

Works Report No. W26/11

Subject:	Buildings for our Community - Des Renford Aquatic Centre Indoor Multi-Purpose Fitness Facility Project
Folder No:	PROJ/10574/2011
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Introduction

The Des Renford Aquatic Centre is an award winning facility located within Heffron Park, Maroubra. The Centre is owned and operated by Randwick City Council. The Centre attracts over 450,000 visitors annually and is operated at maximum capacity, providing both water and dry land activities. The Centre includes a 50 metre outdoor Olympic pool, a 25 metre indoor competition pool, a 25 metre indoor program/training pool, outdoor wading and toddlers' pools, a kiosk/café, car parking and BBQ, lawn and shade areas (see attachment 1).

In April 2009, The Heffron Park Plan of Management ("the HPPM") was adopted to ensure that development within Heffron Park is relevant to the community's current and future sporting and recreational needs and is compatible with the public purpose, identified values and features of Heffron Park. The HPPM applies to all land within Heffron Park, including that occupied by the Centre, and provides guidelines for the upgrade of the Centre with a new gym, aerobics area, crèche, administration offices and entrance area.

The Des Renford Aquatic Centre Indoor Multi-Purpose Fitness Facility Project is a major project, scheduled for 2011-12 and 2012-13, forming part of Council's Buildings for our Community Program.

Issues

The Project

In March 2011, Council engaged an architect consultant to prepare a design concept and formulate documentation for the Project. A preliminary concept proposal has now been completed.

The Project brief was aligned with the HPPM guidelines and included a gym, a crèche, an administration area and an entrance area. It was proposed that the gym comprise a spin room and an aerobics studio and that the administration area include offices, a meeting room, toilet facilities and associated retail space. At present, the kiosk also operates as the entrance so, with the provision of a new main entrance, this facility will be refurbished.

In developing a concept proposal for the Project, a number of key objectives have been identified, including the following:

- Both the aquatic and fitness facilities are located in one cohesive centre.
- The newly located main entrance to the Centre provides a strong sense of arrival.
- A focus or meeting place is formed within the Centre.
- There is functionality and ease of access between areas in the Centre and the overall site.
- Consideration has been given to the site, existing facilities and surrounds.

- The gym, aerobics studio and crèche are of a nominated floor size area to attract a predetermined number of annual memberships for the Centre.

A preliminary concept proposal has been developed in response to the Project brief and objectives (see attachments 2, 3 & 4). The design consideration and key features of this proposal include the following:

- In order to make efficient use of floor space and to minimise its footprint, the building comprises two levels. The administration area, crèche and aerobics studio are located on the lower level. The gym (with cardio, weights resistance and free weights training area) and a spin room occupy the upper level, including some office space.
- An atrium allows natural light down through the building, linking the two levels. This also creates the focal point within the building, which would be utilised as a meeting, waiting and sales area.
- The control point of the building has been relocated away from the existing kitchen towards the front entrance, with the upgraded kitchen and café being central to the fitness and aquatic areas and having close access to the outside pool amenities area which will be upgraded.
- There is also easy circulation and access between the rooms, spaces and levels.
- The crèche is orientated away from the Centre and includes a quiet room and access to the outside.
- The building's location provides a clear and direct link from the car park into the Centre, as well as to the designated outside areas and to the existing change rooms and toilet amenities.
- The north orientation provides views across the park and privacy for neighbours.
- The structural elements of the building give it an interesting and iconic character conveying a fresh modern image.

For the next stage of the Project, Council plans to consult the community and stakeholder groups by way of an extensive five week public exhibition, which will run between 1 August and 2 September 2011.

In order to provide a framework for the public exhibition, a consultation and communications plan has been developed. The action list for that plan includes a leaflet distribution, advertising in the Southern Courier, a Maroubra central precinct and Matraville precinct committee briefings, a site display, creation of a website page, media briefing and releases and an on site "drop-in" day for the public.

