

SPORTS, ARTS, CULTURE & COMMUNITY SERVICES COMMITTEE 13 OCTOBER 2010	11
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SUGARWORLD WATERPARK FEASIBILITY STUDY

Tim Dendle: 1/58/16-01: #2734573

RECOMMENDATION:

That Council:

- a) **Adopts the Sugarworld Waterpark Feasibility Study (Option 2) to ‘establish an innovative waterpark with a mix of water slides, rides and aquatic play features’ inside the footprint of the existing facility;**
- b) **Proceeds to call tenders for the design and construction of the above option inline with the scope outlined in the study; &**
- c) **Immediately commences all possible site preparation works to complement the future delivery and ensure the timely completion of the overall redevelopment.**

INTRODUCTION:

A feasibility study has been prepared to inform Council’s ongoing commitment to the redevelopment of the iconic Sugarworld Waterpark. This important body of work has been deemed necessary to investigate the critical considerations relating to the ongoing economic, social and cultural sustainability of one of the regions most loved facilities.

The following report provides Council with a summary of the information presented within Sugarworld Waterpark Feasibility Study, the methodology behind the recommendation and the prospective actions necessary to ensure the facility is delivered in accordance with community sentiment and due process.

BACKGROUND:

In April 2010, Council commissioned a report by PDR Structural Engineers which found that replacement or remedial works need to be undertaken as a matter of urgency and that there exists a significant risk of injury to the public if the work is not carried out. Sugarworld Waterpark was closed by Council in the interests of public safety due to an investigation into the structural integrity of the water slides.

Promptly Council at its Ordinary Meeting of 28 April 2010 resolved to “give in principle support to the reopening of Sugarworld Waterslides and as a matter of urgency be provided with a detailed report to be brought back to Council in a workshop format.” Accordingly, a detailed options report was presented to the 12 May 2010 Sports, Arts, Culture & Community Services Committee Meeting which resolved:

That Council

- 1 *Immediately conducts a feasibility study, including community engagement strategy, into options in relation to the replacement of the Water slides and / or other water based activities at Sugarworld.*
- 2 *Allocates funds from the 10/11 capital works budget for construction of the preferred option based on the feasibility study.*
- 3 *Notes that funding for the peripheral works required as outlined in the report has already been allocated*

It is further noted that Council reinforced this position at the Ordinary Meeting of 23 June 2010 where the following resolution was carried:

That Council:

1. *Reaffirms its commitment to expedite the rebuild of the Sugarworld Waterslides as soon as possible.*
2. *Confirms its intention to allocate funding from the 2010/11 capital works budget for the above project.*
3. *Separates the Sugarworld Waterslides' reconstruction project from the ongoing planning for the long term use of the Sugarworld Precinct (i.e. parking, public transport, staging of markets, etc).*

Simply Great Leisure (SGL) consulting were engaged to undertake this project on Council's behalf. The final feasibility report prepared by SGL is provided in Attachment 1.

COMMENT:

Based on the abovementioned direction of Council and the comprehensive specifications outlined in the consultant's charter, a process of market research was undertaken including demographic analysis, comparative facility benchmarking and observing industry trends. This diligence was complimented by an effective community engagement regime aimed at unpacking the needs and wants of the community now and in the future.

Important parameters of the study were:

- a. The improved facility will cost no more than \$4M, including all capital development and associated costs such as removing the existing waterslides and supports and decommissioning equipment and facilities not required;
- b. It will occupy the same site at Sugarworld as the current water park;
- c. It will be located at Sugarworld Gardens or in association with the Edmonton Multipurpose Leisure Centre at Walker Road.

Three Strategic Options

It was agreed between the consultants and Council that three strategic options were to be considered and canvassed for community feedback:

- Option 1: Replace existing slides with similar water slides at the Sugarworld Waterpark;
- Option 2: Establish an innovative waterpark with a mix of water slides, rides and aquatic play features at the Sugarworld Waterpark;
- Option 3: Develop an innovative waterpark with a mix of waterslides, rides and aquatic play features as part of an integrated multipurpose leisure centre (including swimming facilities, sports halls and health and fitness studio) near Sugarworld Gardens and the proposed Edmonton Town Centre.

Consultation Program

A community consultation program on the three options was conducted over a one week period (17 – 24 September, 2010). It should be noted that this program followed the market research, focus group and key informant interviews undertaken earlier in the study and the relatively short consultation period was a direct result of the requirement to present a report to Council's 13 October SACCS meeting.

