$4,320	\$4,433	\$4,548	\$4,666	\$4,787	\$4,912	\$5,039
Cleaning	\$30,000	\$32,220	\$34,604	\$37,165	\$39,915	\$42,869	\$46,041	\$49,448	\$53,107	\$57,037
Gas	\$35,000	\$35,910	\$36,844	\$37,802	\$38,784	\$39,793	\$40,827	\$41,889	\$42,978	\$44,096
Water	\$6,000	\$6,156	\$6,316	\$6,480	\$6,649	\$6,822	\$6,999	\$7,181	\$7,368	\$7,559
Waste Charges	\$10,000	\$10,260	\$10,517	\$10,779	\$11,049	\$11,325	\$11,608	\$11,898	\$12,196	\$12,501
Insurance Allowance	\$5,000	\$5,130	\$5,263	\$5,400	\$5,541	\$5,685	\$5,832	\$5,984	\$6,140	\$6,299
Total other direct expenses	\$5,000	\$5,125	\$5,253	\$5,384	\$5,519	\$5,657	\$5,798	\$5,943	\$6,092	\$6,244
Total expenses	\$161,400	\$167,756	\$174,438	\$181,465	\$188,859	\$196,643	\$204,842	\$213,483	\$222,594	\$232,205
Net Operating Profit/Loss	(\$199,184)	(\$201,929)	(\$204,802)	(\$213,298)	(\$222,236)	(\$231,642)	(\$241,544)	(\$251,974)	(\$262,964)	(\$275,259)
Asset /Replacement	\$174,000	\$174,000	\$174,000	\$174,000	\$174,000	\$174,000	\$174,000	\$174,000	\$174,000	\$174,000
Net Position	(\$373,184)	(\$375,929)	(\$378,802)	(\$387,298)	(\$396,236)	(\$405,642)	(\$415,544)	(\$425,974)	(\$436,964)	(\$449,259)

3 Key Findings and Recommendations

3.1 Summary of Key Project Findings

With many of the existing community buildings in Belgrave in aged and poor condition combined with a lack of multi purpose community space, the proposed partnership between Council and Inspiro to develop a new Belgrave Multi Purpose Facility will significantly increase facility services and opportunities available to the Belgrave community.

The size and scale of the building and how the space has been allocated indicates that for efficient management between the partner agencies that each partner contributes an equal share to meet the operating costs of the facility.

The financial modeling of the centre shows an operating loss of \$244,290 in Year One rising to \$253,992 in Year Two and \$264,154 in year three. Continued losses increasing by CPI of 2.6% are indicated for the next seven years.

Anticipated use of the hireable spaces at the centre has been conservatively estimated and financial performance will improve if these spaces have greater utilisation by the community and other organisations.

Based on an equal contribution to expenses by Council and Inspiro, each party would be required to contribute \$122,145 in year one based on operating expenses. This figure will be reduced by income received which is anticipated to be \$45,106 in year one which leaves a net balance of \$99, 592 for each party to contribute.

The below the operation line Asset Replacement Allowance based on 2% of the capital cost of the building is estimated at \$174,000 which is to be met by Yarra Ranges Council.

3.2 Project Recommendations

The following recommendations have been developed to assist in establishing an achievable and sustainable Business Plan for the management and operation of the Belgrave Multi Purpose Facility.

1. That a formal partnership agreement is established between Council and Inspiro outlining the intent of the agreement as well as key roles and responsibilities.
2. That a formal partnership is established through a detailed Memorandum of Understanding (Heads of Agreement) which is negotiated and developed in relation to the strategic and operational outcomes of the centre between Council and Inspiro.
3. That Council appoints Inspiro as the facility manager and enters into a lease agreement to cover the occupancy conditions of the building.
4. That a sub licence agreement to occupy is established with Dandenong Ranges Emergency Relief Service

5. That all operational costs after revenue attributable to the Belgrave Multi Purpose Facility are borne equally by Council and Inspiro.
6. That the fit out costs associated with the new centre are funded by the Yarra Ranges Council with the exception of specialist medical equipment which is to be funded by Inspiro.
7. That the room hire rates at the Belgrave Multi Purpose Facility be consistent with those charged for use of other Council community facilities.
8. That Council support and resources are provided prior to the opening of the centre to assist and support staff teams in the transition to the new centre and establishing an integrated service culture.
9. That both organisations commit to promoting and encouraging increasing use of the consulting room/clinics and multi purpose spaces to increase income for the centre to offset operating expenses.