The purpose of the public exhibition is to provide information about the proposal and to gain community and stakeholder input about the functions and programs for the Centre. During the public exhibition, the community and stakeholders will have an opportunity to view the proposal and provide feedback on the Project. This will assist in preparing the development application in which the community and stakeholders will have opportunity to further comment on the details of the Project.

Once the public exhibition is closed, all feedback will be assessed and reported in the form of a report to Council.

The public exhibition is one of a number of steps which are to be undertaken throughout the duration of the Project delivery. It is anticipated that the planning stage of the Project, including the public exhibition, development application assessment and tendering, will take twelve months to complete. The construction phase will then take an additional twelve months. The project is anticipated to be completed (and the Centre be operational) by mid 2013.

Financial Capability

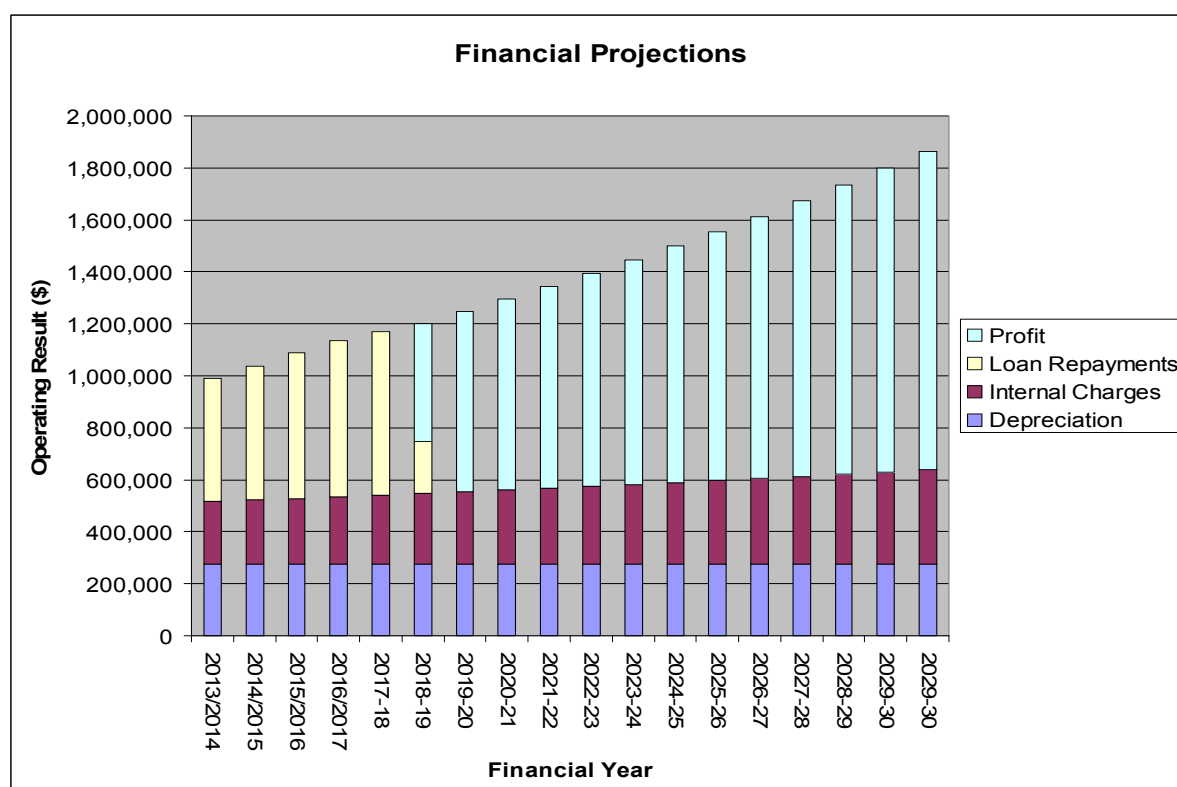
In relation to this proposal Council has developed a financial model which indicates the financial performance of the new Centre once operational. This financial modelling has been obtained using industry benchmarks; floor size of the gym facility versus membership numbers; utilising a mid-range fee structure and taking into account operating strategies so that the centre has a unique point of difference.