Notwithstanding this, the rigorous and targeted engagement regime was a feature of the study producing a pleasing response from a broad spectrum of the community. This was evidenced by the response to the survey (returned by 757 people) which was developed to gauge the public's overall sentiment regarding the three options.

Reponses were obtained as follows:

- | | |
|---|-----|
| - Completed online: | 318 |
| - Collected via libraries, Davis Cup, Shopping Centre and Esplanade "Road Shows": | 409 |
| - Cut out and returned to Council from Cairns Post advertisement | 30 |

The key finding of this process was that 80% of respondents preferred Option 2, with 12% and 8% preferring Option 1 and 3, respectively. A complete and detailed account of the activities undertaken during this time along with results and commentary is included in pages 3-5 of the attached Study.

Assessment of Options:

The assessment criteria used to evaluate each option is specified in Part Three of the attached Sugarworld Waterpark Feasibility Study (page 6). Importantly this methodology incorporated a broad range of measures including capacity to meet the needs of a range of target markets, operational viability, community preference, capital cost and value for money. The criteria were weighted in order of importance and each option was scored accordingly against these elements. Option 2 achieved the highest weighted score (680) followed by Option 3 (635) and Option 1 (629). Table 3.1 (page 8) within the Study details the results of this assessment.

Based on the abovementioned analysis and significant community support for its features, it is recommended that Option 2 be adopted by Council as the preferred concept for the redevelopment of the Sugarworld Waterpark.

Important Aspects of the Design Brief (Option 2)

1. *Removal of the existing plunge pools:*

It has been recommended that the existing plunge pools located at the end of the slide waterslides be replaced with what is now considered 'industry standard' shut down lanes. This recommendation is based around the following premises:

Environmental – shut down lanes use far less water; require less chemicals (chlorine etc) to treat and less far electricity to power the pumps and reticulation system.

Safety – plunge pools are renown for 'incidents', whereas shut down lanes eliminate the propensity for drowning or near drowning.

Financial – shut down lanes require less supervision (lifeguards) and less consumables hence reducing operating costs.

Patronage – the nature of the shut down lane provides for faster completion of the ride and therefore a greater turnover of users. This will improve waiting time and please critics of the previous set up who complained of long line ups before being permitted to ride.

2. *Removal of vegetation on the waterslide mound*

Breakdown of the existing structures and providing for future construction will necessitate the removal of a significant amount of the established plants and vegetation that is currently on the waterslide mounds. The design brief indicates an intent to replace this at the completion of the project. It is has been recommended however that improved management and coordination of plants around the future waterslides be strictly observed. This involves providing an appropriate 'buffer' in accordance with asset management best practice and to aid serviceability.

3. *Preconstruction and site preparation*

Upon determining Council's intentions, officers will proceed immediately with site preparation and remediation works to the existing facility. This includes the following initiatives:

- An assessment of the suitability of existing infrastructure that can be used in the redeveloped facility; (lighting, pathways, fences, platform, underpass etc)
- Breakdown, and removal of existing components
- Removal of necessary plants and vegetation
- Geotechnical analysis of the sitting mound

In the Sugarworld Options Report presented to Council at the 29th of May SACCS Committee Meeting, it was foreshadowed that 'refurbishment could feasibly be obtained for the existing slides if the correct process for an engineered solution was diligently adhered to'. This assertion was based around the need for further testing into the condition of the fibreglass and tubes. At this time Council determined that a redevelopment of the facility was in the greater public interest and accordingly resolved to allocate a portion of the capital budget to the redevelopment.

Uncertainty around the relevance and usefulness of the existing structures was the impetus behind engaging of PDR Engineers to complete their investigations into the condition of the fibreglass and tubes. The outcome of this testing is due by the end of October 2010, and will provide an understanding of the scrap value of the components for contractors responsible for breaking them down.

An update on the status of PDR's investigations is provided as Attachment 2.

4. *Design and Construct*

It has been recommended that Council proceed to call tenders for the detailed design and construction of the preferred option inline with the design scope outlined within the study. Should Option 2 be adopted, the following indicative timelines are provided for future milestones:

Task	Completion Date
Design & construct tender commence to award contract	Dec 2010
Preliminary design	March 2011
Detailed design complete	May
Construction commence	June (approx 20 weeks)
Construction complete	November
Facility open	Early Dec 2011.

