

E.7 Aquatic Facilities Viability Feasibility Study

File No: CMI4/492
Department: Community and Economic
 Development
Council Plan Strategic Objective: Healthy Communities

Our community feels connected, safe
 and strong.

Previous Items: BR3/11 - Wonthaggi Aquatic and leisure Centre - Feasibility Study - - Briefing Session - 6 April 2011
 54/11 - Joint letter - Request for a swimming pool on Phillip Island - Council - 15 June 2011
 CBR3/11 - Phillip Island Aquatic Centre Feasibility Study (11.15-12noon) - Policy Workshop - 6 July 2011
 CBR4/11 - Bass Coast Aquatic Centre Project Update (12.45-1.30pm) - Policy Workshop - 6 July 2011
 SR15/11 - Provision of Aquatic Facilities in Bass Coast Shire - Council - 27 July 2011
 CBR6/12 - Aquatic benchmarking (3.40pm - 4.40pm) - Policy Workshop - 22 February 2012
 CBR5/13 - Bass Coast Aquatic Update (2.00pm - 3.15pm) - Policy Workshop - 16 January 2013
 CBR5/13 - Phillip Island Aquatic Centre Fund Inc. (5.30pm - 6.15pm) - Policy Workshop - 8 May 2013
 SR8/13 - Development of Aquatic Facilities in Bass Coast Shire - Council - 19 June 2013
 2/13 - 132/13 Provision of Aquatic Facilities in Bass Coast Shire - Council - 18 September 2013
 CBR3/13 - Bass Coast Aquatic Update (1.15pm - 2.00pm) - Policy Workshop - 18 December 2013
 CBR1/14 - Bass Coast Aquatic Update (11.45am-12.30pm) - Policy Workshop - 5 March 2014
 CBR2/14 - Bass Coast Aquatic Update (3.00pm - 3.45pm) - Policy Workshop - 9 April 2014

Declaration

The authors have no direct or indirect interests in relation to this report.

Summary

In September 2013 the Council requested a Feasibility Study be undertaken into the financial viability of the operation of two aquatic facilities in Bass Coast. The Council appointed InSynch Consultancy Group to undertake the study.

The study investigated different operating models and the range of potential financing models available and is attached for Council's information.

The study highlighted the major financial commitment that would be required to fund and operate two centres.

This report acknowledges the findings of the study and recommends that Council proceed with the previously agreed development of the Bass Coast Aquatic Centre in Wonthaggi. The report further recommends that Council continue to investigate future provision of aquatic facilities on Phillip Island.

Introduction

In June 2013 Council resolved to:

- 1. Rename the Wonthaggi Aquatic and Leisure Centre the Bass Coast Aquatic and Leisure Centre.**
- 2. Proceed with the detailed design for the aquatic facilities located at the Bass Coast Aquatic and Leisure Centre paying particular attention to how the facility would be staged and funded over a number of years.**
- 3. Adopt the Swimming Australia recommendation that the design of the Bass Coast Aquatic facilities include a 10 lane 25metres pool.**
- 4. Investigate short term options to improve access to existing facilities and the potential for improved facilities on Phillip Island in the medium term including investigating;**
 - **the potential to incorporate hydrotherapy at the proposed Integrated Primary Health Care Centre or at the Cowes Leisure Centre**
 - **options to utilise the Cowes Primary school pool**
 - **improving public transport to provide access to the Bass Coast Aquatic Centre**
 - **the potential to access existing private facilities on Phillip Island**
- 5. Establish a working group to assist with the investigations identified above comprising of;**
 - **Councillors**
 - **Phillip Island Aquatic Centre Fund Committee**
 - **Phillip Island Swim Club**
 - **Health Service Providers**
 - **YMCA**
 - **Education Department**
 - **Council Officers (providing administrative support)**
- 6. Consider the development of an additional aquatic facility in Bass Coast in the longer term (15-20 years) at the recently purchased Cowes Recreation land (formerly Crown Allotment 79)**

Planning in the development of concept designs has commenced and as further resolved by the Council, options allowing for a staged development to continue the operations of the aquatic facilities has been considered by the architect and working group.

The Council also resolved to further plan for the provision of aquatic facilities on Phillip Island in the long term (15-20) years and to co-ordinate a working group to assist with the planning. Groups consulted in the preparation of the Master plan indicated they would be interested in being part of such a group closer to the time.