The Centre currently averages 10,000 visits per week which is a significant advantage in ensuring the membership numbers required to achieve the financial forecast are accomplished.

This financial modelling has taken into consideration the following:

- Resourcing and staff costs including on-costs.
- Contracts, materials, utilities, telephone and licence fees.
- Depreciation related costs such setting aside funding to replace gym and other equipment
- Internal charges of \$241,000 rising by CPI each year. The Centre will also recover the cost of Council's internal support.
- Income wise, utilising moderate membership and casual attendance numbers;
- The bottom line result after all the above, initially paying back the loan.

The result of the financial modelling shows after all income of \$2.1 million minus expenses of \$1.1 million is a profit of \$989,000 in the first year of the Centre being operational. A summary of the financial modelling is provided in graphical representation below:



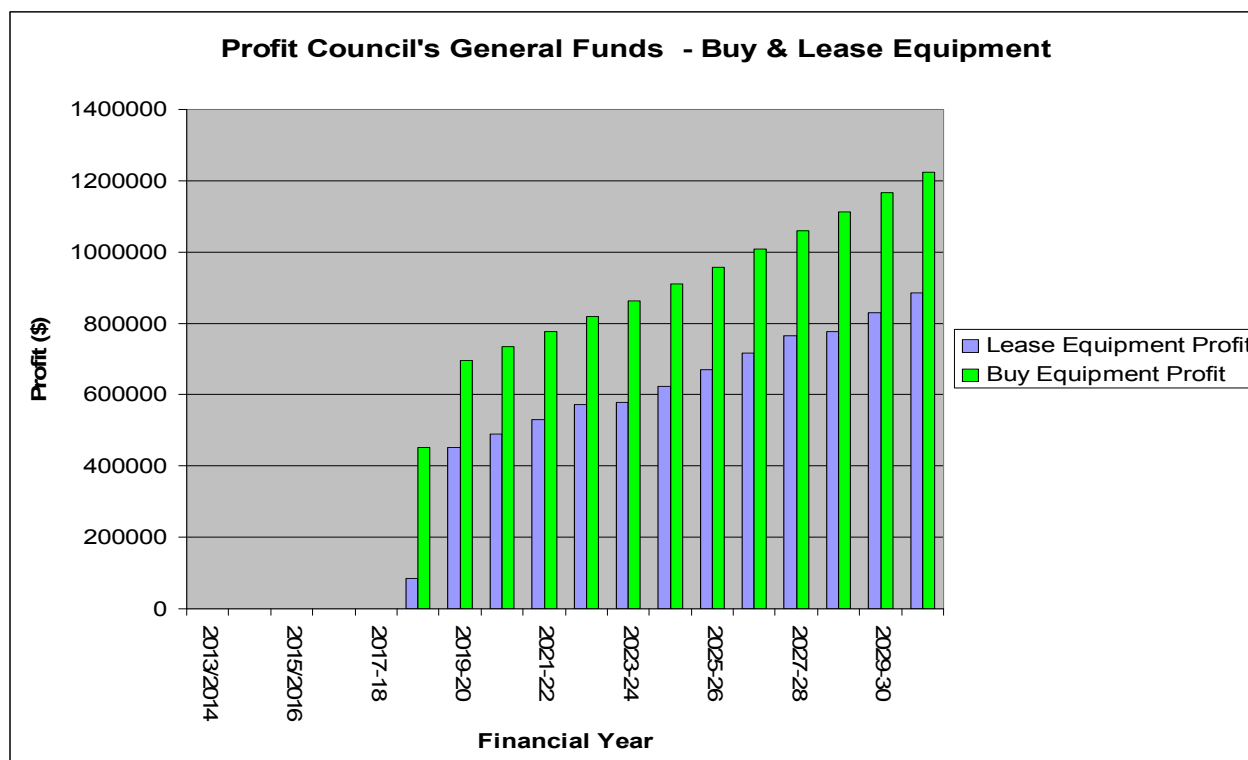
The depreciation illustrated in this graph represents the funds which will be put aside to replace equipment as required, hence no further draw on Council's resources.

