

COMMUNITY SERVICES COMMITTEE 11 JULY 2012	8
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TOBRUK POOL OPTIONS REPORT

Tim Dendle: 10/2/1-29: #3634140v2

RECOMMENDATION:

It is recommended that Council:

- a) **notes the current condition and performance of Tobruk Pool along with the need to affect improvements to ensure the facility continues to meet appropriate standards of service and provide sustained community benefit;**
- b) **proceeds to undertake a feasibility study, in partnership with key stakeholders around options for redevelopment, with funding to be sourced from the 12-13 capital works budget earmarked for renewal works; and**
- c) **notes the considerations relating to aquatic service provision across the region in this report and officer intention to complete an aquatic service strategy to be considered by Council later in the 2012/13 financial year.**

INTRODUCTION:

This report considers the current performance of Tobruk Pool in the context of desired outcomes and provides commentary on future options available to Council based on industry consultation and research. The associated recommendation aims to take a balanced approach to not only the future redevelopment of Tobruk Pool but aquatic facilities across the region.

BACKGROUND:

The iconic Tobruk Memorial Pool located off Sheridan Street is the region's highest profile and most visible fixed format swimming facility. Located within the rapidly growing North Cairns Sporting Precinct it has geographic links to the Cairns International Tennis Centre and the world class home of Cairns Hockey.

Over the years, a combination of changes to the leisure industry, increased competition, aging infrastructure and long term management contracts have contributed to diminished usage of the facility.

The existing venue set up consists of the following:

- 50m lap pool, a Children's Wading Pool, and a 25m heated lap pool;
- Pump, Filtration, Disinfection and Heating Plant and Equipment;
- Kiosk and Male/Female Amenities Building;
- Managers building;

- Grandstand and other smaller tiered seating; and
- Landscaped grounds.

The 50m lap pool, wading pool, Kiosk and Male/Female Amenities Building were built in 1960. Whilst Council has performed annual maintenance and renewal so that the facility meets appropriate standards, much of the infrastructure is now approaching the end of its serviceable life. The most significant issue has been shown to be the deterioration of the 50 meter pool shell and associated surfacing.

In response to this, budget was allocated in the 2011/12 financial year to completely resurface the main pool, replace concrete expansion joints and repair any necessary underground services. Budget estimations were based on internal maintenance officer's judgement and consultation with industry professionals. Tenders were called on 31 March with the intention of delivering works in the winter months of 2012. A preliminary assessment of tenders has found that potential suppliers believe there is considerable risk associated with delivering the project. Whilst original construction estimates were proven to be generally accurate, the additional costs associated with possible emergent works have pushed the prices well beyond the budget.

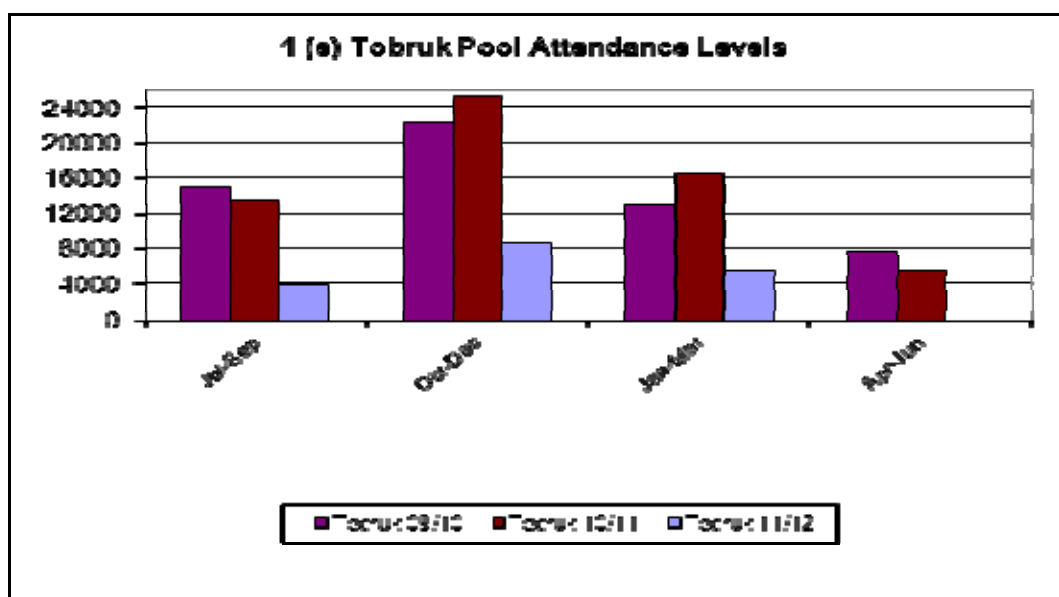
At this juncture, officers have determined it appropriate to provide Council with an assessment of the options available so that an informed decision can be made on the relevance and ongoing operation of this historic community asset.