5. *Future Community Engagement*

Upon determining Council's preferred direction, the community will be updated on the status of the ongoing project through regular community updates posted on Council's website. Appropriate media releases will be issued for predetermined milestones and a campaign organised to mark and celebrate the completed redevelopment. Council will be updated on status of capital works through the monthly Major Project reporting to SACCS.

CONSIDERATIONS:

Corporate and Operational Plans:

The recommendation 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 3 “To take an integrated planning approach to development that creates a sustainable region reflective of our uniqueness and tropical lifestyle.”

- 3.4 – Protect and manage the heritage and culture of the region.

Goal 4 “To plan, deliver and maintain the region’s infrastructure, to meet the current and future needs of the community.”

- 4.4 – Deliver effective long-term maintenance and renewal of existing infrastructure and community assets.

Goal 5 “To increase the regions capacity for long term economic growth by supporting opportunities for local business and local employment.”

- 5.3 – Plan and make financial and capital decisions with the state of the local economy in mind.

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 an 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.

Council’s Parks & Recreation Strategic Plan 2010-2015 lists the following:

Outcome 1: Planning to meet current and future recreation needs.

Statutory:

The land is Council freehold and 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:

Corporate Sustainability Policy (General Policy No. 1:04:01). The principles in this policy have been included in the feasibility study in both the concept design and management. These principles will also be included in the detailed design stage.

Carbon Emissions Reduction Policy (General Policy No. 1:04:49). This policy applies to the development of any new Council buildings with the aim to minimise the energy/water/waste usage. These principles will also be included in the detailed design stage.

Financial and Risk:

A detailed estimate of the capital costs of proceeding with Option 2 is provided in table 4.2 of the attached Study (page 13). It is noted that the estimated cost of the project (\$4,512,072) is outside Council's budgeted allocation of \$4M.

There are various opportunities for Council to apply downward pressure to the cost of this project. These include:

- A competitive tendering process;
- Combining both design and construct elements into the one tender;
- A reduction in the cost of the water play features (reducing size and/or scope) of \$120,000 (4%) will enable \$3.126M to be spent on the construction of the facilities;
&
- The proprietary nature of the waterslide elements may decrease the risk (and associated contingency) budgeted for this project.

Undertaking the feasibility study provides a more detailed understanding of the viability and sustainability of the proposed facility. A detailed analysis of the demand and financial forecasts is provided within the attached study (pages 17-26). This information will be invaluable in planning for the future management and operations of the Sugarworld Waterpark.

Sustainability:

A sustainability assessment of Option 2 against the existing arrangements within the facility prior to closure has been included as Attachment 3. It is noted that innovations such as the shut down lanes whereby there are considerable resource, environmental and economic advantages have ensured that the overall project ranked well within the sustainability scorecard framework.

The Sugarworld Waterpark's contribution to the regional economy in a fiscal sense, as an employer and as a destination of choice contributes to the building of social capital. The community will benefit from Council's commitment to redevelop the ageing infrastructure that has serviced the community in its existing location since 1989. Furthermore, the mix of features presented within Option 2 will provide opportunities for a much broader demographic ensuring that this iconic facility continues to service the leisure appetite of the rapidly growing population in the southern corridor.

In the present unstable economic climate, it is important to have quality recreational facilities that are affordable and within the financial reach of families. Council's prudence in undertaking the attached feasibility study will ensure that the Sugarworld Waterpark's ongoing management and planning remain in line with the communities expectations of delivering an affordable, family friendly destination that draws people of all ages, abilities and backgrounds.

CONSULTATION:

As per the comments section of the report.

OPTIONS:

Option 1:

That Council:

- a) Adopts the Sugarworld Waterpark Feasibility Study (Option 2) to 'establish an innovative waterpark with a mix of water slides, rides and aquatic play features' inside the footprint of the existing facility;
- b) Proceeds to call tenders for the design and construction of the above option inline with the scope outlined in the study; &
- c) Immediately commences all possible site preparation works to complement the future delivery and ensure the timely completion of the overall redevelopment.

Option 2:

That Council:

- a) Adopts an alternative option presented within the Sugarworld Waterpark Feasibility Study;
- b) Proceeds to call tenders for the design and construction of the preferred option inline with the scope outlined in the study; &
- c) Immediately commences all possible site preparation works to complement the future delivery and ensure the timely completion of the overall redevelopment.