Appendix One: Visioning Workshops

Workshop 1 - Notes Belgrave Hub Visioning Exercise held at Belgrave Youth Services 20 March 2014

3 things that will increase comfort with the project

- Knowing about traffic management from main road
- Access for food vans
- Building site plans
- Concerns about DRERS needs being reflected in the design plans i.e. safety and dignity of access
- Ensure that the welcome that the community will receive from reception and all staff will be warm and inviting
- How can one building meet all orgs needs – clinical vs warm
- Logistics of how all the staff will fit and work together
- Group rooms
- Different systems will be needed – not sure how it will all work
- Timelines – uncertainty
- Need playspace (outdoor) for services for preschoolers
- Specific room for young people and families e.g. holds six and seven
- What are the implications of shared workstations e.g. do we have to pack everything up?
- Storage
- Sound proofing
- Sustainability e.g. market gardens
- Not confident that those who will influence design know details about how services work operationally

How do we make sure all professionals work together?

How is the message/change communicated to clients/families using the service?

Ensure future growth opportunities within the building – e.g. other services

Together – collective benefit

- Integrate services – more than just a location
- People may feel more free to walk in/more comfortable
- Dedicated resource prior to construction to bring organisations together
- Share resources/support each other professional expertise
- Help people even more – e.g. no lost people – ease of finding other services – one stop shop
- Shared goal – to help people
- Pathways to different services – complementary services – don't compete for funding
- Training opportunities
- Universal service – catering for all life stages
- Will support community member's dignity and anonymity
- Supporting the community to be healthier and happier
- Know more about each other's services
- Networking easier
- Community can come to one place and feel part of it

Organisations

- Strong volunteer commitment
- Different skills and knowledge
- Achieve goals
- Help people
- Committed to making this work – will listen
- Communicate good will
- Open and ready to embrace change ready for challenges ahead
- Making people feel welcome

Opportunities – still early days – comes back to the design – how will it look?

Vision

- Improving/building on what we already have/value adding
- Centre of excellence-world leader
- Mount Awesome
- Helping and empowering
- Meeting place
- Liaison
- Welcoming
- Improving health and welcoming of our community
- Non judgmental
- Belonging
- No discriminatory
- Flexibility
- Meeting needs
- Unique opportunities
- Open door policy
- Entry way to Belgrave – statement building
- Integration/working together
- Environmentally more sustainable
- Client Centred
- Community focused/centred
- Valuing the historical journey of each org.
- Allowing residents to have choices about what they need and when
- Modern
- Moving forward but no forgetting the past (future services within the footprint of the past)
- Holistic
- Advocacy e.g. Headspace mental health support for youth and increasing ageing population.
- Modernise,
- Out of hours

Workshop 1 - Notes
Belgrave Hub Visioning Exercise held at Lilydale Youth Services
2 April 2014

- Warm inviting space
- Positive experience
- Inclusive
- Easy access to community service
- Relationship b/w services
- Increase access to range of services
- Extended hours of service to respond to need
- Entry statement
- New building
- Unique to hills/reflect the community identity
- Sustainability
- Drawing point for the whole of the hill
- Accessible community space – art activities
- Single point of access for well connected services
- Integrated
- Connecting Belgrave
- Focal point for community connection
- Unique to the hills - Reflecting the community via a single point of access for well connected/integrated services
- Creating an inviting and inspiring space for the community to meet, create and connect with services
- The centre for our community and services to meet, create and connect
- Wellbeing/provision
- Connect, join, grow, develop, belong

Vision : A place where health, wellbeing and community meet.