COMMENT:

Prior to discussing the options available to Council, it is necessary to explore some important factors which have influenced the poor performance of Tobruk Pool in recent times and diminished its future viability.

Attendance:

A report developed by Far North Strategies in partnership with Kleinhardt FGI in 2003 in reviewing Council's swimming pools advised that the usage of pools in Cairns is below the national average. Tobruk Pool in particular indicated less than 2 visits per head of population in the catchment area, whilst aquatic facilities in Victoria (by comparison) regularly attracted 6-10 visits per head of population. It can be reasonably asserted that attendances have dropped even further since this time. The graph below shows a further significant decline in participation over the past three financial years:



*NB: Attendance figures for the 2011/12 June Quarter were not available at the time of constructing this report.

Cultural Shift

During the post war era, the municipal pool was considered amongst the most important and treasured pieces of civic infrastructure. Since the late 1980's however the industry has observed a gradual decline in usage as well as a noted slowdown in infrastructure construction and development.

When most of the regions pools were built, leisure and recreation constituted a substantial proportion of their overall usage. These days however, customers are no longer coming to the big fixed format pools for leisure activities instead choosing from a wide range of alternatives such as Skate/BMX facilities, Waterparks, home and public entertainment. In addition, there are many other natural alternatives which are becoming more regulated and safe such as beaches, freshwater swimming holes and lagoons.

With Leisure goes being spoilt for choice, Tobruk Pool operators have had to re-position themselves, focusing on the much smaller lap swimming market, learn to swim classes, swimming club, masters swimming, local meets and visitor team training. The pool has also become an event facility until recently hosting the Amateurs Ball, weddings and other similar events.

Competition

- Cairns is a tourist destination and boasts a large number of hotels which provide pools (with bar facilities) in close proximity to other complementary amenities.
- Due to its tropical climate, the region has a far greater prevalence of private backyard pools as compared to the national average.
- The construction of 'free to the public' facilities within the CBD such as the Esplanade Lagoon and Muddies Playground in 2003 have further diluted the aquatic recreation and leisure market.

Operator Investment and Incentives

The current contract for the management of Tobruk Pool has been held by Mr Matthew Kent since 13 April 2011 and expires on 31 March 2013. Prior to this time the facility was operated for a period of 35 years by the Tibb's family (Waterskills Pty Ltd), who were a very well-known and long serving contributor to the local aquatic industry. The impending expiry of the management contract however has been a factor in the lack of recent investment towards the pools operations and development.

Condition

The current condition of the facility is considered poor. Tired amenities and infrastructure have taken much criticism in recent times however it is the pool, plant and equipment that has basically reached the end of its effective life burdening Council's operational budget. Sharp edges from 'popping' tiles also presents a safety risk to the public and the fact that the pool doesn't reach any event standards detracts from its capacity to deliver events to the region.

In the context of the above observations, the following options have been prepared for Council's consideration concerning the future of Tobruk Pool.

Option 1: Feasibility Study

In order for the facility to survive on a healthy financial basis and maintain public acceptance, consideration must be paid to diversifying its services in partnership with local sport and recreation agencies. It has been recommended that Council conduct a feasibility study in partnership with identified stakeholders to explore community need, management options, conceptual design and future operating costs.

A redeveloped Tobruk Pool could be designed to meet international standards in a manner which is commensurate with other facilities located within the North Cairns Sporting Reserve (Hockey and Tennis) to maximise financial viability, community benefit and sports tourism opportunities. In order for Council to make an informed decision on the future of Tobruk Pool, a summary **preliminary cost plan** (refer Attachment 1) has been provided for a revised facility that leverages the abovementioned opportunities. It is noted that the cost plan is for discussion purposes only and should be refined according to the outcomes of the recommended feasibility study.

