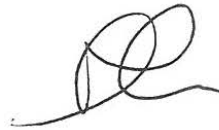


NOTICE OF A SPECIAL MEETING OF COUNCIL

Dear Council Member

A Special Meeting of Council is to be held at **5.30pm, Thursday 9 June 2022** in Council Chambers called for the purpose of considering the ceasing of negotiations to outsource the management of the Bridgetown Visitor Centre

Signed by T P Clynch:



Date:

7 June 2022

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AGENDA

For the Special Meeting of Council held in the Council Chambers on **Thursday 9 June 2022 commencing at 5.30pm**, called for the purpose of considering the ceasing of negotiations to outsource the management of the Bridgetown Visitor Centre

Acknowledgment of Country – Presiding Member

We acknowledge the Noongar People, the Traditional Custodians of the land on which we are gathered, and pay our respects to their Elders past, present and emerging.

Attendance & Apologies

President	- Cr J Mountford
Councillors	- J Boyle
	- T Lansdell
	- S Mahoney
	- A Pratico
	- P Quinby
	- A Rose
Officer	- T Clynch, Chief Executive Officer
	- M Larkworthy, Executive Manager Corporate Services
	- P St John, Executive Manager Development and Infrastructure
	- E Matthews, Executive Assistant

Attendance of Gallery

Public Question Time

Petitions/Deputations/Presentations

Comments on Agenda Items by Parties with an Interest

Notification of Disclosures of Interest

Section 5.65 or 5.70 of the Local Government Act requires a Member or Officer who has an interest in any matter to be discussed at a Committee/Council Meeting that will be attended by the Member or Officer must disclose the nature of the interest in a written notice given to the Chief Executive Officer before the meeting; or at the meeting before the matter is discussed.

A Member who makes a disclosure under Section 5.65 or 5.70 must not preside at the part of the meeting relating to the matter; or participate in; or be present during, any discussion or decision making procedure relating to the matter, unless allowed by the Committee/Council. If Committee/Council allow a Member to speak, the extent of the interest must also be stated.

Business Items

ITEM NO.	SpC.01/0622	FILE REF.	210.1
SUBJECT	Outsourcing of Management of the Visitor Centre		
PROPONENT	Council		
OFFICER	Chief Executive Officer		
DATE OF REPORT	7 June 2022		

OFFICER RECOMMENDATION

That Council determine whether it wishes to continue with its proposal to outsource management of the visitor centre to the Bridgetown Community Resource Centre or whether it wishes to discontinue that proposal and instead continue with a Shire management model for the visitor centre.

Summary/Purpose

This Special Meeting of Council has been called in accordance with section 5.4(a) of the Local Government Act 1995 in that it was called by at least 1/3 of the offices of councillor. The stated purpose of the meeting is for Council to consider the ceasing of negotiations to outsource the management of the Bridgetown Visitor Centre.

The officer report has been limited to providing information on the background of the matter.

Background

The Bridgetown Visitor Centre service levels, location and management model have been under review since the beginning of 2019 when eight options were considered at the Shire of Bridgetown-Greenbushes February Concept Forum. Following an assessment of these options, Councillors determined to undertake community consultation to investigate community sentiment to retain the Visitor Centre in its current location or to relocate at the proposed refurbished railway station, and the most appropriate management model – to remain with the Shire, to be community managed, or to be outsourced to an identified agency.

Extensive consultation was conducted between March and May 2019, with 60% of respondents indicating that a community management model was their preferred management model, and 38% of respondents indicated that a community management model in the current location was their preferred location and management model.

In August 2019, direction was given for the Shire of Bridgetown-Greenbushes Chief Executive Officer (CEO) to formally approach the Bridgetown CRC (CRC) Board to discuss their interest in managing the Bridgetown Visitor Centre. Discussions were also held with the Bridgetown-Greenbushes Business and Tourism Association (BGBTA) on their appetite for the same. This followed a community wide advertisement seeking expressions of interest from any community group, agency, business or stakeholder interested in exploring management of the services. Both the CRC and BGBTA expressing interest in further collaboration.

