

South Precinct of KMC <spkmcfern@gmail.com>

Mon, Mar  
18, 9:05 AM

to Council, councillors

**Attention: Kiama Council CEO**

Noting the wording of the Recommendation contained at Item 16.1, particularly part **3 (a) to (c)** outlining possible future Council involvement and the responses to Council from the President of the Gerringong Surf Life Saving Club on March 5, is it the case that Council had little to no oversight of the Contract negotiations despite this Development taking place on land owned by Kiama Council?

Is Council obligated by Legislation to have any oversight or conduct any due diligence on Contract negotiations for a construction on land owned by Kiama Council and leased to a third party?

Was Kiama Council aware that the contingency amount of \$50,000 on a presumed build of \$5.5 Million was < 1% of the contract price? While setting the amount is not an exact science, the Industry average is somewhere between 5% to 10%, i.e. from \$275,000 to \$500,000. A contingency in that range would have substantially, if not fully covered the amount that Council has been requested to outlay.

On February 15, 2022 in a Report to Council the Director of Engineering and Works, comments were made regarding the granting of "owner's consent". It was said that "Prior to Council providing this consent any proposal to undertake major refurbishment/expansion of a Council building such as the work proposed here, needs to go through a rigorous planning and review process by Council Staff...". Amongst the matters requiring such rigorous planning and review was the following bullet point: "Resulting long-term Financial implications and ongoing liabilities on Council". Was such a rigorous planning review undertaken at any time after the granting of "owner's consent"?

In the same Report to Council under **Risk Implication**" it states "Due diligence procedures and consultation processes outlined in this project are designed to mitigate strategic and financial risks to Council. Project specific risks would be assessed and controlled through effective project management mechanisms". What "due diligence procedures" and "consultation processes" were implemented to ensure "effective project management".

In the event that Council resolves to provide this funding shortfall, how does that decision impact Council's Financial position and the ability to cover any future possible shortfall, noting that unexpected costs may arise as this project proceeds to completion?.

Regards  
Chris Cassidy  
On Behalf of the  
South Precinct Executive