Some photos of similar facility redevelopments are provided in **Attachment 2**.

Given the significant costs associated with a redevelopment of this scale, Council would need to partner with all levels of government as well as the private sector (through innovative management contract) to accomplish the desired outcomes. A feasibility study will provide greater insight to the project by determining need, forecasting operating costs and future Council subsidy/surplus as well as develop a conceptual layout based on community consultation and stakeholder feedback.

Option 2: Refurbishment

Council could undertake a more modest refurbishment of the facility which was originally scheduled for commencement in June as part of 2011/12 Capital Works Programme. Tenders have been called and evaluated for a cosmetic refurbishment of the main pool to replace tiles, expansion joints and repair any underground services identified during the project. An indicative budget of \$300,000 was proven to be inadequate due to the risk of additional costs associated with the unknown condition of underground services. Early tender assessment has pointed to a more likely project cost in the vicinity of \$1.5M.

The benefits of proceeding with this option are:

- Council will continue to provide an aquatic facility in Division 7 to the community.
- The current risk to the safety of patrons will be eliminated (relating to injuries sustained from broken tiles).
- The renewal of the pool tiles will allow the facility to remain open in its current format for another 5-10 years.

The disadvantages of the above approach are:

- Possible concrete cancer and spalling to shell will alter the scope entirely and increase costs.
- Significant risk of changes to scope from aging underground services that could result in extended pool closures and increased costs.
- Plant room and equipment will continue to be below current standards for pool operations.
- The Pool will remain unsuitable for events and high level swimming team training.
- Ancillary kiosk/entrance and amenities infrastructure will continue to be incompatible with surrounding facility developments (Tennis and Hockey) and its high profile location.
- Additional contingency (40%) will need to be added to provide for emergent works.
- Poor community perceptions.
- High ongoing operating costs.
- Low chance of operator contribution to development.

Should Council determine that it accepts the current infrastructure as appropriate then renewal funding will need to be found in the 2012/13 Capital Programme to deliver works that ensure guidelines for safe pool operation are met.

Option 3: Close and Decommission

It is noted through recent asset revaluations that the facility has a remaining useful life of 4 years for the main pool and associated infrastructure. Despite this, it can reasonably be asserted that there are considerable risks associated with providing Tobruk Pool in its existing condition. Health and safety risks associated with cuts and abrasions from the 'popping' tiles will continue to escalate and the risks around the condition sub surface services could materialise in infrastructure failure at some point in the future. Should Council determine that Option 1 or 2 are not desirable, it should resolve that the services offered by the pool in the future are not required and implement a staged decommissioning programme after the lease expires in 2013.

An interim management agreement could be brokered (similar to the Edmonton Pool Lease) to facilitate short term operations with option to close at any time at Council's discretion. There are major risks and uncertainties associated with this option and it is strongly recommended that Council adopt a more decisive approach to the assets future.

Aquatic Strategy

The Cairns Regional Council Parks and Recreation Strategic Plan 2010-2015 was adopted by Council on 7 July 2010, focusing on Council's role in the delivery of identified outcomes for the community relating to Parks and Recreation.

Whilst there was some insight paid to the performance of existing infrastructure, most attention was around Council's approach to the management of swimming pools within the region. It was acknowledged that long term leases have been awarded for 3 pools (Woree, Gordonvale, Babinda) with an interim arrangement in place for Edmonton and it would be prudent to review the success of this model. This would be particularly important given the imminent expiry of agreements at facilities such as Smithfield and Tobruk showing particular emphasis on pool patronage data and other performance measures.

In response to this advice and the commentary provided in this report, it has been recommended that Council develop an in house Aquatic Services Strategy which:

- Explores community requirements and expectations around aquatic services and opportunities.
- Maps the current and planned areas/facilities that provide aquatic services.
- Identifies any gaps in service provision and/or overprovision.
- Details the pool requirement needs of the water based sport and recreation clubs (e.g. swimming, water polo, underwater hockey, diving etc).
- The most appropriate management approach for Council assets.
- Defines appropriate subsidy levels.
- Explores opportunities for partnerships and joint ventures.
- Responds to industry best practice and trends.