In December 2020, the Shire of Bridgetown-Greenbushes (Shire) sought expressions of interest from suitably qualified consultants for the development of a comprehensive business case to outsource the management of the Bridgetown Visitor Centre and the Brierley Jigsaw Gallery considering two (2) scenarios:

- *Scenario 1* – the Bridgetown CRC to manage both the Visitor Centre and the Brierley Jigsaw Gallery,
- *Scenario 2* – the Bridgetown CRC to manage the Visitor Centre and the BGBTA to manage the Brierley Gallery.

Economic Transitions submitted a proposal and in January 2021 were engaged by the Shire, commencing work on the development of a business case to explore the viability of outsourcing the delivery of Visitor Centre and Brierley Jigsaw Gallery services.

In alignment with the project scope the process undertaken to develop the business case included semi-structured interviews with key stakeholders, a workshop with the BGBTA and CRC as well as a business/tourism industry survey were conducted. In addition the process also allowed for the following key steps to be taken:

- Development of a shared vision by the CRC and BGBTA with regard to the provision of services and the facility;
- Financial plan (5-year forecast) – operating and capital/maintenance, and the identification of any operating subsidy require by Council to make the outsourcing a viable option;
- Market research to provide a snapshot of community and business-based expectations with regard to service provision in terms of visitor information services and the gallery;
- SWOT Analysis; and
- Risk Assessment.

The high-level outcomes derived from the project resulted in the following:

1. A recommendation that the Bridgetown CRC manage both the Visitor Centre and, in a collaboration with the BGBTA, the Brierley Jigsaw Gallery, both housed in the same building.
2. Awareness that the vision of the CRC and BGBTA is to provide a revitalized hub for visitors and community incorporating an interactive contemporary puzzle attraction, and to expand the Shire of Bridgetown-Greenbushes as a tourist destination.
3. Awareness that there is a need to enhance the visibility of and signage for the Visitor Centre to ensure maximum footfall and visitation.
4. That the **operating subsidy** (excluding administrative and management allocations) required by Council to outsource service delivery is significantly less than the cost of Shire maintaining the Visitor Centre, as follows:

	CRC Managed/Shire Subsidy	Shire Managed (Cash)
<i>Year 1</i>	\$50,726	\$143,105
<i>Year 2</i>	\$52,474	\$141,270
<i>Year 3</i>	\$54,591	\$147,107
<i>Year 4</i>	\$56,770	\$153,113
<i>Year 5</i>	\$59,011	\$159,285

Note the above projections were based on new service levels and initiatives, over and above existing service levels. These include new expenditure allocations for website development, advertising/promotion, marketing, professional development, social media, and networking in alignment with gaps identified in the business case. For comparison the actual cash operating subsidy funded by Council in the

preceding two full financial years was \$71,385 in 2019/20 and \$128,612 in 2018/19 noting that several efficiency measures were introduced towards the end of 2018/19 in order to reduce Council's operating subsidy for the Visitor Centre due to Council's investment in the Southern Forests Blackwood Valley Tourism Association (LTO). Since then the cash operating subsidy was \$86,044 in 2020/21 (noting that due to COVID-19 restrictions the visitor centre was closed for 72 days that year) and in 2021/22 the budgeted operating subsidy is \$105,243.

An implementation plan was to be prepared to facilitate the transfer of responsibility for management of the Visitor Centre from the Shire of Bridgetown-Greenbushes to the CRC. This implementation was to firm up the targeted transition dates, determine what work on the building is necessary for fit out and building repair as well as identifying possible technological improvements/initiatives to improve the visitor experience.