The internal charges indicate Council's recoup of the internal charges including CPI increases per annum which will go back to Council's general fund. That \$2.98 million is borrowed from the Infrastructure Reserves and this loan will be repaid from the operating result within 5.3 years from the time the Centre opens.

It should be noted that Council proposes to borrow \$2.98 million from the Infrastructure Reserves to partly fund the project (project funding sources are detailed in the Financial Impact Statement section of this report).

The graph indicates that this loan will be repaid within the first 5.3 years of the centre being operational. The graph also shows that after 5.3 years the Centre will generate a significant profit per annum returned to Council.

Council has also investigated the feasibility of whether Council should purchase or lease gym equipment. The leasing option would reduce the up front cost by \$1 million, but would reduce the return to Council significantly. A snapshot of this scenario is provided in the following graph:



Relationship to City Plan

The relationship with the City Plan is as follows:

- | | |
|---------------|---|
| Outcome 3: | An informed and engaged community. |
| Direction 3a: | Effective communication methods and technology are used to share information and provide services. |
| Key Action: | Provide information to the community on the Council's services and activities using effective communications methods. |
| Outcome 4: | Excellence in Urban Design and Development. |
| Direction 4a: | Improved design and sustainability across all development. |
| Key Action: | Achieve excellence in the design quality of new development. |
| Outcome 5: | Excellence in recreation and lifestyle opportunities. |

Direction 5b: A range of sporting and leisure activities.
 Key Action: Introduce and maintain a diverse range of programs to increase attendances at Des Renford Aquatic Centre from year to year.

Financial impact statement

Preliminary Project Cost

The preliminary cost estimates prepared by a quantity surveyor indicate that the total Project cost is in the vicinity of \$8.3 million. The breakdown of costs in relation to the Project delivery is listed in the table below:

Preliminary Project Cost Estimate	
Construction	\$ 6,050,000.00
Contingency 10%	\$ 605,000.00
Authority fees	\$ 45,000.00
Consultant fees	\$ 445,000.00
Gym equipment	\$ 1,000,000.00
Audio equipment	\$ 80,000.00
Furniture and lockers	\$ 50,000.00
Total Project Funding Sought	\$ 8,275,000.00

The cost estimate shows that the building cost alone, including a 10% construction contingency, is approximately \$6.65 million.

There are also a number of additional items such as consultancy fees, authority fees, purchase of gym equipment and internal fixtures (audio visual equipment systems, lockers and office furniture).

It should be noted that if the Project is staged over a number of years or is delayed, significant increases in the Project budget could result as construction costs can escalate up to 15% annually and gym equipment costs increase similarly.

Proposed Funding

Within the Buildings for our Community Program there is a total of \$2.32 million allocated across two financial years towards the Project. Of this total amount, \$1.82 million is available in 2011-12 and \$500,000 in 2012-13.

In order to cover the Project shortfall, it is proposed that Council funding is sought from a number of internal sources. These are:

- That \$2.98 million is borrowed from the Infrastructure Reserves, with the loan to be repaid within 5.3 years from the time the Centre is completed and operational.
- That \$1.5 million be allocated to the Project from Section 94 Reserves and \$1.5 million from General Revenues.