CONSIDERATIONS:**Corporate and Operational Plans:**

This report supports Council's Corporate Plan 2009-2014 with particular reference to:

Goal 2 "To build more creative, innovative and self-reliant communities where participation in community life is enabled and encouraged."

2.2 – Improve the quality and opportunities for public space across the region

2.4 – Provide enhanced arts and cultural activities that add value to the life of residents and visitors alike.

Goal 6 "To ensure that Council is open, accountable, ethical and financially responsible. Recognise that Council plays a leadership role for our immediate communities and for the wider region and will strive to represent our communities needs and expectations."

6.3. Collect, interpret, manage and capture data and information to inform good decision making.

6.7 Consistently perform better, deliver on our objectives and operate sustainably.

Statutory:

Any current or future leases/management agreements must be in accordance with the requirements of the *Local Government Act 2009, Land Title Act 1994 and the Property Law Act 1974.*

Policy:

Nil

Financial:

According to financial information available at the time of compiling this report, it is noted that it cost Council \$373,312 in 11/12 to provide aquatic services at Tobruk Pool:

Function	Natural Account	2011/12 Actuals Amount
2764 - Tobruk Pool	3511 - Depreciation - Buildings	\$80,196
	2342 - Gas Supplies	\$74,376
	2320 - Other Equipment and Supplies	\$11,113
	1270 - Rental & Leases - Swimming pools	-\$16,142
	3800 - Internal Charges - Job Charging	\$41,921
	3815 - Internal Charges - Laboratory Testing	\$13,153
	3007 - Electricity - Non FBT	\$31,337
	2532 - Repairs and Maintenance Services	\$5,953
	3807 - Internal Charges - Dumping Fees	\$2,347
	3529 - Depreciation - Other Plant - incl general plant	\$2,022

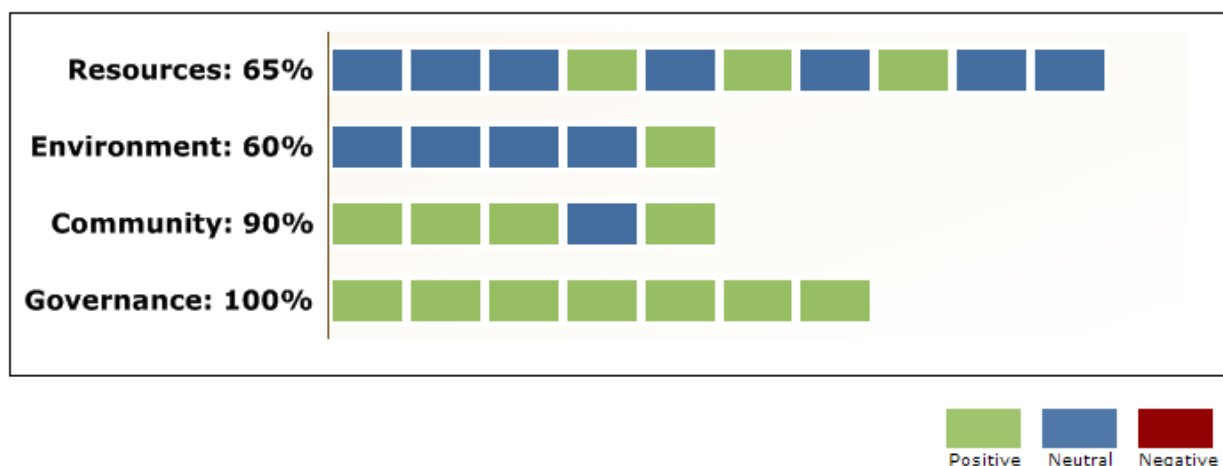
Function	Natural Account	2011/12 Actuals Amount
	3510 - Depreciation - Other Structures	\$107,614
	3032 - Telecommunication Usage Charges	\$642
	2515 - Garbage Collection Services	\$527
	2304 - R & M Material-General	\$314
	2762 - External Hire - Minor Plant & Equipment	\$108
	2302 - Chemicals	\$17,831
Annual Subsidy		\$373,312

The extent of this subsidy is influenced heavily by poor income derived from the current rigid lease agreement, inefficient use of resources arising from aging infrastructure and high maintenance costs. It can be reasonably asserted that Council's operating position will significantly improve with a revised commercial operator agreement alone including adequate performance incentives and clearer expectations around responsibilities for maintenance and repair. This can occur even without any enhancements to existing infrastructure.