It is noted that the business case suggested an implementation date of 1 January 2022 in alignment with the direction provided to the consultant. This was simply a target date and was to be refined in both the implementation plan and ongoing discussions with the CRC. As part of those discussions implementation dates were put back with the current implementation date not seen to be earlier than 1 July 2023 as representatives of the CRC have made it clear that relocation of the CRC into the visitor centre building couldn't occur until all building renewal works and fitout works were completed.

Upon presentation of the business plan prepared by Economic Transitions Council, at its April 2021 meeting resolved:

C.08/0421 That Council:

- 1. Receive the Business Case for the outsourcing of the Shire of Bridgetown-Greenbushes Visitor Centre, including the Brierley Jigsaw Gallery.*
- 2. Endorse the recommendation contained in the Business Case to outsource the management of the Visitor Centre and the Brierley Jigsaw Gallery to the Bridgetown Community Resource Centre (CRC).*
- 3. Direct the CEO to:*
 - a) Develop an implementation plan and a communications plan to facilitate the transfer of responsibility for management of the Visitor Centre from the Shire of Bridgetown-Greenbushes to the CRC including the relocation of the CRC to the current Visitor Centre building.*
 - b) Develop a draft 5 year contract with the CRC to formalize the terms of agreement, outlining service delivery key performance indicators, annual operating subsidy and funding contributions of both parties with regard to the required building refurbishments with a final draft to be presented to Council for endorsement.*
 - c) Commence engagement with the Bridgetown Historical Society regarding the removal of the existing museum items in the Visitor Centre building*
 - d) Commence engagement with the Blues at Bridgetown and Bridgetown Landcare regarding their proposed relocation from the current Visitor Centre building to the current Community Resource Centre building.*

The business case recognised there would be some significant "one-off" costs in making the Visitor Centre building suitable for relocation of the CRC existing

operations and also incorporate some modifications to improve service delivery to visitors. Whilst the business case identifies an amount of \$144,500 for this work it doesn't break down the source of funding. Included in Council's 2021/22 budget is capital expenditure of \$195,000 for fitout (including some minor building modifications) of the visitor centre to accommodate the relocation of the Bridgetown CRC to the premises to enable CRC and visitor information services to be delivered. Of the \$195,000 an amount of \$130,000 is being contributed by the Bridgetown Community Resource Centre meaning the Council contribution to these works in the 2021/22 budget is \$65,000.

The CRC prepared floor plans for the fitout of the visitor centre to accommodate both current CRC operations and needs and the needs associated with provision of visitor servicing. These plans were tabled to councillors at the November 2021 Concept Forum where considerable discussion occurred – both in response to the draft layout/fitout plans tabled at the meeting and about the reasons for Council determining to outsource management of the visitor centre. Councillors provided the following feedback to the CEO:

- Overall cost of building improvements (including external works and car park) and fitout should be capped at \$300,000.
- The visitor servicing and display area needs to be larger as the improvements are almost totally focussed on CRC office improvements.
- Suggest increase size of visitor servicing and display area by removing one office and one meeting room.
- The parking area should be reduced, both for cost savings and also to provide suitable access to rear of adjacent property.
- Space should be retained for retention of Blues and Landcare sea containers as there is unlikely to be sufficient space behind the existing CRC when those groups relocate to that building.
- An independent building inspection report should be undertaken to determine the structural integrity of the visitor centre building and to identify any other building works that would likely have to be funded by Council.

Due to the revised process determined by Council in December (see below) these issues were not fully raised with the CRC for discussion.

At its December 2021 meeting Council resolved:

C.03/1221b That the matter of considering Council's position on whether to continue investigations into outsourcing of the Visitors Centre management to the Bridgetown Community Resource Centre be paused until March 2022 whereby two workshops are held sequentially. The first workshop will be with community groups, Bridgetown Greenbushes Business and Tourism Association, Bridgetown Community Resource Centre and other relevant community members to be determined by the Shire and Council. Immediately after will be a council workshop with the items to be considered at that workshop to include but not limited to the officer comments in the December Ordinary Council Meeting Agenda on page 7.

