

QLDC Council
9 October 2014

Report for Agenda Item: 1

Department:

Operations

Proposal to Upgrade Swimming Facilities for the Wanaka Ward - Special Consultative Procedure

Purpose

- 1 To consult on a proposed upgrade of swimming facilities for the Wanaka Ward.

Executive Summary

- 2 The Queenstown Lakes District Council is proposing to build an eight lane lap pool and a learners pool costing \$11.8 million together with increased ongoing operating costs at Three Parks as part of Stage One of the Wanaka Sports Facility.
- 3 This proposal is not funded in the current Ten-Year Plan but it is proposed it be included in the 2015/25 Ten-Year Plan. The proposed consultation would inform the project and level of funding.
- 4 The consultation is designed to inform the timing, location, scope, quality and funding of new public pool facilities.
- 5 The consultation period will end in November, enabling hearings to be held and a final recommendation to be made in December 2014.

Recommendation

- 6 *That Council:*
 - a. **Approve** the Statement of Proposal to consult on the proposed upgrade of swimming facilities for the Wanaka Ward.
 - b. **Direct** officers to report back to the December 2014 Council meeting on the outcome of the Special Consultative Procedure to upgrade swimming facilities for the Wanaka Ward.

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3/10/2014

Reviewed and Authorised by:
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Chief Executive

3/10/2014

Background

- 7 At its 27 March 2014 meeting, Council considered the recommendations of the Wanaka Sports Facility (WSF) Steering Group on its preferred facility mix for Stage 1 for inclusion in the 2014/15 Annual Plan. In addition to recommending a 2 court indoor facility and artificial turf, an extension to the Wanaka Community Pool (WCP) to provide for learn to swim was supported.
- 8 Investigations into the existing facility to inform final cost estimates revealed critical structural weaknesses that required the WCP to be closed in July 2014 pending the development and confirmation of remediation options.
- 9 Council agreed to invest \$115,000 in structural upgrade works that would enable the WCP facility to re-open. These were completed and the WCP re-opened on 27 September 2014. Additional upgrades to the structure and plant of approximately \$370,000 would prolong the life of the pool beyond 2021.
- 10 Whilst officers were developing the design for the WSF, Council sought options to for the inclusion of a pool in Stage 1 and the cost of redeveloping the existing pool. In addition, the developers of Northlake (NIL) approached Council proposing to expand its proposed community pool to meet wider community needs and submitted two options for consideration. The first was for Council to build a new facility at Northlake with NIL contributing the equivalent cost of what was required under its consent conditions, and the second to develop a facility to Council's specification and lease this back to Council for operation. NIL has since advised the latter is their strongly preferred option.
- 11 Given the options, at its 28 August meeting Council resolved to:
 - a. **Agree** that Stage 1 of the Wanaka Sports Facility be progressed through detailed design to tender documentation based on the recommended specification of Council's design team.
 - b. **Agree** that officers work with Snow Sports New Zealand to establish a tenancy with Stage 1 of the Wanaka Sports Facility on terms that are

acceptable to Council, including achieving recovery of Council's capital costs associated with additional development.

c. **Direct** officers to:

- i. Prepare documents for a special consultative procedure with all residents within the Wanaka ward on a proposal to build a lap pool and learners pool as part of Stage 1 development of the Wanaka Sports Facility.
- ii. Report back on the Statement of Proposal to Council for consideration by 30 October 2014.

12 Officers have prepared a Statement of Proposal (Attachment 1) presenting options based on three locations (Three Parks, Northlake and Plantation Road) and two scopes (6 and 8 lane lap pool and learn to swim pool), including a “do nothing” option to invest in the existing WCP to extend its life.

Comment

13 A special consultative procedure (SCP) is required for the decision on future Wanaka pool provision as it is unbudgeted and exceeds the significance threshold of \$2m. To formally enable the project to commence following consultation would necessitate a variation to the 10 Year Plan. The Local Government Act 2002 requirements to achieve this include external audit of the impact of the project on the ten year investment programme planned by Council.

14 A discussion with the Council's auditors has agreed that it is reasonable and appropriate to first conduct the consultation process on the preferred option. Once Council has considered the responses and made a decision, it can be incorporated within the Ten Year Plan process.