Council's Facilities Management team deliver most R&M requests, so costs are largely reflected in internal charges. The actual figure for R&M is \$59,301 (external plus internal) which equates to just over 1/3 of depreciation. In the 2011/12 financial year, Council committed \$320,000 from the capital budget for renewal at Tobruk Pool.

The financial costs of implementing each option explored in this report is summarised below:

	Cost	Source
Option 1: Redevelopment (subject to proven feasibility and broad community consultation/support) *N.B. Redevelopment Costs excluded until due diligence completed	\$100,000 (Feasibility Study only, Aquatic Strategy to be undertaken 'in house')	2011/12 Carry-over of Funding from 2011/12 Capital Program
Option 2: Partial Refurbishment	\$1.5M PLUS ongoing renewal to Plant, Equipment, Amenities and Ancillary Infrastructure	Future Capital Works (Unbudgeted)
Option 3: Close and Decommission	\$1.2M* *Based on estimate from Project Services	Future Capital Works and Operating Budgets (Currently Unbudgeted)

Sustainability:1. Improving Resource Efficiency

The recommendation provides Council undertake careful planning around the strategic asset management of a key piece of civic infrastructure. This would be considered a prudent use of resources before embarking on significant capital expenditure.

2. Enhancing Community Health and Wellbeing

Council's network of public swimming pools has become antiquated and out of touch with the industry. There is a need to look at service provision from a regional perspective to ensure infrastructure delivers desired outcomes. The proposed redevelopment of Tobruk Pool and the development of an overarching aquatic strategy will deliver improved sporting infrastructure, helping the city continue to build its reputation as an international sports tourism destination. In addition to this the community will continue to enjoy a diversity of health and physical activity opportunities in a variety of locations.

3. Delivering Sound Governance and Economic Management

Improved operations and efficiencies across Council's aquatic portfolio will contribute favourably to Council's operating position, the regional economy as an employer and as a reputable destination of choice for visitors. It will also improve health and social well-being amongst the immediate local community.

The commissioning of a feasibility study into the future of the facility would be considered sound and responsible governance. Council will need to spend significant rate payer funds regardless of the option it chooses; therefore it is important that proper consideration be given to the economic, social and cultural outcomes of the facility in order to continue to be appreciated well into the future.

CONSULTATION:

Detailed consultation has occurred with the following stakeholders in the formulation of this report:

Technical

- John Menzies (AECOM)
- Davis Landon Quantity Surveyors
- David Powick (Powick and Associates Pool Consultants)

Tender Evaluation and Specification

- Massimo Zaini and Udul Annakkage (Facilities Management)
- Geoff Burdon and Mette Nordling (Finance)

Tenure and Future Management

- Lisa Giacomi and Sharon Gangell (Governance, Property Services)

Strategic Context and Service Provision

- Sport and Recreation Unit (Parks and Leisure)

OPTIONS:

As detailed in the comments section of this report there are 3 options available to Council:

Option 1: Redevelopment (subject to proven feasibility and broad community consultation)

Option 2: Partial Refurbishment

Option 3: Close and Decommission

CONCLUSION:

Considerable research and consultation has been undertaken in formulating this recommendation. The information has been provided with the core values and characteristics developed in the Community Plan and Council's corporate documents and strategies. As such it is concluded that Council support the recommendation and resolve to:

- a) note the current condition and performance of Tobruk Pool along with the need to effect improvements to ensure the facility continues to meet appropriate standards of service and provide sustained community benefit;

- b) proceeds to undertake a feasibility study, in partnership with key stakeholders around options for redevelopment, with funding to be sourced from the 12/13 capital works budget earmarked for renewal works; and
- c) note the considerations relating to aquatic service provision across the region in this report and officer intention to complete an aquatic service strategy to be considered by Council later in the 2012/13 financial year.