A summary of the proposed funding is presented in the table below:

Proposed Funding	
Buildings for our Community	\$ 2,320,000.00
Infrastructure Reserves	\$ 2,980,000.00
Section 94	\$ 1,500,000.00
General Reserves	\$ 1,500,000.00
Total Project Funding Sought	\$ 8,300,000.00

Conclusion

The existing Centre is a popular venue located in the Heffron Park sporting precinct. The Centre was first established almost 50 years ago, with a number of additions and upgrades carried out over the ensuing years.

Though it remains vibrant and functioning, the Centre is in need of a substantial upgrade. The provision of a fitness facility to cater for the local community has been recognised as a major asset to complement the aquatic amenities of the Centre and as part of the overall redevelopment of Heffron Park.

Provision of the new fitness facility is a major extension to the existing Centre and the building refurbishment will provide not only a new front door to the Centre but also an exciting new face for the tired existing building which is a major landmark for the precinct.

The fitness facility will be designed to address the needs of the existing users as well as to attract new members from the community to enable them to enhance and improve their health, fitness and wellbeing. The existing Centre is a family orientated facility, and the new additions are aimed to maintain a local community focus.

Once the Project is complete, the internal loan will be repaid within 5.3 years and the Centre will then generate an annual profit in excess of \$600,000.

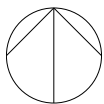
Recommendation

That Council:

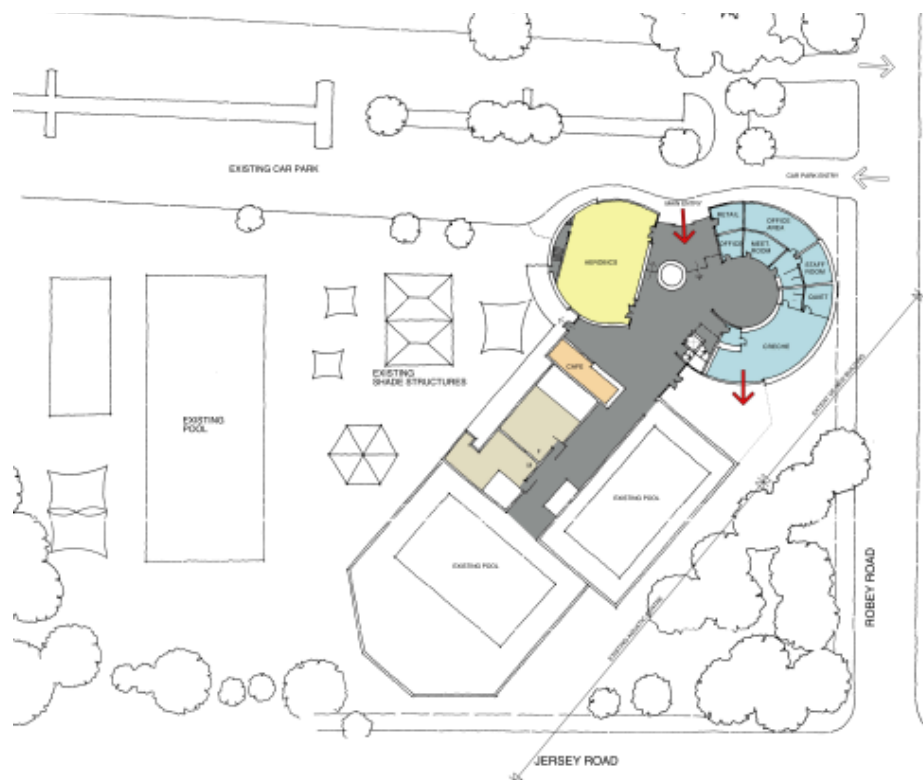
- a) Borrow \$2.98 million from the Infrastructure Reserves, with the loan to be repaid within 5.3 years from the time the Centre is completed and operational.
- b) Review S.94 Schedule of works by allocating \$1.5 million from Section 94 Reserves to this project.
- c) Allocate \$1.5 million from General Reserves.
- d) Publically exhibit the Proposal and report the outcome of the public exhibition to Council.
- e) Council prepare and submit a Capital Expenditure Review to the Division of Local Government as per the guidelines issued pursuant to Section 23A of the Local Government Act 1993.