Issues

15 There are a number of factors to be considered in determining options for future pool provision in Wanaka, namely:

- a. Benchmark level of provision (scope requirements – replacing or enhancing the current level of provision)
- b. Location (co-location with other facilities or standalone)
- c. Procurement process (design/build or traditional build or hybrid)
- d. Timing (now or at a later date)
- e. Funding (own or lease, proportion of user pays versus ratepayer subsidy)

Benchmark level of provision

- 16 The guiding national document for aquatic facilities is Sport New Zealand's National Facilities Strategy for Aquatic Sports, published August 2013.
- 17 The strategy identifies two major categories of demand: competitive and community. Competitive includes National Sporting Organisations, Regional Sports Organisations and club-based organised activities and specifically excludes casual users (e.g. lap swimmers). Community includes all casual users and participants in all facility-organised activities and programmes including swimming, school activity programmes, learn to swim, hydro slides and wave pools.
- 18 A key feature of the motivation for participation in aquatic activity is that the combination of 'youth' (commonly learn to swim), 'relaxation' and 'social' equates to 74%. The remaining major motivation is 'fitness' at 23%. Competition demand is considered to be in the range of 10-20% of total demand for facilities with 80-90% of demand for facilities being community-based non-competitive recreation.
- 19 In determining what aquatic facilities to provide, the benchmark requirement based on population for provincial centres is a ratio of 35 people per sq m of pool. For a centre of 10,000 people this is the equivalent of one six lane, 25m lap pool, with use expected to be in the range of 20,000 to 40,000 pool visits per annum. This is the current level of provision and visitation seen at the Wanaka Community Pool.
- 20 Population centres of 30,000 equate to an eight lane, 25m lap pool with use between 40,000 and 100,000 visits per annum, with population centres over 100,000 requiring a network of facilities that can contribute to competitive sporting with regional and potentially national competition capability. Annual visits of between 100,000 and 500,000 would be sought.
- 21 Facilities capable of hosting national competitive events would be expected in population centres over 300,000.
- 22 In assessing regional pool provision against supply and demand to 2031, the Otago region is considered to have excess pool space relative to population. Excess provision is not confined to Otago and it is considered to reflect decisions by local communities to invest in aquatic over other recreation facilities.
- 23 Nationally, however, an additional 27 pools will be required to address the current shortfall to benchmark and projected growth over the next 20 years if all regions are to meet the benchmark.
- 24 For Wanaka, whilst the benchmark level of facility is currently available relative to population, the perceived gap is between the desired uses and a single facility. Operationally, delivering the requirements of learn to swim and casual fitness cannot be achieved through a single pool.

- 25 The key drivers of any new facility must be to increase use. Whilst a six lane, lap pool would meet the population benchmark, an eight lane lap pool would provide the community greater opportunity for aquatic based recreation outside of fitness and would be recommended if a new facility were to be developed.

Location

- 26 Council has previously determined that any future aquatic facility development would occur as part of the latter stages of the Wanaka Sports Facility. Given the significant capital investment, an extension of the existing WCP was proposed to meet the demand gap in the interim. As we now understand that the building structure would need to be re-built to align with any new facility development at the site, a final decision on the location of future pools has had to be brought forward.
- 27 Sport New Zealand's *Better Value from New Zealand Sporting Facilities* is the national framework for a planned approach to facility development. It promotes a number of principles: meeting an identified need, partnering and collaboration, future proofing, integration, sustainability and accessibility.
- 28 In deciding on location, the opportunity for growth, the ability to reduce operating cost (through smart design, co-location of facilities, third party support) and accessibility to current and future populations are all elements for consideration.
- 29 Building a new pool complex as part of the WSF requires fewer staff than a standalone pool due to the shared reception. With design specifications agreed for the WSF, it will be necessary to integrate the developments. Aligning project timings will also impact the construction cost as the addition can benefit from a shared wall and existing infrastructure. Previous master planning for the site also allows for easy future expansion. Construction would not impact the existing WCP. As such, co-location with the WSF is the recommended option.
- 30 Alternatively, a new facility replacing the existing WCP on the same site would see the community without a public pool complex for some time. The existing site would not support future expansion and car parking may need to be developed off site. A standalone facility requires an additional 3 FTE to operate compared to one co-located with the WSF. This applies to both a redevelopment on the existing site and a new development at Northlake.
- 31 A site within Northlake would not support future expansion either, because the floorplate of the facility is incorporated into a broader community and retail area within the Northlake development; however, car parking could be developed adjacent to the facility. Timing would be contingent on successful resolution of the Plan Change appeal and confirmation of the Plan Change as proposed.

Procurement process

- 32 The two most common options for facility delivery are traditional build and design build. Under a traditional build, Council contracts a team directly to design to its requirements, which is followed by competitive tendering. Under this model, Council retains the most control over the quality of the finished product. This is generally the preferred method for complex builds with higher level of service requirements.
- 33 Under a design build the contractor and designer work together and is usual where technology is proven, the scope, requirements and risks are all clearly defined. The more the front end design is developed to confirm specifications and increase control over the final product, the more the project will lean towards a traditional build. The works, once defined, are tendered competitively. During design and construction there is often pressure from the contractor to reduce costs and maximise returns. Under this model, Council has less control over the quality of the finished product. This is generally preferred for low complexity builds with minimal performance specifications. Nonetheless, with tight design specifications these risks could be adequately managed.
- 34 The cost estimates for the development of new pool facilities for Wanaka are based on a traditional build approach, which is recommended.
- 35 The options presented for consideration represent Council's best estimate of the capital and operating costs for pools at the various locations. The purpose of the consultation is to determine which of the options should be included in the next Ten Year Plan. Once this is determined, the next stage of the decision-making process will include the design and procurement options for delivering the project. It is at this stage that the "Apollo" option will be evaluated.