The items referenced in the above resolution as being "on page 7" were:

- Summary/background of the process that led to the current position, including community consultation and the various options that were considered;

- Summary of the business case that was developed for investigating the possible outsourcing of visitor centre management;
- Summary of any 'service level' decisions made by Council with respect to visitor centre servicing;
- Potential staff impacts of any outsourcing decision;
- Potential savings if an outsourcing model is selected;
- An update on design and fit out of the visitor centre (including estimated costs and funding model);
- An update on the building condition report carried out on the existing building
- Identification of risks to the Council if in future Government funding of CRCs is reduced.

The two workshops were held on 24 March 2022 and 7 April 2022.

At the first workshop feedback was provided by a number of invited community groups on what expectations existed on the provision of local visitor services. Representatives from the Bridgetown CRC attended and presented on its vision for providing visitor services and responded to questions.

Only one other group that attended the first workshop – 'Bridgetown Discovery' - expressed any interest in providing visitor services at the visitor centre. However Bridgetown Discovery subsequently advised the Shire it had withdrawn from any further progression of any such proposals. This once again leaves the Bridgetown CRC as the only external group interested in taking over management of visitor servicing on behalf of the Shire.

At the Council workshop held on 7 April 2022 councillors again expressed concerns about the proposed floor plan compiled by the CRC. These concerns were principally that the plans didn't have enough focus on visitor servicing. There was also considerable discussion on the Building Condition Report of the current Visitor Centre building. That report concluded that the building appeared to be in a sound condition however works are required to renovate the exterior of building (including exterior walls, verandah, canopy, roof, gutters and windows) and the interior (ceilings, wall surfaces, insulation, etc.). There were also other items for consideration not listed in Building Condition Report but have been highlighted previously requiring attention- namely air conditioning, light fittings and kitchen refurbishment.

Preliminary cost estimates to undertake the exterior and interior renovations were compiled by Shire staff and were determined to total approximately \$300,000 ex-GST. Note this costing is an estimate only and quotations would need to be sought to give a more accurate cost of works. This also doesn't include any costs associated with softening the appearance of the building such as removing the canopy and constructing new verandahs.

The Bridgetown CRC also compiled a cost estimate of building renewal and fitout works and this estimate determined a total cost of approximately \$355,000 ex-GST.

At a meeting with the CRC on 19 May 2022 it was identified that an amount of \$95,000 was duplicated across both cost estimates meaning that the estimated cost of both building renewal works, fit out and car parking is \$560,000. However it also be noted that there have been significant cost escalations since the initial building

estimates from the CRC were compiled and it is suggested that a 25-40% escalation be factored into those costs, increasing the total project costs to up to \$785,000.

In the recently completed review of the Corporate Business Plan Council has proposed the taking out of a loan of \$300,000 to fund the building renewal works. This is in addition to the current budget allocation of \$65,000 for fitout that would be carried forward to 2022/23.

Noting the CRC's committed contribution of \$130,000 and the Council's contributions of \$65,000 (for fitout) and \$300,000 (for building renewal works) this leaves a current funding shortfall of \$290,000 that would have to be sourced from a 3rd party such as Lotterywest. Some preliminary discussions were held with Lotterywest last year and they indicated the project would be eligible for consideration subject to its funding being assigned to the "public" elements of the project. There isn't a straight forward definition of "public" and further discussions would be held with Lotterywest once a final concept plan for the building was in place.

At the meeting between Shire and CRC representatives held on 19 May 2022 information was provided on the feedback received from councillors on the fitout/floor plan prepared by the CRC. When asked if the CRC would consider revising the plan to provide a more prominent visitor servicing area such as a dedicated customer service counter the response from the CRC representatives was negative as it was the view of the CRC that all business should be conducted from a single counter, mainly due to efficiencies in staff requirements.