Attachment/s:

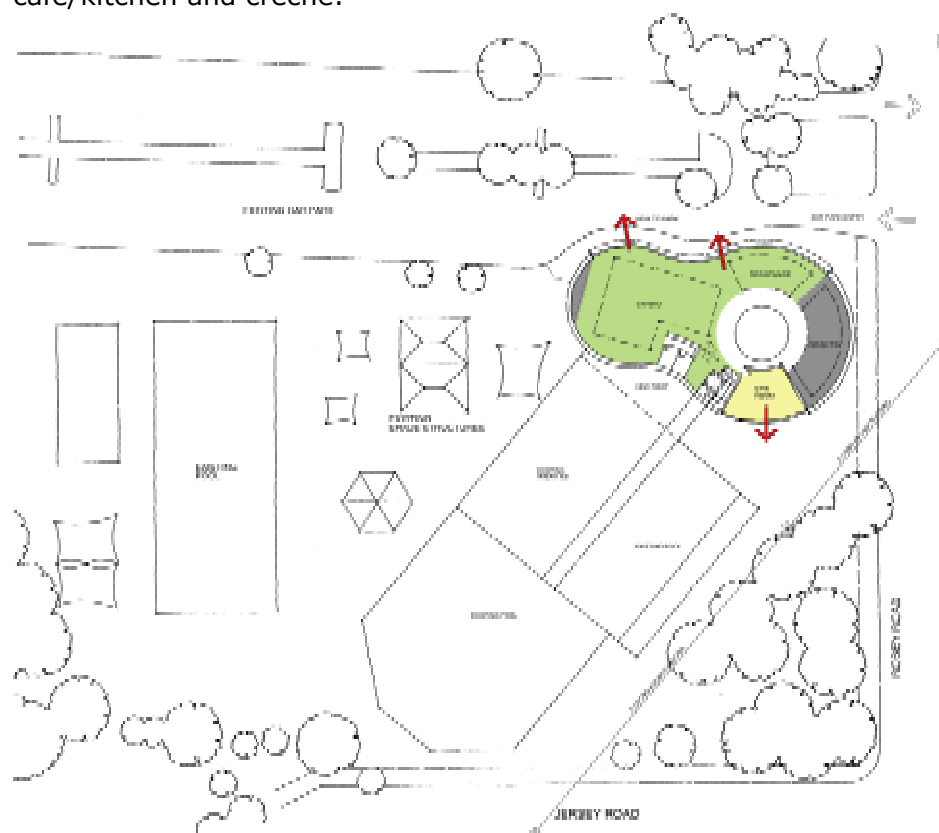
- 1.** Site plan
- 2.** The Proposal - plan drawings
- 3.** The Proposal - perspectives
- 4.** The Proposal - perspectives (upper and lower level)