The Working Group looking at the short term options met on three occasions. Private facilities were investigated and found not to be available for public use or lease. Transport to Wonthaggi was explored including the use of Council community buses. Members felt it was too far and school representatives indicated that the time spent travelling impacted on classroom time. The consultancy report has included the cost for the development of a hydrotherapy facility at the Cowes Recreation Reserve leisure facility.

In September 2013 Council resolved to:

1. ***Undertake an independent assessment of the financial viability of developing and operating of two aquatic facilities in Bass Coast Shire located in Wonthaggi and Cowes.***

The independent assessment is to consider;

- a. ***The financial impact of alternative delivery models including;***

- ***Conventional Construction.***
- ***Design and construct.***
- ***Build, Own, Operate and Transfer.***

- b. ***The financing options and impacts including;***

- ***A special rate or charge.***
- ***The impact on future rate increases.***
- ***The potential to sell any land surplus to Council's operating needs.***
- ***The potential to obtain State and Federal Government grants.***
- ***The impact of any additional borrowings.***
- ***The impact on Council's strategic resource plan and proposed future revenue from rates.***

2. ***Undertake a representative sample survey of ratepayers of Bass Coast to determine;***

- ***The level of support for the development of two aquatic facilities in Bass Coast Shire***
- ***The willingness to fund two aquatic facilities in Bass Coast Shire through increased general rates, special rates or special charges.***

3. ***Fund the costs associated with the above investigation and sample survey from the existing budget that has been allocated for the design of the Bass Coast Aquatic Centre.***

4. ***Consider a report at the February 2014 Council meeting detailing the results of the assessment and survey detailed above.***

InSynch Consultancy Group undertook the study and presented the outcome of community consultation at a Council briefing on 5 March 2014. A further presentation was made to Council on 9 April 2014 where the final findings of the study were submitted. The study report is attached.

The study provided various funding scenarios for different options of delivery of aquatic facilities. All options required major financing requirements through loan funds and external grant funding.

All of the scenarios considered pose a high risk to Council due to the significant capital and ongoing operational costs. The study found that the development of both centres posed the highest risk for Council requiring major loan borrowings and substantial rate increases.

The study found that 73% of respondents answered 'yes' to the question "Is there a need for two aquatic centres in Bass Coast in the short term?" However, in response to the question of paying additional rates to fund two aquatic centres, 64% of respondents would not be prepared to pay any additional rates. Only 15% of respondents would be prepared to pay more than \$50 additional rates towards funding for two aquatic centres.

Council sought additional information from the Consultant in relation to the costs associated with the development of a Phillip Island aquatic facility. The consultant has included this in the final study with the estimated cost of the development of the Phillip Island Centre to be \$10,757,000.

If the development of aquatic facilities at Phillip Island was to proceed and no redevelopment of facilities at Bass Coast Aquatic and Leisure Centre occur the result would be an expected average net loss of \$968,374 over the first five years of operation. This is an additional \$391,325 per year compared to the 2013/14 operating budget for the current centre.

The Council also sought details of the costs of a stand-alone hydrotherapy pool. The costs associated with this facility are estimated to be \$1,800,000 for a 14m x 7m stand-alone hydrotherapy pool built into the existing Phillip Island Leisure Centre. The addition of a hydrotherapy pool to existing facilities at the Phillip Island Leisure Centre is expected to generate an average loss of \$1,060,348 over the first five years of operation. This is an additional subsidy of \$483,300 per year to the 2013/14 operating budget for the centre.

Strategic Basis

In July 2011 Council adopted the Bass Coast Aquatic Centre – Wonthaggi Feasibility Study. This is linked to various strategic directions set by Council as follows -

- *Bass Coast Municipal Recreation Plan 2009-2014.*

Key Objective 5: Enhance water based recreation opportunity and safety

Policy Statement: Develop Wonthaggi Aquatic and Leisure Centre as the regional facility for the whole of the Shire

Key Action 4.5.1: Upgrade the current indoor aquatic facilities at Wonthaggi as the Shire's regional township

Task: Revise the design and costing for the redevelopment of the Wonthaggi Aquatic and Leisure Centre.

- *Bass Coast Shire Council's Settlement Hierarchy*- identifies Wonthaggi as the Shire's regional centre and the focus of large scale residential growth in the Shire.

The Council Plan also identifies the health and wellbeing benefits of a healthy lifestyle and connected communities. The provision of facilities to meet the future needs of the community is linked to the Council Plan.

Finances

The study provides various funding scenarios and options. The Council will need to consider the financial impact of financing aquatic facilities and the effect on its strategic resource plan. As the long term financial plan for Council will be prepared in 14/15, consideration could be given to the funding for two aquatic facilities as part of this process. Priority should be given to the upgrade of the Bass Coast Aquatic and Leisure Centre, given the state of the facility and to the construction of an aquatic facility on Phillip Island with the financial parameters set by Council.