Option 3:

That Council rejects the findings of the feasibility study in regards to the Sugarworld Waterpark and requests alternative options be investigated.

CONCLUSION:

It is recommended that Council:

- a) Adopts the Sugarworld Waterpark Feasibility Study (Option 2) to 'establish an innovative waterpark with a mix of water slides, rides and aquatic play features' inside the footprint of the existing facility;
- b) Proceeds to call tenders for the design and construction of the above option inline with the scope outlined in the study; &
- c) Immediately commences all possible site preparation works to complement the future delivery and ensure the timely completion of the overall redevelopment.

ATTACHMENTS:

1. Sugarworld Waterpark Feasibility Study
2. Project Update on Testing of Existing Waterslide Tubes (PDR Engineers)
3. Sustainability Assessment of recommended option as compared to the existing facility

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ATTACHMENT 1 – Sugarworld Waterpark Feasibility Study



Sugarworld Waterpark Feasibility Study

October 2010

Final Report (version 2)

Prepared for Cairns Regional Council



Prepared by: SGL Consulting Group in association with Whitewater West and Rider Levett Bucknall



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1 INTRODUCTION

1.1 Background

Sugarworld Waterpark is a Council-owned facility leased to a private operator. The facility comprises a variety of functional aspects that provide leisure and recreational opportunities to residents within the region and beyond. The infrastructure associated with the water slides was first built at a different location in Cairns in 1975. In 1989 these slides were dismantled and relocated to their current location in Edmonton. After relocation of the slides, access pathways were constructed as well as appropriate landscaping to compliment the tubes and associated supports. The actual slides are approximately 35 years old and have been in their current location for over 20 years.

In April 2010, Council commissioned a report by PDR Structural Engineers which found that replacement or remedial works need to be undertaken as a matter of urgency and that there exists a significant risk of injury to the public if the work is not carried out. Sugarworld Waterpark was closed by Cairns Regional Council (Council) in the interests of public safety due to an investigation into the structural integrity of the water slides.

Promptly Council at its Ordinary Meeting of 28 April 2010 resolved to “give in principle support to the reopening of Sugarworld Waterslides and as a matter of urgency be provided with a detailed report to be brought back to Council in a workshop format.” Accordingly, a detailed options report was presented to the 12 May 2010 Sports, Arts, Culture & Community Services Committee Meeting which resolved:

That Council

- 1 *Immediately conducts a feasibility study, including community engagement strategy, into options in relation to the replacement of the Water slides and / or other water based activities at Sugarworld.*
- 2 *Allocates funds from the 10/11 capital works budget for construction of the preferred option based on the feasibility study.*
- 3 *Notes that funding for the peripheral works required as outlined in the report has already been allocated*

1.2 Aim of the Project

The aim of the Project is the preparation of three feasible options for redevelopment on the Sugarworld Waterslides site for consultation and comparative assessment, followed by finalisation of a recommended option for Council. A feasibility study must accompany each of the three options, with further refinement of the preferred and recommended option.

One of the options is to be a like-for-like replacement of the existing waterslides. The estimated net capital and net operating costs to Council for this option are to serve as a comparative benchmark for other options.

Other options should consider any range of water based activities, based on market analysis and community preference.

Options should consider business models and management arrangements that best mitigate the net capital and net operating costs to Council.

The outcomes and recommendations will provide Council with critical information for the future of the site.

1.3 Methodology

The feasibility study has three stages and five milestones as defined in the Study Brief. Tasks to achieve the milestones are:

STAGE 1: SITUATIONAL ANALYSIS

Milestone 1: Appointment of Contractor & Project Inception Meeting

- 1 Project Clarification

Milestone 2: Planning Analysis

- 1 Review Reports and Studies
- 2 Project Meeting

STAGE 2: CONSULTATION & DRAFT FEASIBILITY STUDY

Milestone 3: Draft Feasibility Study

- 1 Operational Review
- 2 Key Informant Interviews
- 3 Market Research
- 4 Focus Groups
- 5 Demographic Analysis
- 6 Comparative Assessment
- 7 Industry Trends
- 8 Options Report
- 9 Presentation to Council
- 10 Three Preliminary Draft Feasibility Studies
- 11 Presentation