ATTACHMENTS:

Attachment 1: Summary of Preliminary Cost Plan for Redevelopment prepared by AECOM and Davis Langdon Quantity Surveyors

Attachment 2: Photos of recent redevelopment of similar scope to that proposed

Tim Dendle
Team Leader Sport and Recreation

Malcolm Robertson
A/Manager Parks and Leisure

Ian Lowth
General Manager Community Sport and Cultural Services

Attachment 1:

Davis Langdon, Quantity Surveyors have been engaged to provide a preliminary cost estimate for the proposed redevelopment based on a defined scope. This information will be further refined during the feasibility study however a summary of these findings is provided below.

Scope:

- New FINA compliant 50m long x 25m wide 10 lane lap pool (actual length to be in the order of 51.5m to accommodate a movable bulkhead in line with industry best practice) to comply with pacific level swimming competitions/QLD state swimming championships;
- Depth of 50m pool to be a minimum of 1.35m at shallow end and 2m at deep end to allow diving at both ends;
- Moveable bulkhead to be used to enable the pool to be used as a 50m long or 25m long and 30m long (water polo) options;
- Fully automatic timing system in line with FINA requirements, along with FINA compliant lane ropes, starting blocks, fixtures and fittings;
- 50m lap pool to be heated and have an entry ramp for people with a disability on one side with wet deck edging;
- Existing 25m lap pool to remain with augmentation of suction and filtered water return lines;
- New Plant Room and Equipment to meet Australian Standards for disinfection, filtration and WH&S requirements for safe pool operation;
- Augmentation of floodlighting to ensure it is complaint with the standard required to enable the facility to be used for Australian National Swimming Championships /Asia-Pacific level swimming competitions/QLD state swimming championships;
- New building for Reception/Kiosk/Office/Change rooms/Amenities/First Aid and Gymnasium;
- Improved tiered seating for spectators;
- Club/Competition facilities;
- Storage facilities;
- Landscaping;
- A roof structure over the 50m long x 25m wide 10 lane lap pool;
- Markings/configuration of the 50m long x 25m wide 10 lane lap pool to allow it to be used for water polo/underwater hockey, surf lifesaving rescue training, learn to swim activities. The option to have a moveable floor could be considered to provide versatility to the pool;

Cost Plan:

Element	Cost Estimate (Ex GST)
Demolition Works	\$520,483
Site Preparation	\$398,600
New and Refurbished Aquatic Facilities	\$3,942,530
New Buildings	\$3,753,500
New External Structures	\$387,500
Landscape & Paving	\$497,185
Services & Connections	\$280,000
Construction Contingency (20%)	\$1,956,000
Builder's Preliminaries & Margin (15%)	\$1,760,400
Construction Costs Subtotal	\$13,496,198
Project Management & Superintendency (5%)	\$674,800
Council Management & Administration (3%)	\$404,880
Design and Management Contingency (20%)	\$567,000
Options	
Roof Structure over 50m pool	\$2,805,000
Total Project Costs	\$17,947,878

Attachment 2:**Photos of Similar Pool Redevelopments**

Photos of similar aquatic facilities from other swimming pool facilities are shown below to provide an example of the type of facilities that can be constructed as part of the Tobruk Pool Redevelopment



Photo 1 – 50m Outdoor lap pool at the Sleeman Sports Complex, Brisbane

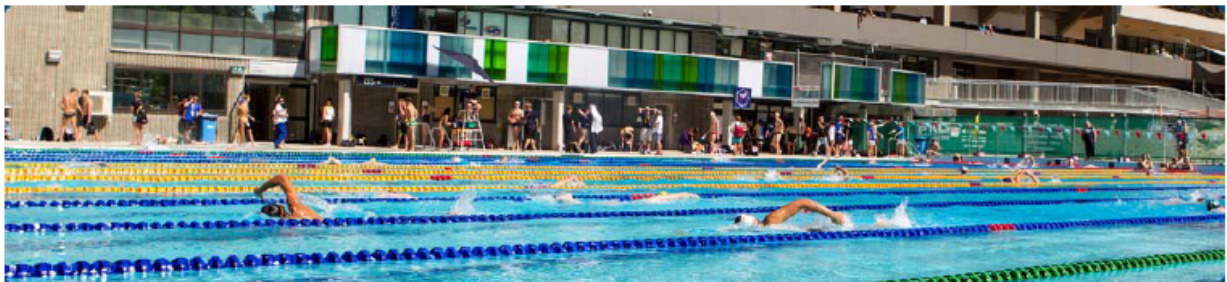


Photo 2 – 50m Outdoor lap pool at the Sleeman Sports Complex, Brisbane



Photo 3 – 50m Indoor lap pool and Diving Pool at the Brisbane Aquatic Centre, Brisbane