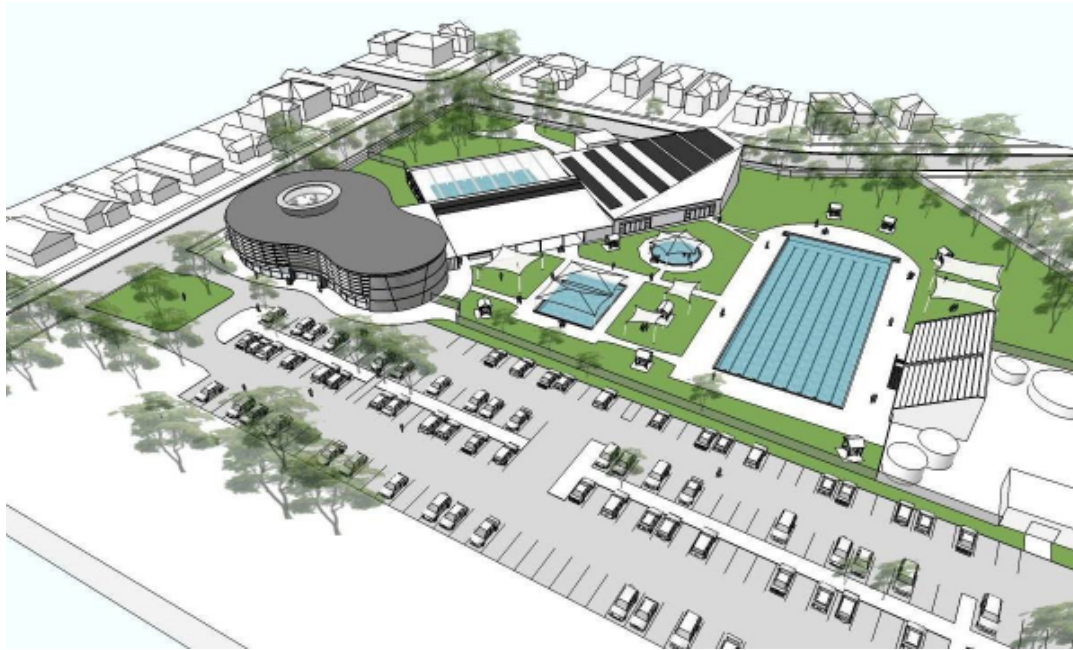
Des Renford Aquatic Centre - aerial photograph showing the existing buildings, outdoor pools, shade structures, lawn and BBQ areas. The adjacent site features within Heffron Park include sports fields, playground and a cycling criterion track. The site is bounded by Jersey Road and Robey Street.



The Proposal (lower level) - includes the administration area, aerobics studio, café/kitchen and crèche.



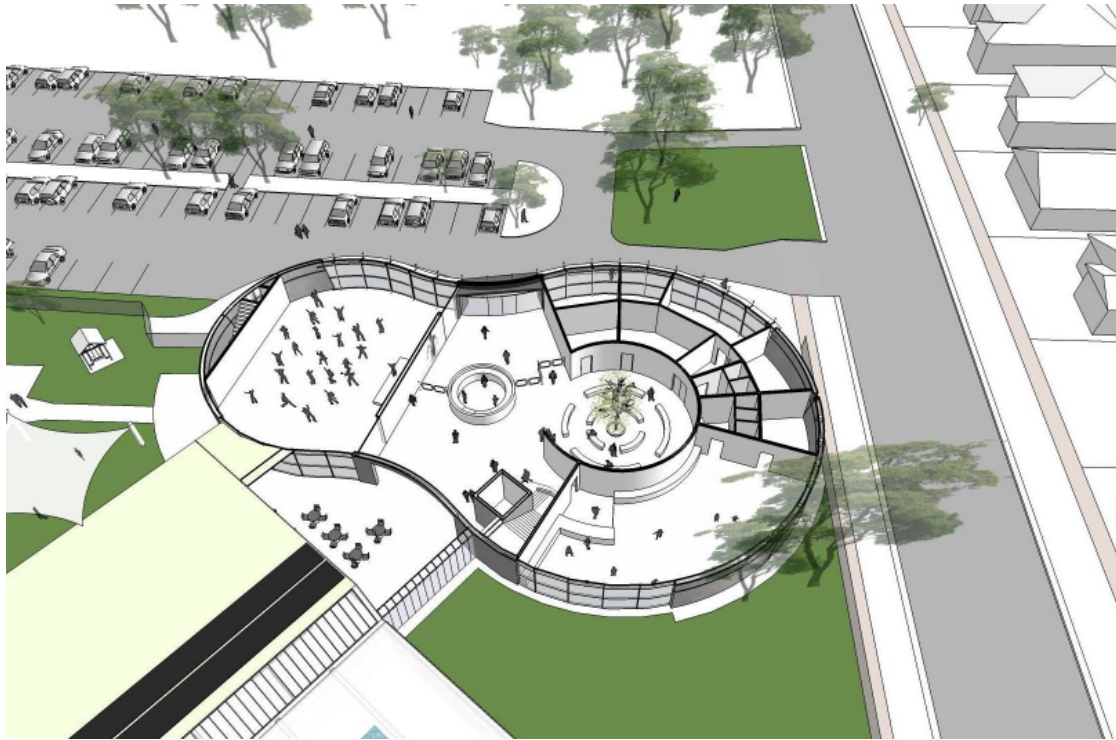
The Proposal (upper level) - includes cardio, resistance and free weights training area and spin room.