Milestone 4: Consultation On Draft Feasibility Study

- 1 Community Consultation

STAGE 3: FINALISATION OF FEASIBILITY STUDY

Milestone 5: Final Feasibility Study

- 1 Review of Submissions
- 2 Discussion with Council
- 3 Final Feasibility Study

1.4 Structure of the Report

This Final Feasibility Report refers to Task 10, Milestone 3 and should be read in conjunction with:

Option 1, Option 2 and Option 3 Preliminary Draft Feasibility Reports which present the outcomes of Milestone 3

Review of Reports and Documents which presents the outcomes of Task 1, Milestone 2

Market Research Report which presents the outcomes of Tasks 1 to 7, Milestone 3

Options Report which refers to Task 8, Milestone 3

2 COMMUNITY CONSULTATION

This section summarises the three strategic options, the community consultation program conducted and the outcomes.

2.1 Three Strategic Options

Based on Council's resolutions this feasibility study was commissioned. The Study Brief required the preparation of "three feasible options for redevelopment on the Sugarworld Waterslides site". It also stated "One of the options is to be a like-for-like replacement of the existing waterslides..... Other options should consider any range of water based activities, based on market analysis and community preference".

Other parameters of the study are that:

- a It will cost no more than \$4M, including all capital development and associated costs, such as removing the existing waterslides and supports and decommissioning equipment and facilities not required .
- b It will occupy the same site at Sugarworld as the current water park occupied
- c It will be located at Sugarworld Gardens or in association with the Edmonton Multipurpose Leisure Centre at Walker Road.

It was agreed between the Consultants and Council that three strategic options were to be considered and canvassed during the market research and community engagement process:

Option 1: Replace existing slides with similar water slides at Sugarworld Waterpark

Option 2: Establish an innovative waterpark with a mix of water slides, rides and aquatic play features at Sugarworld Waterpark

Option 3: Develop an innovative waterpark with a mix of water slides, rides and aquatic play features as part of an integrated multipurpose leisure centre (including swimming facilities, sports halls and health and fitness studio) near Sugarworld Gardens and the proposed Edmonton Town Centre

2.2 Consultation Program

A community consultation program on the three options was conducted over a one week period 17 - 24 September 2010. The relatively short consultation period was a direct result of the requirement to present a report to Council's October meeting.

Activities undertaken included:

- Copies of the three Preliminary Draft Feasibility Studies available of on www.cairns.com.au and Council's website www.cairns.qld.gov.au and an online survey.
- Full page display in the Cairns Post on Friday 17 September 2010, including a questionnaire which was able to be cut out and returned to Council.
- An information booth at the Davis Cup each day from Friday 17 to Sunday 19 September 2010.
- Copies of the Preliminary Draft Feasibility Studies at all Cairns Branch Libraries, Gordonvale Community Hub
- Displays at Council's, Administration buildings at Spence Street & Mossman.
- A Public Forum to discuss the three options, held at Council's Civic Reception Room, at 6pm Monday 20 September 2010.
- A road show display at shopping centres and the Esplanade:

Friday 17 September	Esplanade Lagoon Plaza, 4-6pm
Saturday 18 September	Edmonton IGA, 9am-midday
Sunday 19 September	Smithfield Shopping Centre, 9am-midday
Thursday 23 September	Cairns Central Shopping Centre, 5-8pm
Friday 24 September	Edmonton Coles, 9am-midday & Earlville Shopping Centre, 2-5pm

At each activity and display, residents were able to complete a questionnaire regarding the three options).

2.3 Outcomes of the Community Consultation

To gauge community reaction to the three development options, a short questionnaire was constructed which asked:

- 1 What do you think are the advantages and disadvantages of each option.
- 2 What is your preferred option:
 - Option 1 - Waterslides at Sugarworld
 - Option 2 - Innovative Waterpark at Sugarworld
 - Option 3 - Innovative Waterpark at Edmonton Leisure Centre
- 3 Postcode and Suburb
- 4 Age
- 5 Gender

The survey was completed by 757 people. Responses were obtained as follows:

Completed online	318
Collected via libraries, Davis Cup, Shopping Centre and Esplanade road show	409

The sample comprised:

Females	67%
Males	33%
<hr/>	
2 – 9 years	5%
10 - 15 years	13%
16 - 20 years	6%
21 - 30 years	16%
31 - 40 years	23%
41 - 50 years	19%
51 + years	17%
<hr/>	
4869	37%
4870	28%
4868	13%
4865	6%
4879	6%
4878	4%
Other postcodes	<1%
<hr/>	
Edmonton	28%
Bentley Park	8%
Gordonvale	5%
Brinsmead	4%
Mt Sheridan	4%
Whitfield	2%
Woree	2%
White Rock	2%
Other suburbs	<1%

The key outcomes were that 80% of respondents preferred Option 2, with 12% and 8% preferring Option 1 and 3, respectively.