Photo 4 – 50m Outdoor lap pool at the Melbourne Sports Aquatic Centre, Victoria



Photo 5 – 50m Outdoor lap pool at the Melbourne Sports Aquatic Centre, Victoria



Photo 6 - Movable bulkhead in the 50m lap pool at the Nobel Park Aquatic centre in Dandenong, Victoria

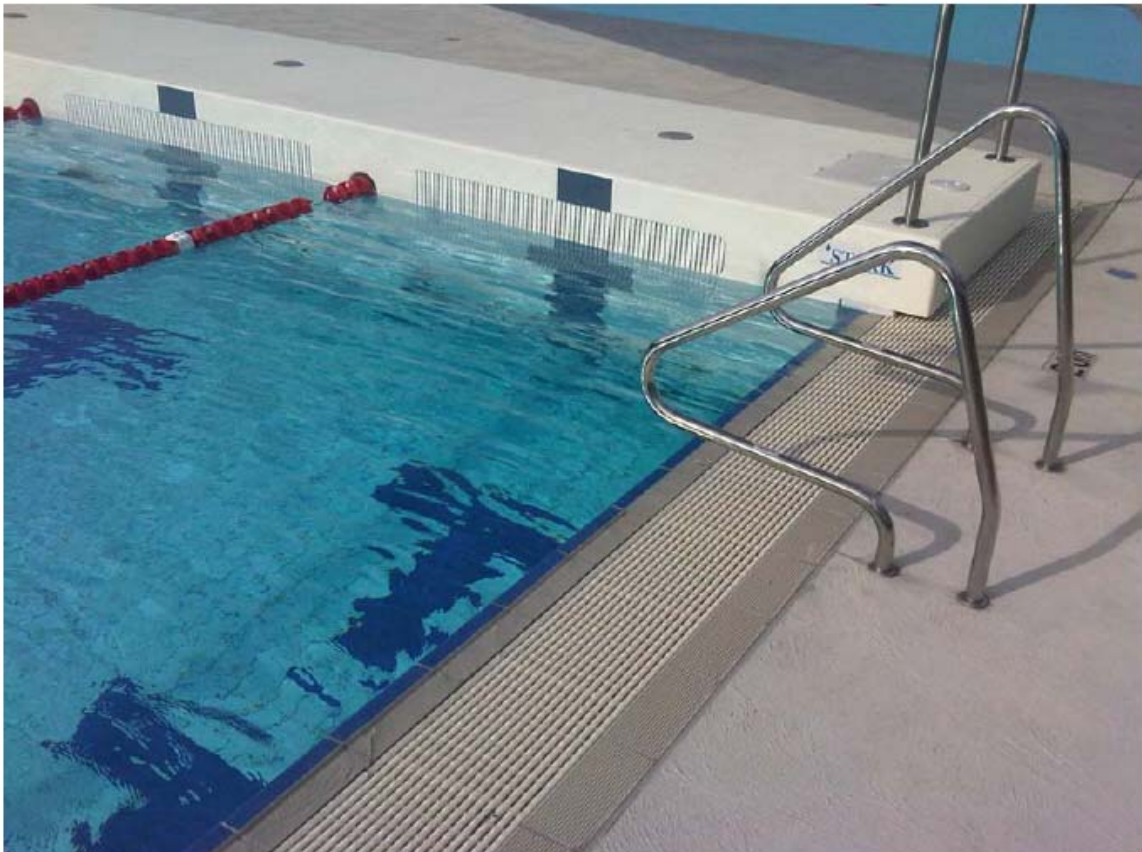


Photo 7 - Movable bulkhead in the 50m lap pool at the Nobel Park Aquatic Centre in Dandenong, Victoria



Photo 8 – 5m deep Diving pool under construction at the Monash City Council's Oakleigh Aquatic & Recreation Centre



Photo 9 – 50m Outdoor lap pool under construction at the Monash City Council's Oakleigh Aquatic & Recreation Centre