

24 November 2021

## COUNCIL CANCELS HEPBURN HUB AT THE REX PROJECT

Hepburn Shire Council has decided to not proceed with final construction works of the Hepburn Hub at The Rex project, and will instead sell the historic building.

Council purchased the Daylesford building in 2016 for \$6 million. Building works were undertaken before engaging a contractor in 2020 to complete the construction works, but mutually parted ways with the builder in July 2021.

The recent tender process to complete the project received six tenderers, with Council officers recommending Council award the construction contract.

Councillors rejected the officer's recommendation to award the contract and instead voted on an alternate motion to sell the building through a public process.

"Councillors thought deeply about this decision, it was not an easy one and we understand will result in mixed feelings across our community," said Mayor, Cr Tim Drylie.

"While we recognise the value in creating a community hub and consolidation of our council offices, we ultimately decided that the best choice for the community is to discontinue the project, which now provides a clear direction for The Rex site."

"The costs for this project have continued to mount over many years and it did not seem to be financially prudent for Council to proceed when an additional investment was required after the latest tender process," he said.

In June 2021 Council endorsed a project budget of \$8.755 million based on several forecasts. Based on the latest tender, the project construction cost was forecast to \$9.658 million.

"The Hepburn Hub at The Rex is a legacy project from decisions made by the previous Council."

"We recognise the benefits that the Hepburn Hub at The Rex would have offered, however the uncertainty of the final cost, previous construction issues, the financial impacts of COVID, storm recovery and operating in a rate capping environment meant Councillors determined the additional costs were just too much to incur."

“We fully understand the disappointment that many in the community will be feeling, including those who were looking forward to having a community auditorium, our passionate library patrons, and Council staff who were to be consolidated into one office building.

“Councillors have requested the Chief Executive Officer now undertake a public process to sell The Rex building, repay debt and undertake a planning project that will review possible solutions of staffing accommodation and community facilities that were to be included in the Hepburn Hub,” he said.

The purchase of The Rex building and other matters relating to the project remain under investigation by the Local Government Inspectorate. Council has cooperated fully with the Inspectorate and welcomes the findings of this review once the Inspectorate releases the report.

The motion passed by Council was, that Council:

1. *Does not award a contract for the building works and determines not to proceed with the Hepburn Hub at the Rex project;*
2. *Acknowledge the significant work undertaken by officers and contractors during the project, and within the current tender process;*
3. *Write to all tenderers acknowledging their work and that Council will not proceed with the Hepburn Hub at the Rex project;*
4. *Request that the Chief Executive Officer undertakes a process to sell, through a public process, the Rex building;*
5. *Work with the Daylesford Cinema group on potential temporary and permanent solutions for the community cinema;*
6. *Request the Chief Executive Officer prepare a scope to undertake a planning project that will review possible solutions of staffing accommodation and community facilities that were to be included in the Hepburn Hub; and*
7. *Request the Chief Executive Officer to review the financial loan drawn in June 2021 for this project with a view to immediately paying down the debt.*

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