Reasons for selecting Option 2 tended to focus on the variety of slides to cater for all ages, the “tipping bucket” in the children’s interactive play structure and the multi person matt racer.

Respondents identified the major advantages of Option 1 as being quicker to build, a replacement of like for like and no need for change, and provides a range of speeds. The advantages of Option 3 tended to focus on it being more targeted to older young people and the ease of parking compared with Sugarworld.

Other comments which should be noted are:

- ✓ Conflicting comments about the plunge pools. Some respondents prefer to finish the slide in a plunge pool – the thrill of landing in water, whereas others commented on the environmental benefits of run out chutes which saved water and use of chemicals.

- ✓ A small number of respondents commented that Council should not be in the business of developing water parks, which can be established by the private sector.
- ✓ Pricing was raised by respondents, the fear being that prices may rise and not be affordable.
- ✓ Car parking at Sugarworld during peak periods was raised by a number of concerned respondents.

3 ASSESSMENT OF OPTIONS

This section outlines a series of criteria for assessing each option and provides a commentary and score against each option.

3.1 Criteria for Selecting Preferred Option

Each criteria is weighted for its importance out of a score of 10, where 10 is very important, criteria of lesser importance are scored lower.

Criteria	Weighting
1 Operational viability – capacity to pay a rent to Council and cover all Council's costs including maintenance and depreciation.	10
2 Capital cost – value for money and within Council \$4m budget.	10
3 Meets the needs of a range of target markets – cater for all age, ability, family and corporate/sporting/community groups.	9
4 Opportunity cost of land – positive and negative impacts on use of land for the waterpark.	8
5 Access and car parking – availability of adequate on-site car parking and physical access to and around the site.	8
6 Impact on residents – potential negative impact from noise, car parking and visual amenity.	8
7 Preference of community – as measured by the market research and community consultation.	8
8 Synergies and compatibility with adjacent elements and infrastructure – from a financial, activity, visual and environmental perspective.	7
9 Future expansion – space for expansion	7
10 Planning constraints and issues – compatibility with the planning scheme and need to obtain a variation to existing planning approval.	6

3.2 Assessment Against Criteria

Each option is assessed against each criteria and is scored based on:

Fully meets criteria	10
Almost meets criteria	8
Partially meets criteria	6
Problems meeting criteria	4
Does not meet criteria	0

Table 3.1 summarises an assessment of each option on each criteria, and Table 3.2 scores each option on each criteria.

Based on this assessment and scoring system Option 2 has the highest weighted score (680) followed by Option 3 (635) and Option 1 (629).

Table 3.1: Assessment of Each Option Against Each Criteria

Criteria	Assessment – Option1	Assessment – Option2	Assessment – Option3	
1	Operational viability – capacity to pay a rent to Council and cover all Council's costs including maintenance and depreciation.	Very little margin for error on base case scenario.	Very little margin for error on base case scenario. Given range of rides and slides is likely to achieve base attendance projections	Has lower operating cost base due to multipurpose leisure facility hence has greater margin for error on base case scenario.
2	Capital cost – value for money and within Council \$4m budget.	Adequate budget for this option	Adequate budget for this option	May not be achievable within budget without eliminating some elements.
3	Meets the needs of a range of target markets – cater for all age, ability, family and corporate/sporting/community groups.	Caters for existing markets. Does not provide “thrill rides or slides“ for older teenage groups.	Caters for existing markets, family and older teenage groups.	Caters for existing markets, family and older teenage groups.
4	Opportunity cost of land – positive and negative impacts on use of land for the waterpark.	Existing and long term use of land. Eliminates potential to increase public open space in Sugarworld Gardens.	Existing and long term use of land. Eliminates potential to increase public open space in Sugarworld Gardens.	Development of a waterpark will use open space designated for sporting grounds, which are in short supply in Edmonton
5	Access and car parking – availability of adequate on-site car parking and physical access to and around the site.	Inadequate car parking in peak periods. Public transport and road system provides good access	Inadequate car parking in peak periods. Public transport and road system provides good access	Development approval will require adequate onsite car parking, with potential multiuse and shared car parks for sporting grounds. Public transport and road system provides good access
6	Impact on residents – potential negative impact from noise, car parking and visual amenity.	Continuation of existing negative impacts, primarily car parking in surrounding streets and possibly in the Coles	Continuation of existing negative impacts, primarily car parking in surrounding streets and possibly in the Coles	No residents in immediate vicinity of the site.

