

# SUMMARY OF PROPOSAL TO **UPGRADE SWIMMING FACILITIES FOR THE WANAKA WARD**



*Artist's impression of the Wanaka  
Sports Facility pool extension.  
(Warren and Mahoney – RCP)*



**QUEENSTOWN  
LAKES DISTRICT  
COUNCIL**

## INTRODUCTION

QLDC is considering options for providing the Wanaka Community with a pool. The Council is formally consulting the Wanaka Ward to see whether there is support from the community to proceed or not, but we consider the investment to be of District-wide interest. The Council is recommending one option but wants to be very clear on the advantages and disadvantages of all the practical options and understand from the community if it agrees or disagrees.

### PREFERRED PROPOSAL

The Council's preferred option is to build an eight lane lap pool and a learners pool costing an estimated \$11.8 million at Three Parks, as part of Stage One of the Wanaka Sports Facility. Have we got this right?

The proposal is the result of several months of investigations, following earlier consultation with the community about what sporting facilities are required, where they should be located, and how quickly they should be developed.

This document summarises the proposal and the alternatives. Before making a decision, Council is consulting the Wanaka Ward – which would be paying for any new swimming facilities – on the following matters:

- 1 **Whether upgrades should be done now or at some later date;**
- 2 **What the scale of any upgrades should be;**
- 3 **Where swimming facilities should be located; and**
- 4 **What the costs of each upgrade would be.**

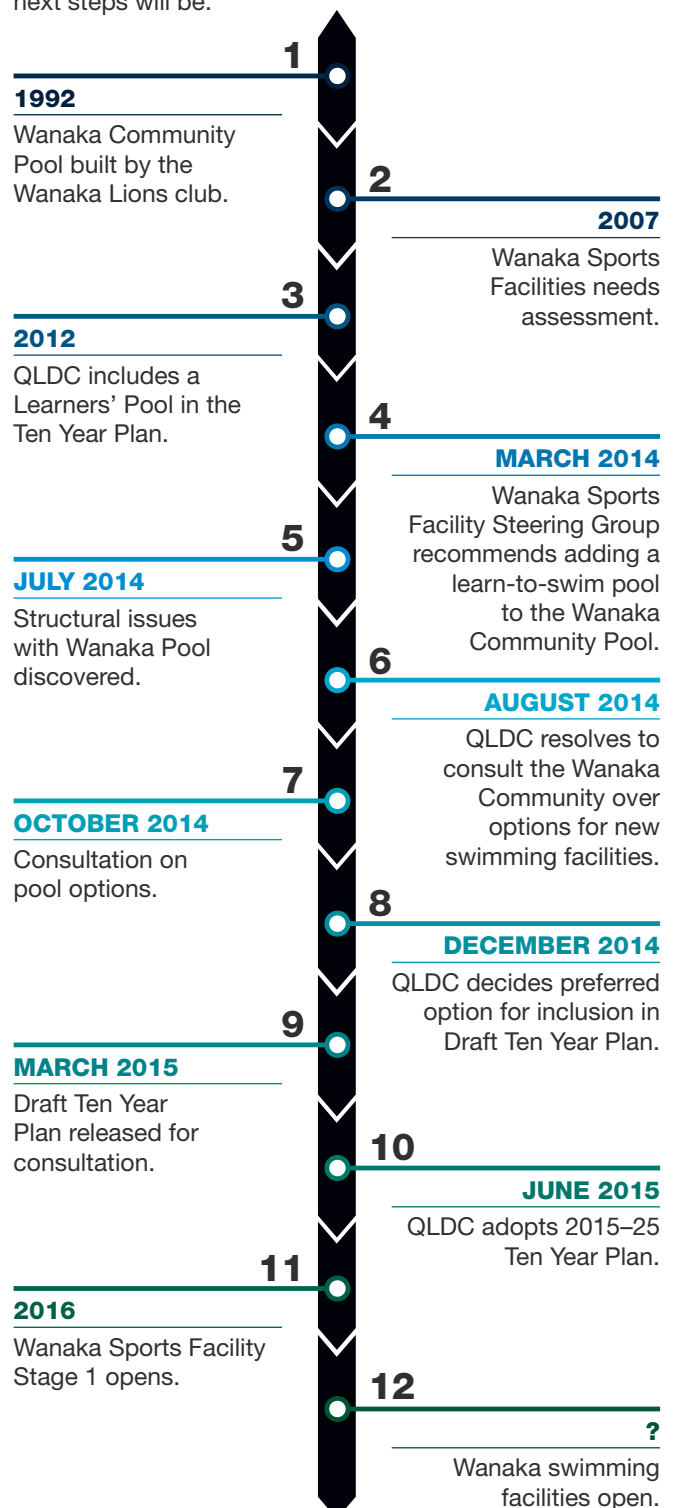
We are consulting the community now so that we can include informed options in the Draft 2015-25 Ten Year Plan. You'll find more detail under **"WHY NOW?"** on page 4.