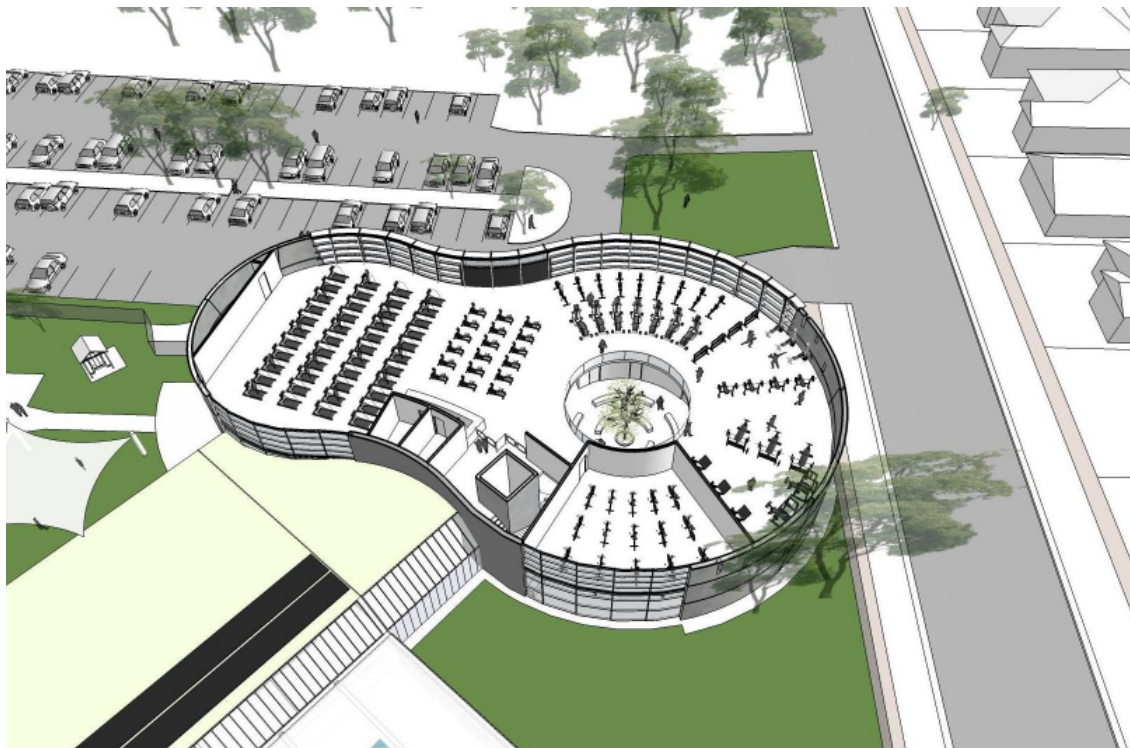
Aerial perspective - showing the Proposal in relation to the Centre and surrounding area



North western perspective - showing the Proposal from the entrance of the car park



Aerial perspective (lower level) - includes the administration area, aerobics studio, café/kitchen and crèche.



Aerial perspective (upper level) - includes cardio, resistance and free weights training area and spin room.