



JL MURPHY PAVILION FUNDING REQUEST

EXECUTIVE MEMBER: LACHLAN JOHNSON, ACTING GENERAL MANAGER,
INFRASTRUCTURE AND AMENITY

PREPARED BY: ANTHONY TRAILL, MANAGER OPEN SPACE AND RECREATION

1. PURPOSE

- 1.1 To present a request by the Single Governance Entity at J.L Murphy Reserve Pavilion to forward fund the kitchen fit out and additional furniture items as a loan.

2. EXECUTIVE SUMMARY

- 2.1 JL Murphy Pavilion is in Port Melbourne and services four sporting fields (two ovals, one rectangular and one diamond).
- 2.2 The pavilion has been redeveloped with construction completed on 19 February 2020. A pavilion event opening is scheduled for 22 March 2020. The total project cost was \$4.7M.
- 2.3 A Single Governance Entity 'JL Murphy Pavilion Committee Incorporated' (SGE) representing all sporting clubs was established to contribute to the design and operate the pavilion post construction.
- 2.4 The SGE during design requested larger community (social) room space and enhanced kitchen and bar facilities.
- 2.5 The SGE proposed to contribute \$200,000 to get an extended community (social) room space and cover the costs for a cool room and commercial kitchen equipment (estimated as \$60,000 in 2018). A funding agreement was developed to document this arrangement and signed by all sporting clubs.
- 2.6 The club has fulfilled the obligation of the \$200,000 commitment with \$100,000 being provided by the SGE and \$100,000 from AFL Victoria grant.
- 2.7 The SGE has written to Council to seeking a loan to forward fund the kitchen equipment, cool room infrastructure and additional pavilion operational items to allow the facility to operate as they intended immediately. The request is for \$77,207 paid back over five years. (Attachment 1)



3. RECOMMENDATION

That Council:

- 3.1 Notes the request from the Single Governance Entity (JL Murphy Pavilion Committee Incorporated) requesting an interest free loan of \$77,207 paid back over five years.
- 3.2 Notes the loan request is to fund;
 - Kitchen Equipment - \$35,000
 - Cool room infrastructure - \$15,000
 - Additional table and chairs - \$12,000
 - Additional television – \$3,000
 - Kitchen point of sale system - \$3,000
 - Additional pavilion furniture - \$4,207
 - Other – Crockery and cutlery - \$5,000
- 3.3 Resolves to forward fund the kitchen equipment and cool room infrastructure, to the value of \$50,000, to support the essential operational items for the new pavilion.
- 3.4 Resolves the \$50,000 is paid back over a period of four years with quarterly payments of \$3,125.
- 3.5 Delegates to the Chief Executive Officer the authority to vary the existing funding agreement, between Port Phillip City Council and JL Murphy Pavilion Committee Incorporated in accordance with this resolution.

4. KEY POINTS/ISSUES

Project details

- 4.1 The JL Murphy Pavilion Upgrade is a Council Plan key priority project to support sport participation at the JL Murphy Reserve by providing a high-quality facility that is fit-for-purpose and meets the demands of increased sports participation at the Reserve.
- 4.2 The works include the partial demolition of the original pavilion, renewal of existing change-rooms and the construction of four change facilities, additional storage space, a larger kitchen/kiosk, larger community (social) space, new public toilets, extended under-cover area and new umpire facilities.

ORDINARY MEETING OF COUNCIL – 04 MARCH 2020



- 4.3 The total project cost is \$4.7M. This includes the expenses incurred over the last four financial years for technical assessment, project management, planning, consultation, design fees and other pre-construction activities.
- 4.4 The pavilion services four separate sporting fields and is home to the following clubs;
- Port Melbourne Colts Junior Football Club
 - Port Colts Football Club
 - Middle Park Football Club
 - Port Melbourne Baseball Club
 - Port Melbourne Cricket Club
- 4.5 A SGE is a new incorporated body that was established to manage club access to the redeveloped building and contribute funds to the redevelopment. The SGE agreed on the name JL Murphy Pavilion Committee Incorporated.
- 4.6 This is the first SGE model that has been established within the City of Port Phillip.
- 4.7 The sporting clubs requested the following scope increases at their cost above the base design;
- Increased social room space and provision for a cool room (\$200,000)
 - Upgraded kitchen facilities and cool room infrastructure (Estimated at \$60,000)
- 4.8 The request for expanded scope was supported and a funding agreement was established.
- 4.9 Council is the primary funding partner for the pavilion upgrade, with contributions from Sport and Recreation Victoria, AFL Victoria and the sporting clubs of J.L Murphy Reserve. A funding breakdown is provided in table below

		Prior years	2018/19	2019/20	Total
Council Funds		173,889	193,500	2,901,500	3,208,889
SRV grant	<i>90% at commencement of construction/ 10 % at completion</i>	-	1,115,000	123,000	1,238,000

ORDINARY MEETING OF COUNCIL – 04 MARCH 2020



Clubs	<i>\$60k prior to tender / \$40k on completion</i>	-	60,000	40,000	100,000
AFL Victoria	<i>Full amount on completion</i>	-	-	100,000	100,000
Clubs - Kitchen fit out above standard	<i>Estimated club cost in 2018 to fund kitchen and cool room upgraded equipment.</i>			60,000	60,000
TOTAL		173,889	2,082,606	2,510,394	4,706,889

4.10 Practical completion was achieved on 19 February 2020 ahead of schedule. The estimated completion date was March 2020.