Note: The Queenstown Aquatic Centre is paid for by ratepayers of the Wakatipu Basin not Wanaka ratepayers.

## THE PROCESS

New swimming facilities for Wanaka have been on the radar since at least 2007 when the Council conducted a needs assessment of all sporting facilities for the Wanaka Ward.

The diagram shows what's happened so far, and what the next steps will be.



## BACKGROUND

The Wanaka Community Pool was built in 1992 by the Wanaka Lions Club and run by a committee until 2009. In April 2009 management of the pool was transferred to Lakes Leisure Ltd. QLDC took ownership of the pool when the functions of Lakes Leisure were transferred back into Council in 2013.

Pool use has increased steadily from 24,682 visits in 2009-10 to 55,037 visits last year. Three swim schools are

based at the pool; the Wanaka Swim club is based there with 80 swimmers and a contingent of athletes train at the pool daily. Private operators also use the pool for scuba and dive training and kayak rolling.

The results of our annual resident and ratepayer survey show that 53% of the Wanaka community use the pool at least a few times a year.

## WHY NOW?

If the outcome of consultation is to develop a new pool, then this will become a key funding issue highlighted in the Draft Ten Year Plan consultation document, to be released in March 2015. This means any proposed Wanaka pool would be considered along with other funding priorities across the District in the Ten Year Plan.

QLDC budgeted \$300,000 in the 2012-22 Ten Year Plan to add a learners pool at the existing site at Plantation Road (beside Mt Aspiring College). As the project was developed, it became clear that this level of investment would be insufficient. Earlier this year, as part of the planning for stage one of the Wanaka Sports Facility, it was recommended that a learners pool be built in an extension to the Wanaka Community Pool. The cost of this addition was estimated to be \$2.1 million.

In July, as part of finalising the work required at the existing pool site, an engineering assessment uncovered structural issues with the building. It was closed for urgent strengthening and although it has reopened, the

building only has a life of approximately two years without additional engineering work.

In considering whether new facilities are needed, QLDC has taken account of the National Aquatic Strategy prepared by Sport New Zealand in 2013. The strategy was intended to provide guidance on where facilities are located across the country; what sort of facilities are likely to be needed, and where, in the next 10-20 years.

The strategy identified that the Otago region would not need more pool space until around 2030 and that the existing pool met the benchmark provision for the local population. Nonetheless, parts of the Wanaka community have repeatedly expressed a desire through several consultations for new and improved swimming facilities.

## WHAT ARE THE OPTIONS?

There are several possibilities for providing new facilities, all of which would cause an increase in rates for ratepayers within the Wanaka Ward. The Council is recommending one proposal but has made no decisions. Because of the number of options and the financial impact that any upgrades will have on rates, the Council is seeking community comment on the following questions:

- 1** Should the existing facilities be upgraded now (with construction to begin in the 2015/16 financial year), **OR** at some later date (e.g. 2021/22 financial year)?
- 2** Where should any new facilities be located:
  - a** At the existing Plantation Rd site; **OR**
  - b** At the site of the new Wanaka Sports Facility at Three Parks; **OR**
  - c** At the site of the Northlake development?
- 3** Should the lap pool be six **OR** eight lanes wide?
- 4** How much of the cost of any upgrades should be met by the community through rates; how much should be met by direct charges on the users of the swimming facilities; and what level of rates increase – if any – is acceptable?

## THE “STATUS QUO” OPTION:

Given the substantial construction and ongoing operating and maintenance costs associated with all of the options to upgrade facilities, one of the choices the Council must consider is to do nothing. The “status quo” option still comes at a cost. However it would mean that the existing pool at Plantation Road would remain essentially as it is now and there would be no learners pool.

This is because of what we now know about the existing building.

If the community accepts there would be no learners pool, the life of the existing pool building could be extended to five years or more with additional structural improvements. Additional strengthening would cost an estimated \$250,000 to extend the life of the building and another \$120,000 to upgrade the plant beyond 2021.

All of the other options provide the choice to construct new facilities in 2015-16 or 2021-22.

## ISSUE ONE – UPGRADE NOW OR LATER?

### THE PROPOSAL

The Council proposes to begin the upgrade in the 2015-16 financial year so that the construction ties in with building the Wanaka Sports Facility.