Stakeholders

Bass Coast Council, ratepayers and residents, visitors, community organisations, swim clubs, health care providers, schools and funding bodies.

Statutory Requirements/Codes/Standards/Policies

The development or redevelopment of any aquatic facilities will be required to meet current building standards, codes and guidelines as applicable to the aquatic industry. Council is not obliged to provide aquatic facilities by legislation.

Other Options

Council has undertaken the feasibility study into the provision of two aquatic facilities and has commenced the design of the Bass Coast Aquatic and Leisure Centre. Council could commit funds to construct the Phillip Island facility first. The InSynch report does not recommend this course of action due to the financial constraints and the possible risk that the Wonthaggi facility may not be able to continue to operate in the future.

Officer's Comments/Conclusion

This Feasibility Study for the viability of two aquatic centres in Bass Coast has provided various options for the development of facilities. The study considered the financial modelling required to finance the development and operation of facilities.

The study has provided the Council with findings that make it clear that the Council would not be in the position to finance and manage two aquatic facilities without a major adjustment to the Council's Strategic Resource Plan.

The Council has previously resolved to commit to the design of the Bass Coast Aquatic and Leisure Centre. The Council further agreed to investigate short and long term options for the provision of aquatic facilities for Phillip Island.

This report recommends that Council confirms its intention to upgrade the Bass Coast Aquatic and Leisure Centre as its priority for the provision of aquatic facilities.

The basis of this recommendation is as follows.

Council adopted a feasibility study in relation to replacing and upgrading the Bass Coast Aquatic Facility in July 2011.

Council decided to proceed with the design of the Bass Coast Aquatic Facility in June 2013.

Council is not in a financial position to construct two indoor aquatic facilities in Bass Coast at this point in time.

Council's asset management strategies highlight the need to replace ageing infrastructure prior to delivering new assets.

Upgrading the one major facility in the major regional centre of the municipality is an efficient use of ratepayer funds.

Recommendation

That Council:

- 1. Notes that the Feasibility Study for the viability of two aquatic centres in Bass Coast has been completed.**
- 2. Commits to the redevelopment of the Bass Coast Aquatic and Leisure Centre as the priority for the provision of aquatic facilities in the municipality.**
- 3. Refers the funding for improved aquatic facilities in Bass Coast for consideration as part of the development of a long term financial plan in 2014/2015.**

Attachments

AT- 2014 05 01 FINAL REPORT - Feasibility Study for the Viability of two Aquatic
I Centres in Bass Coast

Council Decision

Moved: Cr. Bradley Drew / Seconded: Cr. Jordan Crugnale

That Council

- 1. Notes that the Feasibility Study for the viability of two aquatic centres in Bass Coast has been completed.**
- 2. Commit to providing an aquatic centre on Phillip Island subject to the following;**
 - Undertaking further work to determine the suitable location for the Phillip Island Aquatic Centre.**
 - Undertaking further work to determine the most appropriate first stage of construction of the Phillip Island Aquatic Centre by June 2015.**
 - Continues to meet with the Phillip Island Working Group on a quarterly basis**

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- Council funding required to determine the most appropriate first stage, and design for construction of this first stage, is considered as part of the 2015/2016 budget.
 - Funding is obtained to the value of at least 50% of the cost of the first stage of construction through community fundraising and/or government grants. Community fundraising must take the form of cash funds.
 - Further stages of development of the Phillip Island Aquatic Centre will require the community to achieve a fund raising target equivalent to 50% of the cost of the project. Community fundraising must take the form of cash funds.
3. Notes that a report will be presented to the June Council meeting regarding the development of the Crown Allotment 79 master plan.
 4. Commit to the redevelopment of the Bass Coast Aquatic and Leisure Centre subject to the following;
 - The first stage of works will include providing a new 10 lane 25 meter pool and upgrading of the toilets, change rooms, providing a cafe, crèche and improved parking.
 - Future stages of redevelopment of the centre are to be determined as part of the design process currently being undertaken for the centre.
 5. Refers the funding for improved aquatic facilities in Bass Coast for consideration as part of the development of a long term financial plan during the 2014/2015 financial year.
 6. Begins to advocate to the state and federal governments for the funding required to develop two aquatic facilities in the municipality.
 7. Notes that Council's current Strategic Resource Plan does not provide any allocation of funding for improved aquatic facilities in Bass Coast.

CARRIED