

**Appendix A -  
Revised financial modelling using new assumptions and reduced lettable area**

<b>Annual Operational Cost Estimate - All Options (Equipment &amp; Maintenance Excluded)</b>								
Revenue/Expense Component	Option 1	Option 2			Option 3			
	Meals Dispatch Centre	Meals Dispatch and DECL			Meals Dispatch and Food Production			
		Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3	
<b>Income</b>								
Area available for lease (m <sup>2</sup> )	144	144	144	144	144	144	144	
Rate per square metre (\$)	\$0	\$100	\$66	\$0	\$150	\$200	\$250	
Rental Income	\$0	\$14,400	\$9,504	\$0	\$21,600	\$28,800	\$36,000	
Proportional contribution for utilities, etc. **	\$0	\$13,524	\$13,524	\$13,524	\$13,524	\$13,524	\$13,524	
<b>Total Income</b>	<b>\$0</b>	<b>\$27,924</b>	<b>\$23,028</b>	<b>\$13,524</b>	<b>\$35,124</b>	<b>\$42,324</b>	<b>\$49,524</b>	
<b>Expenses</b>								
Depreciation - Building	\$40,398	\$40,398	\$40,398	\$40,398	\$40,398	\$40,398	\$40,398	
Depreciation - Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Utilities - Water consumption	\$3,240	\$5,400	\$5,400	\$5,400	\$5,400	\$5,400	\$5,400	
Utilities - Water / sewer	\$330	\$330	\$330	\$330	\$330	\$330	\$330	
Utilities - Gas	\$4,608	\$7,680	\$7,680	\$7,680	\$7,680	\$7,680	\$7,680	
Utilities - Electricity	\$27,360	\$27,360	\$27,360	\$27,360	\$27,360	\$27,360	\$27,360	
Maintenance - Cleaning & chemicals	\$5,400	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	
Maintenance - Waste removal	\$3,900	\$7,800	\$7,800	\$7,800	\$7,800	\$7,800	\$7,800	
Maintenance - Pest Control	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	
Maintenance - Repairs & Maintenance (incl security)	\$17,100	\$17,100	\$17,100	\$17,100	\$17,100	\$17,100	\$17,100	
Insurance - Building & Contents	\$2,230	\$2,230	\$2,230	\$2,230	\$2,230	\$2,230	\$2,230	
<b>Total Expenses</b>	<b>\$108,166</b>	<b>\$120,898</b>	<b>\$120,898</b>	<b>\$120,898</b>	<b>\$120,898</b>	<b>\$120,898</b>	<b>\$120,898</b>	
<b>Net Profit/Loss</b>	<b>-\$108,166</b>	<b>-\$92,974</b>	<b>-\$97,870</b>	<b>-\$107,374</b>	<b>-\$85,774</b>	<b>-\$78,574</b>	<b>-\$71,374</b>	

\*\* contribution to utilities, etc calculated at 40% of expense - utilities (\$5,364), pest control (\$1,440), cleaning (\$3,600), waste removal (\$3,120)

<b>Business Case Report - Annual Operational Cost (incl. equipment and maintenance)</b>								
Business Case Costing	Rental methodology	N/A	50% Market	33% Market	No rent	\$30 p/h	\$40 p/h	\$50 p/h
	Total Income	\$0	\$43,940	\$38,534	\$28,040	\$60,000	\$80,000	\$100,000
	Total Expenses	\$103,357	\$134,918	\$134,918	\$134,918	\$133,418	\$133,418	\$133,418
	<b>Net Profit Loss</b>	<b>-\$103,357</b>	<b>-\$90,978</b>	<b>-\$96,384</b>	<b>-\$106,878</b>	<b>-\$73,418</b>	<b>-\$53,418</b>	<b>-\$33,418</b>

<b>Option Comparison for Nominal Sum of Cashflows over 5 year period - Equipment &amp; Maintenance Excluded</b>								
Recalculated Costing	Cashflows	Option 1	Option 2			Option 3		
		Meals Dispatch Centre	Meals Dispatch and DECL			Meals Dispatch and Food Production		
			Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3
	Capital Expenditure *	-\$62,000	-62,000	-62,000	-62,000	-81,000	-81,000	-81,000
	Total Income	0	148,252	122,259	71,801	186,478	224,704	262,930
	Total Expenses	-359,790	-427,385	-427,385	-427,385	-427,385	-427,385	-427,385
	<b>Net Profit Loss</b>	<b>-\$421,790</b>	<b>-\$341,133</b>	<b>-\$367,127</b>	<b>-\$417,585</b>	<b>-\$321,907</b>	<b>-\$283,682</b>	<b>-\$245,456</b>

Calculation includes capital expenditure and operational revenue and expenditure excluding depreciation. Base operational costs have been inflated by CPI @ 3%.

\* Capital expenditure includes flooring, sliding doors, mechanical upgrade of coolrooms, walls and doors to isolate kitchen, plus 5% contingency. For option 3, it also includes an additional \$19,000 for potential additional coolroom.

Business Case Costing	<b>Business Case Report - Option Comparison for Nominal Sum of Cashflows over 5 year period (equipment &amp; maintenance incl.)</b>							
		<b>-\$371,258</b>	<b>-\$366,106</b>	<b>-\$394,808</b>	<b>-\$450,522</b>	<b>-\$271,917</b>	<b>-\$165,734</b>	<b>-\$59,551</b>

**These costs are indicative only and are based on the following assumptions:**

- The premises will be leased as is and Council will not provide any additional equipment. Costs to remove existing equipment and make good are user responsibility and have not been included in these calculations.
- The user will bear full responsibility for maintenance of kitchen equipment, however Council must still maintain coolrooms being used for Council's service.
- A provision has been made in the capital works for option 3 for the installation of a small coolroom within the kitchen footprint. Any associated additional electricity and maintenance costs are to be reimbursed by the user and have not been calculated in these costings. No such provision has been made under option 2 as DECL have advised they will install their own coolroom equipment.
- The area for lease under options 2 and 3 has been assessed to be 144m<sup>2</sup>, approximately 40% of the net lettable area of the building and costs have been apportioned on this basis. Council's distribution services are assessed to occupy 60% of the lettable area of the building.
- As the premises are not being leased fully fitted, a premium rental will not be achievable. Rental for option 3 is expected to fall within the range of \$150-\$250 per square metre.