The main benefit in deferring construction would be to spread the financial impact on Wanaka ratepayers, given that Stage 1 of the Wanaka Sports Facility is already confirmed to begin next year. That will see the construction of two courts and fixed seating, changing rooms, lobby, storage and outdoor artificial courts at Three Parks. The cost will be approximately \$13.4 million and result in a 2.04% increase in rates from 2015/16.

Upgrading the swimming facilities will cost approximately an additional \$11.8 million depending on location and scale, which will add approximately \$161.62 pa to rates, or an additional 6.86% when combined with the construction of the Wanaka Sports Facility. *(Details on costs are in Issue Four on page 8.)*

OPTION	ADVANTAGES	DISADVANTAGES
<b>1</b> New pool open in 2016	<ul style="list-style-type: none"> <li>&gt;&gt; Improved swimming facilities including a learners pool available more quickly</li> <li>&gt;&gt; If Three Parks is chosen as the preferred site, there will be savings through building the pools and sports facility together</li> </ul>	<ul style="list-style-type: none"> <li>&gt;&gt; Immediate increase in rates for the Wanaka ward</li> <li>&gt;&gt; If the existing site at Plantation Road is chosen for the new pool, the building could have to be demolished. Potentially there will be no public pool in Wanaka for a period that could range from 6-18 months (there may be potential to build on the Plantation Road site in stages. This would enable parts of the pool to be available during construction)</li> </ul>
<b>2</b> New pool open in 2021 (or later)	<ul style="list-style-type: none"> <li>&gt;&gt; Defers the increase in rates for the Wanaka Ward until new facilities are developed</li> </ul>	<ul style="list-style-type: none"> <li>&gt;&gt; No learners pool until upgrade is undertaken</li> <li>&gt;&gt; Swimming facilities remain at current standard</li> <li>&gt;&gt; Interim costs of approximately \$50,000 to strengthen and maintain the existing pool (and plant) until 2021 or \$370,000 until at least 2025</li> </ul>





## ISSUE TWO – WHICH LOCATION?

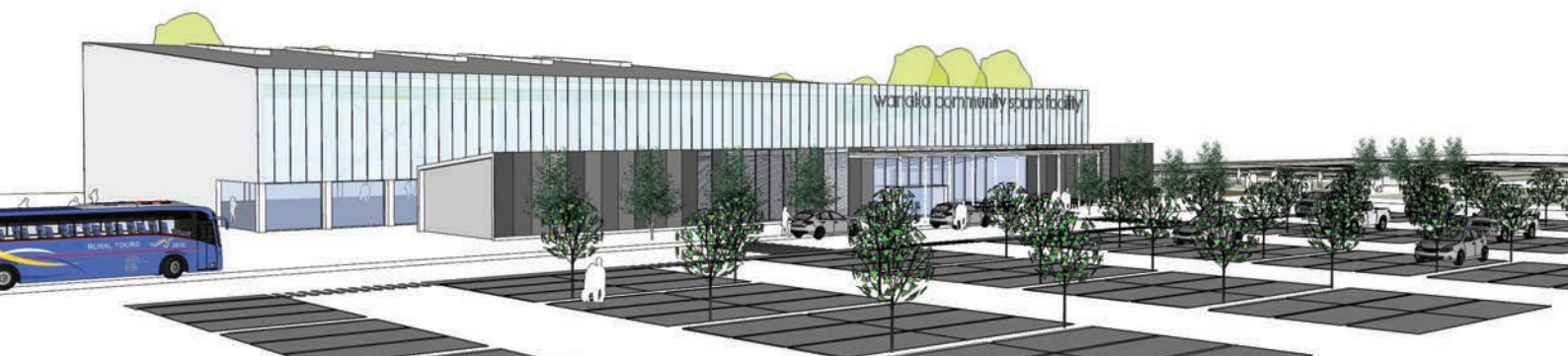
### THE PROPOSAL

The Council proposes to build new swimming facilities at Three Parks, so that it becomes part of Stage One of the Wanaka Sports Facility.

There are three practical options for upgraded swimming facilities:

- 1 PLANTATION ROAD:** The site of the existing pool, but with upgraded facilities
- 2 THREE PARKS:** Adjoining the new Wanaka Sports Facility
- 3 NORTHLAKE:** The site of Northlake development where a new pool is already proposed

Three Parks is the Council's preferred site for new swimming facilities because of the benefits of co-locating the pools with the Wanaka Sports Facility. The Council owns the land; it is serviced by the necessary infrastructure; there is ample parking and there are cost savings from building and operating the two facilities together. However, the Council will incur more debt with the Three Parks option than the Northlake option due to the Northlake developer's willingness to either make a \$2.25 million contribution to the construction cost, plus undertake earthworks of up to \$250,000, or to incur the cost of construction entirely and lease the facility back to the Council over a 50 year period.