Timing

- 36 Should new pool facilities be confirmed for inclusion in the draft 2015/25 Ten-Year Plan, construction would be over the 2015/16 financial year and into 2016/17 financial year, with the facilities expected to open in December 2016.
- 37 Alternatively, to defer the rates increase for the Wanaka ward for an estimated additional spend of \$50,000 and no further plant or building investment (beyond annual maintenance) the WCP could achieve 67% of code and remain open for another 5 years.
- 38 To achieve 67%+ and a 10-15 year life, would require \$200,000 to be spent on remediation, and minimums of \$50,000 on building improvements and \$120,000 on plant (beyond annual maintenance).
- 39 Given Local Government Act requirements to deliver local infrastructure that is cost effective for households and businesses – with the current level of pool provision meeting benchmarks now and for the foreseeable future – officers would recommend this option on the basis that the existing pool meets population benchmark provisions for the next ten years, and it is the least cost

option. The financial impact of deferring the construction of a new aquatic complex for ten years relates to the costs associated with the debt. For example, the debt servicing costs for Option 1A (Three Parks, 8 lanes) over ten years are estimated to be \$6.56m. The debt servicing costs for Option Status Quo (upgrade the existing pool) over ten years are estimated to be \$0.5m. A decision to defer the new aquatic complex for ten years will therefore save \$6m in debt servicing costs and will optimise the life of the existing pool assets.

- 40 The caveat is that to accept this option is to accept that there would be no public learners pool in Wanaka for the lifetime of the Plantation Road pool. However, this does not preclude the community from requesting the Council to provide a higher level of service than the national benchmark, should it be prepared to fund it.

Funding

- 41 The scope, location, procurement process and timing all influence the estimated capital and operating costs and consequentially the impact on Wanaka ratepayers.
- 42 The National Facilities Strategy for Aquatic Sports notes that benchmarking suggests on average 44% of direct operating costs are recovered from entry fees, however this reduces to a third when overheads, depreciation and capital are factored in.
- 43 Increasing charges for Wanaka aquatic users in line with Alpine Aqualand (\$8 per adult/\$3 per child) based on estimated operating cost models is consistent with the national average recovery.
- 44 As the design for pool facilities has not progressed in detail, only concepts have been developed for the purposes of the Special Consultative Procedure and to estimate costs.
- 45 Alternative to building, Council has the option to lease a new facility at Northlake for 25 years. Whilst this means Council does not need to incur additional debt, the draft terms of this lease at present are less favourable than debt repayment.
- 46 A summary of the estimated costs and rating impacts for six and eight lane pool facilities (including learn to swim) at the WSF, Northlake and the existing WCP site is shown below, along with the status quo option. Detail can be found at Appendix 1.
- 47 The key variations in capital cost arise from the benefits of a shared wall with the co-located facility, earthworks/cut to fill will be complete at Three Parks but will be required for Plantation Road as well as demolition costs.

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Options

48 To inform decision making on future pool facilities, the Statement of Proposal seeks feedback from the Wanaka community on:

- a. spending money on the existing WCP to keep it open for longer (the “do nothing” option)
- b. if new facilities are preferred, should they be provided now or in five years
- c. location of new pool facilities
- d. a six or eight lane lap pool
- e. the mix of rates subsidy and user pays

Next steps

49 The consultation period will run from 13 October to 14 November. Hearings are scheduled for 8-9 December and a recommendation will be reported to the 18 December Council meeting.

Financial Implications

50 The cost associated with the SCP will be met from existing budgets.

Local Government Act 2002 Purpose Provisions

51 The decision to proceed with a SCP as proposed is consistent with ss10 of the Local Government Act 2002 as it supports local democracy through community engagement on a major level of service change.

52 Consulting on future pool provision supports local democratic decision making on the delivery of local infrastructure at a cost and quality supported by the community.

Council Policies

53 The following Council Policies were considered:

- 10-Year Plan: for commentary on future aquatic facility provision in Wanaka.

Consultation

54 Given the scale of expenditure proposed and its rating impact on the Wanaka ward, it is essential that the consultation is carried out in a manner that fully complies with the requirements of the Local Government Act. As part of this, the information provided must be both comprehensive and easily understood by all residents. Accordingly we have consulted with the Auditor General in order to get any comments on the draft document. Due to time constraints, these will be provided orally at the Council meeting.

Attachments

- A Statement of Proposal to Upgrade Swimming Facilities for the Wanaka Ward
- B Summary of Proposal to Upgrade Swimming Facilities for the Wanaka Ward
- C Pool cost models