Also at the meeting held with the CRC on 19 May 2022 it was agreed by both parties that work needs to be progressed urgently on determining what key performance indicators would be contained in the proposed contract between the Shire and CRC for delivery of visitor servicing.

Officer Comment

In calling this Special Council meeting the relevant councillors described the purpose of the meeting as "to consider the ceasing of negotiations to outsource the management of the Bridgetown Visitor Centre". This suggests that Council will either be resolving to end its current discussions with the Bridgetown CRC to outsource visitor servicing to that organisation, or will be reaffirming its current position to proceed with that outsourcing.

If the decision of Council proves to be the ceasing of negotiations with the Bridgetown CRC it is assumed this means that the operations of the visitor centre will continue to be a Shire function with staff employed to operate/manage the visitor centre with assistance from volunteers. There will likely be implications for the 2022/23 budget if this option is chosen and these will have to be considered by Council prior to adoption of its 2022/23 budget.

No specific officer recommendation has been provided on whether to continue with the CRC outsourcing proposal as Council is considered to have received sufficient information to inform such a decision.

Revocation of Council Resolution C.08/0421 from its April 2021 meeting isn't required for Council to resolve a new resolution to cease negotiations to outsource the management of the Bridgetown Visitor Centre as parts of the resolution (specifically Parts 1, 3a, 3c and 3d) have already been actioned to some degree.

The whole of a resolution needs to be considered when determining if revocation is required, not the individual points or parts of a resolution.

If Council was to resolve to cease any further progression of outsourcing the visitor centre operations it could still have discussions with the BGBTA on possible increased involvement of the BGBTA in the management of the jigsaw gallery.

Statutory Environment – Nil

Integrated Planning

- Strategic Community Plan
 - Outcome 12 Bridgetown Greenbushes is regarded to be a major tourist destination
 - Objective 12.2 Improve tourism infrastructure and services
- Corporate Business Plan
 - Objective 12.2 Improve tourism infrastructure and services
 - Action – 12.2.1 Provide implementation of the Visitor Centre and provision of Visitor Information Services business case (2021/22)
- Long Term Financial Plan
 - The current Long Term Financial Plan as the current plan is still predicated on the existing Shire managed model at the Visitor Centre. If Council proceeds with the Bridgetown CRC model the annual subsidy (payment) to the Bridgetown CRC would be reflected in the next review of the Long Term Financial Plan.
- Asset Management Plans – Nil
- Workforce Plan
 - Preparation of a new Workforce Plan is currently occurring. In line with the current Council resolution (C.08/0421) it had been assumed that the new Workforce Plan would recognise that no direct staff resources would be employed at the visitor centre. If Council was to determine that outsourcing of management of the visitor centre wasn't to occur this would be reflected in the Workforce Plan.
- Other Integrated Planning - Nil

Policy Implications - Nil

Budget Implications

The 2022/23 budget planning process has been predicated on the outsourcing model being implemented. If Council was to cease that process the 2022/23 budget would be amended to reflect the continuation of the visitor centre as a Shire operated facility.

Whole of Life Accounting – Not Applicable

Risk Management

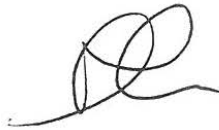
The decision by Council in April 2021 to outsource the management of the Visitor Centre and the Brierley Jigsaw Gallery to the Bridgetown Community Resource Centre (CRC) was made after over 2 years of investigations, including significant community and tourist industry consultation. This consultation saw 60% of respondents indicate that a community management model was their preferred management model, and 38% of respondents indicated that a community management model in the current location was their preferred location and management model.

Council has since held 2 workshops to further consider the outsourcing proposal and thus should have a sound understanding of the consequences and potential financial implications of any decision, noting that such decisions if made without full understanding, could cause reputational risk to the Council.

Voting Requirements – Simple Majority

Closure

The Presiding Member to close the Meeting.

Agenda papers checked and authorised by CEO, Mr T P Clynych		7 June 2022
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