OPTION	ADVANTAGES	DISADVANTAGES
<div data-bbox="23 678 347 801"> <b>1</b> Plantation Road </div>	<ul style="list-style-type: none"> <li>&gt;&gt; Close to existing schools</li> </ul>	<ul style="list-style-type: none"> <li>&gt;&gt; If the existing site at Plantation Road is chosen for the new pool, the building could have to be demolished so potentially there will be no public pool in Wanaka for a period that could range from 6-18 months (there may be potential to build on the Plantation Road site in stages to enable parts of the pool to be available during construction)</li> <li>&gt;&gt; Potentially more expensive to build as a standalone facility</li> <li>&gt;&gt; Higher operating costs compared with a co-located facility</li> <li>&gt;&gt; Limited carparking</li> <li>&gt;&gt; No scope for future expansion on this site</li> </ul>
<div data-bbox="23 1115 347 1238"> <b>2</b> Three Parks </div>	<ul style="list-style-type: none"> <li>&gt;&gt; Savings in building the pools alongside the Wanaka Sports Facility</li> <li>&gt;&gt; Ongoing operating costs are lower due to co-location</li> <li>&gt;&gt; Higher revenue potential due to co-location (higher visitation)</li> <li>&gt;&gt; Scope for future expansion</li> <li>&gt;&gt; Carparking availability</li> <li>&gt;&gt; The Council already owns the land</li> <li>&gt;&gt; More convenient for users from Hawea, Albert Town and residents of the new subdivision</li> </ul>	<ul style="list-style-type: none"> <li>&gt;&gt; Distance from the Wanaka town centre and schools</li> </ul>
<div data-bbox="23 1675 347 1798"> <b>3</b> Northlake </div> <p>Note: there are two options</p> <ul style="list-style-type: none"> <li>(i) Council build, or</li> <li>(ii) Northlake build and lease back to Council</li> </ul>	<ul style="list-style-type: none"> <li>&gt;&gt; Northlake developers will make a cash and land contribution to the overall cost of the facility (note the proposal does not equate to a free pool)</li> <li>&gt;&gt; Northlake will build the facility in place of their existing commitment to provide a lap pool and toddler pool as part of their planning consent conditions, and lease it back to the Council for 50 years (see disadvantages), after which the Council will assume ownership of the pool for \$1. Note: this advantage will <u>only</u> apply if the "lease" option is adopted</li> <li>&gt;&gt; Design standards for Northlake will require a higher standard of building for the pool</li> <li>&gt;&gt; Potential reduced use of Council resource (staff time in planning and development)</li> <li>&gt;&gt; Transfer of construction risk from Council to Northlake (if the lease option is adopted)</li> </ul>	<ul style="list-style-type: none"> <li>&gt;&gt; An appeal against the consent for the Northlake development has been lodged with the Environment Court. This may delay the development for an unknown period, which may also delay the pool development, however a decision is expected in June 2015</li> <li>&gt;&gt; The Council would have to pay both lease costs and capital renewals to maintain operating standards for 50 years (note the combination of this is higher than Council paying the capital cost to build a pool for Wanaka ratepayers). Note: this disadvantage will <u>only</u> apply if the lease option is adopted</li> <li>&gt;&gt; Distance from the Wanaka town centre and existing schools</li> <li>&gt;&gt; Potentially more expensive to build as a standalone facility</li> <li>&gt;&gt; Higher operating costs compared with a co-located facility</li> <li>&gt;&gt; Limited car parking</li> <li>&gt;&gt; No scope for future expansion on this site</li> </ul>







Artist's impression of the  
Wanaka Sports Facility pool interior.  
(Warren and Mahoney – RCP)

## ISSUE FOUR – WHAT ARE THE COSTS OF EACH OPTION?

### THE PROPOSAL

The option the Council proposes is for an eight lane pool to be built at Three Parks (option 1A in the table below).

The variable factors outlined above will all influence the total cost of new swimming facilities.

The range is estimated to be from \$10.6 million to \$12.72 million.