4.11 A formal opening ceremony is scheduled for 22 March 2020.

Funding agreement

4.12 The SGE was established and a funding agreement was signed buy all sporting clubs in October 2018, prior to construction works commencing.

4.13 The SGE has fulfilled their obligation under the funding agreement for their contributions to the expanded social room space and provision of a cool room, being;

- \$60,000 payment prior to the construction tender process
- \$40,000 payment at practical completion
- \$100,000 from AFL Victoria at practical completion (Noting Council has invoiced AFL Victoria directly)

4.14 The funding agreement specified that the SGE provide the commercial kitchen appliances to Council by ‘lock up’ stage during construction (August 2019).

4.15 The SGE advised they were unable to meet this timeframe resulting in the alternate arrangement of the funding agreement being activated which required the SGE to supply the equipment within six months of Practical completion.

4.16 The SGE has formally written to Chief Executive Officer on 17 February 2020 requesting an interest free loan, paid back over five years, of \$77,209 to fund the following;

Item	Cost
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Kitchen	\$35,000*
Cool Room	\$15,000
Additional furniture	\$12,000
TV	\$3,000
Point of Sale	\$2,800
Lounge / Couch / Coffee Table	\$4,207
Other – Crockery and Cutlery	\$5,000
* estimated cost (additional cost over this amount including delivery and installation will remain responsibility of the club)	

4.17 Officers have prepared three options and undertaken an assessment of each item for Council to consider.

Options

4.18 Option 1 – Fund and loan the full amount requested allowing the SGE to operate as aspired from day one of operations.

4.19 Option 2 – Part fund and loan of the amount requested over a reduced payment term to support operations of the SGE from day one.

4.20 Option 3 – Decline request and inform the SGE to comply with signed funding agreement.

Officer Recommendation

4.21 Considering this is the first time a SGE has been developed to manage a pavilion for multiple sporting clubs in Port Phillip. Officers support the concept of part funding (Option 2) essential items, not operational items, to ensure the SGE is set up for success.

4.22 Officers have assessed each item to determine what part funding could look like.

Item	Supported	Comment
Kitchen	Yes	The kitchen has been designed for commercial equipment. A fully fitted kitchen is essential for the



		SGE to have functions, service members and generate income to be successful.
Cool Room	Yes	A cool room has also been designed and included in the construction. To avoid the club purchasing fridges as an interim measure this item is supported.
Additional tables and chairs	No	The project is already supplying furniture (tables and chairs) to seat 100 people. Additional furniture is considered operational.
Television	No	The project is already providing one television and one projector. Two additional data points have also been installed for when the SGE purchases or funds additional televisions.
Point of Sale (Technology solution)	No	This item is noted as a fantastic technology tool to ensure good governance and accounting of repayments to Council. In saying this, the item is not essential to operations and not supported for funding.
Additional furniture (Lounge / Couch / Coffee Table)	No	The project is already supplying furniture (tables and chairs) to seat 100 people. Additional furniture is considered operational.
Other – Crockery and Cutlery	No	Crockery and Cutlery is considered operational and responsibility of the club.

- 4.23 Based on assessment of items, officers part funding recommendation is \$50,000 of the requested \$77,207
- 4.24 The loan term is proposed to be reduced from five years to four years. With quarterly instalments.

5. CONSULTATION AND STAKEHOLDERS

- 5.1 The construction of J.L Murphy pavilion had extensive consultation with the community and sporting clubs that utilise this facility.
- 5.2 The request for funding is a direct request from the SGE of this facility representing all sporting clubs.

6. LEGAL AND RISK IMPLICATIONS

- 6.1 Under the funding agreement, if the SGE fails to meet their funding commitments they may be refused access to the pavilion until such payments are made.



6.2 The funding agreement contains future debt recovery processes should Council require, however, given the request from the SGE it is Council's preference to work collaboratively to resolve this issue.

6.3 The risk of not supporting this request is the SGE will be initially restricted in generating income from this facility.

7. FINANCIAL IMPACT

7.1 If Option 1 was supported there is no financial impact to Council.

7.2 If Option 2 was supported as proposed of \$50,000 over four years. Quarterly repayments of \$3,125 would be required.

7.3 If Option 3 was supported as proposed of \$77,207 over five years. Quarterly repayments of \$3,860 would be required.

7.4 Any funds resolved to support this request will result in increased project expenditure this financial year.

8. ENVIRONMENTAL IMPACT

8.1 Environmental factors were considered and implemented as part of the construction of the new pavilion.

9. COMMUNITY IMPACT

9.1 Non-sporting utilisation of this pavilion are not impacted by this resolution.

10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

10.1 Direction 1.1 – A safe and active community with strong social connections, has a priority to plan and deliver a long-term program of sports field and pavilion upgrades to enhance capacity and broaden community participation in sport and recreation.

11. IMPLEMENTATION STRATEGY

11.1 TIMELINE

11.1.1 A variation to the funding agreement with documented loan terms will need to be signed by the SGE.

11.1.2 The project team will attempt to have these items installed prior to the pavilion opening, however note this is subject to availability of equipment and various lead times.

11.2 COMMUNICATION

ORDINARY MEETING OF COUNCIL – 04 MARCH 2020



11.2.1 Under delegation the Chief Executive Officer will respond the formal request from the SGE in accordance with the resolution adopted on the 4 March 2020.

12. OFFICER DIRECT OR INDIRECT INTEREST

12.1 No officers involved in the preparation of this report have any direct or indirect interest in the matter.

TRIM FILE NO: 62/11/138

ATTACHMENTS 1. JL Murphy Pavilion Committee Incorporated request for funding letter