OPTION	CAPITAL COST	DEBT REQUIRED	OPERATING REVENUE	OPERATING EXPENSES	ANNUAL OPERATING DEFICIT (including Interest & funded Depreciation)	TOTAL DEBT SERVICING, LEASE & FINANCING COSTS (over 50 yrs)	RATES IMPACT %	RATES IMPACT \$
<b>1</b> 3 PARKS (6 LANE)	10,600,000	8,010,000	335,589	654,140	-1,032,969	17,457,533	6.86%	\$161.62
<b>1A</b> 3 PARKS (8 LANE)	11,800,000	9,030,000	335,589	708,390	-1,176,321	19,680,590	7.81%	\$184.05
<b>2</b> NORTHLAKE (6 LANE)	11,170,000	6,368,500	308,410	845,500	-1,139,379	13,879,938	7.56%*	\$178.27
<b>2A</b> NORTHLAKE (8 LANE)	12,440,000	7,448,000	308,410	899,750	-1,287,929	16,232,673	8.55%*	\$201.51
<b>3</b> PLANTATION ROAD (6 LANE)	11,550,000	8,817,500	308,410	845,500	-1,322,047	19,217,453	8.78%	\$206.85
<b>3A</b> PLANTATION ROAD (8 LANE)	12,720,000	9,812,000	308,410	899,750	-1,463,171	21,384,934	9.71%	\$228.93
<b>2L</b> LEASE NORTHLAKE (6 LANE)		Lease	308,410	845,500	-1,379,739	33,300,141	9.16%	\$215.88
<b>2AL</b> LEASE NORTHLAKE (8 LANE)		Lease	308,410	899,750	-1,535,589	37,586,391	10.20%	\$240.26
<b>SQ</b> UPGRADE EXISTING	370,000	370,000	0	0	-50,271	502,711	0.13%	\$3.06

\* The rates impact for this option is higher because the combination of debt servicing and higher operating deficit is greater than for the Three Parks option.





## THESE FIGURES ARE ESTIMATES, BASED ON THE FOLLOWING ASSUMPTIONS:

- > Swim revenue for the Plantation Road and Northlake options is based on existing pool use plus 30%.
- > Swim revenue for the Three Parks options is based on the existing Wanaka Community Pool usage + 50%. This is based on experience in other places where co-located pools attract greater visitation overall.
- > Swim revenue for all options is based on higher admission charges - \$8 per adult and \$3 per child.
- > The net swim school revenue is the same for all options
- > The revenue expected from vending and retail is the same for all options.
- > The Northlake lease options are based on capped cost (\$15.5m) and include additional one-off cash contributions (\$2.126m).
- > The Three Parks option has lower operating costs due to the benefits of being co-located with the sports facility)
- > The interest rate on the loan to construct the pool is 6% pa.
- > The term of the loan is 30 years, except for status quo which is 10 years.
- > The term of the Northlake lease is 50 years.
- > Depreciation on the plant will be funded at 1.25% of overall capital expenditure. This would also apply to the Northlake option as QLDC would be funding renewals.
- > The differences between the capital costs and the debt required are made up from third party grants and reserve contributions from prior land sales (Three Parks and Plantation Road) and developer cash contribution (Northlake)
- > Three Parks capital cost options are the estimated marginal increase in extending the Wanaka Sports Facility, whereas Northlake and Plantation Road options are costed as standalone.
- > Three Parks staff expenses are the marginal increase acquired by extending the Wanaka Sports Facility, whereas Northlake and Plantation Road are costed as standalone operations.
- > The rates impact for all options except the status quo is to the Wanaka residential rate. The rates impact for the status quo is district-wide.

The cost estimates for the development of new pool facilities for Wanaka are based on a traditional build approach, which has been adopted for the Wanaka Sports Facility.

Under this model, the Council retains the most control over the quality of the finished product, as a team is contracted directly to design its requirements, followed by competitive tendering. This is generally the preferred method for a complex build with higher level of service requirements.

The other option is a design build, where the contractor and designer work together. This is usual where technology is proven; the scope, requirements and risks are all clearly defined so costs are minimised in developing designs. To manage risk, often a specimen design is developed to “test” the design build proposals. However, the more the design is developed to confirm specifications and increase control over the final product, the more the project will lean towards a traditional build. During design

and construction there is often pressure from the contractor to reduce costs and maximise returns and under this model, the Council would have less control over the quality of the finished product.

A design build process would have the potential to reduce costs, however there are risks associated with the lower degree of control over the outcome. Nonetheless, with tight design specifications these risks could be adequately managed.

If as a result of this consultation the Council decides to proceed with new swimming facilities, the next step will be to consider design and procurement options for delivering the project. This will be the time to evaluate the “Apollo” proposal along with other options. Whatever option is chosen, it will need to deliver a facility and water treatment system that meet NZ Standards.

The other decision to be made, if the Council opts for a Northlake site, is whether the facility should be owned or leased by the Council.

## ADDITIONAL INFORMATION

If you would like more detail, please refer to the full Statement of Proposal, which is online at [www.qldc.govt.nz](http://www.qldc.govt.nz)