Criteria		Assessment – Option1	Assessment – Option2	Assessment – Option3
		Shopping Centre car park.	Shopping Centre car park.	
7	Preference of community – as measured by the market research and community consultation.	The location is acceptable to residents, although a greater variety of rides and slides is preferred.	The location is acceptable to residents, and offers a variety of rides and slides.	The location is acceptable to residents, and offers a variety of rides and slides.
8	Synergies and compatibility with adjacent elements and infrastructure – from a financial, activity, visual and environmental perspective.	Existing use blends well with adjacent Sugarworld Gardens, and the proposed all abilities play space.	Existing use blends well with adjacent Sugarworld Gardens, and the proposed all abilities play space.	Existing use blends well with proposed multipurpose leisure centre, particularly the proposed aquatic centre.
9	Future expansion – space for expansion	Limited or no room for expansion	Limited or no room for expansion	Adequate room for expansion to the detriment of sporting grounds.
10	Planning constraints and issues – compatibility with the planning scheme and need to obtain a variation to existing planning approval.	Complies with existing development approval.	Complies with existing development approval.	Complies with existing development approval.

Table 3.1: Scoring Each Option Against Each Criteria

Criteria	Weighting	Option1		Option 2		Option 3	
		Score	Weighted Score	Score	Weighted Score	Score	Weighted Score
1	Operational viability – capacity to pay a rent to Council and cover all Council's costs including maintenance and depreciation.	10	80	8	80	10	100

Criteria	Weighting	Option1		Option 2		Option 3	
		Score	Weighted Score	Score	Weighted Score	Score	Weighted Score
2 Capital cost – value for money and within Council \$4m budget.	10	8	80	9	90	6	60
3 Meets the needs of a range of target markets – cater for all age, ability, family and corporate/sporting/community groups.	9	8	72	9	81	7	63
4 Opportunity cost of land – positive and negative impacts on use of land for the waterpark.	8	7	56	7	56	7	56
5 Access and car parking – availability of adequate on-site car parking and physical access to and around the site.	8	7	56	7	56	8	64
6 Impact on residents – potential negative impact from noise, car parking and visual amenity.	8	9	72	9	72	10	80
7 Preference of community – as measured by the market research and community consultation.	8	6	48	10	80	5	40
8 Synergies and compatibility with adjacent elements and infrastructure – from a financial, activity, visual and environmental perspective.	7	9	63	9	63	9	63
9 Future expansion – space for expansion	7	6	42	6	42	7	49
10 Planning constraints and issues – compatibility with the planning scheme and need to obtain a variation to existing planning approval.	6	10	60	10	60	10	60
Total			629		680		635

4 RECOMMENDED DESIGN OPTION

This section outlines the recommended design brief, discusses some sustainability initiatives and provides a capital budget estimate

4.1 Design Brief

The number of slides, rides and other aquatic play features will be determined by the maximum budget expenditure of \$4M. The redeveloped water park will occupy the same area of Sugarworld Gardens as the current leased area.

Under this option the following works are proposed:

- Remove existing water slides, supports and splash pools.
- Retain existing mound, and replace vegetation removed during the demolition and reconstruction of the water park. Replace fencing along paths on the mound.
- Install two enclosed and open slides of a similar design to existing slides, rated as low and medium thrill rides.
- Install at least one, multi person (at least two persons) speed slide (eg mat racer), off the platform on the existing mound.
- All slides and rides to terminate in 0mm depth chute style finishes for each slide.
- Install additional children's aquatic play equipment, including features such as a tipping bucket mini slides and interactive water cannons, sprays and jets.
- Shade structures to be constructed over the children's aquatic play area and the main water park features (particularly the launch platform).
- Review existing plant and equipment (pumps, filtration equipment and balance tanks) to determine its effective life and capacity to service the new slides and rides.
- Existing pools and lagoons will be retained.
- All existing buildings and amenities to remain. Upgrade and renovation works planned to be undertaken not included within the maximum capital budget, are:
 - ▶ Covering the building fascias and repairing the gutters.
 - ▶ Replace/liquid tile treat the slippery floor times surrounding and within the building.
 - ▶ Paint the exterior of the building.
 - ▶ Plant room – New electrical switchboard with VSD's for pumps.
 - ▶ Essential WH&S - Repair and renewal as required to ensure compliance and functionality.
 - ▶ Essential R&M - Repair and renewal as required to ensure compliance and functionality

Appendix A includes a concept layout for the two slides, a four lane mat racer, and aquatic play structure, and a mat racer perspective, a sketch of a mat racer, and aquatic play structure and two optional profiles for the slides.

During the consultation on the three options a number of issues were raised which have to be addressed:

- 1 A number of respondents expressed a wish to retain the plunge pools at the bottom of each pair of slides. These plunge pools are proposed to be removed because:
 - ✓ A redesign of the water slides around the mound may require a new plunge pool to be constructed at substantial cost.
 - ✓ A shut down lane is now an “industry standard” design feature. The benefits are:
 - ▶ Environmental – use far less water, and hence require less chemicals to treat the water and less electricity to power the pumps and recirculation system.
 - ▶ Safety – plunge pools are renown for “incidents”, whereas shut down lanes do not have the same propensity for drowning or near drowning.
 - ▶ Financial – shut down lanes require less supervision, hence reducing operating costs.
- 2 A consistent comment regarding the interactive children's play area was that the “African” theme was inappropriate. This was shown for indicative purposes. It was never intended to include an African theme. Whilst a tropical theme can be prepared, given the budgetary constraints, it is more likely that the structure will not be themed as it will reduce the capital cost.
- 3 Car parking at Sugarworld is a recognised problem, particularly during peak periods. It is understood that the current design of the car park is inefficient. Additional car parking spaces can be created within the existing car park footprint by improving the design.

4.2 Sustainability Initiatives

It is anticipated that “green” or sustainable initiatives which will be integral components of the proposed water park are:

- Reduction in water usage due to removal of splash pools.
- Reduction in pool chemicals due to removal of splash pools and replacement with splash pad and shut down lanes.
- Shade over wet deck to reduce evaporation.
- Reduction in power consumption due to reduction in water usage (ie less water to be treated and circulated).

4.3 Capital Budget

A capital works budget (refer to Table 4.2) has been prepared for Option 2, based on the Design Brief in section0. The estimated cost is \$4,512,072, which is outside Council's budget.

A reduction in the cost of the water play features, by reducing the size or scope of the facilities, of \$400,000 or 14% will bring the cost within budget. In other words \$2.85m is available to cover all construction costs.

It should also be noted that a competitive tendering process is likely to result in a further reduction in the cost estimates, as each tenderer will be bidding on both quality and price.

The basis for each assumption is provided for each item:

- Allowances are provisions based on best guess estimates and industry knowledge
- Cost of products is the installed cost of the slides, rides and play structures
- Recent installations are costs recently incurred to install the equipment
- \$/m² are quantity surveyor provisions provided for the Edmonton Leisure Centre
- Council provision allocations are required to be included.

Table 4.2: Option 2 Capital Works Budget

Item	Cost	Basis for Estimate
Demolition of Sugarworld water slides	\$100,000	Allowance
Removal of aquatic features and reinstatement	\$0	Allowance
Removal and reinstatement of splash pool	\$50,000	Allowance
Upgrade switchboards	\$25,000	Allowance
Revegetate mound	\$20,000	Allowance
Sub Total	\$195,000	
Construction of core elements of Water park	\$1,918,835	Cost of products
Labour to install inc machinery, hire, civil works etc	\$977,260	Recent installations
Geo tech report and engineering plans	\$5,000	Recent installations
Filtration plant	\$30,000	Allowance
UV generator	\$50,000	Allowance
Plant building	\$20,000	Allowance
Electrical connection	\$10,000	Allowance
Toilet	\$0	\$2750/m ²
Additional lawn area	\$0	\$150/m ²
Shade over splash pad	\$40,000	\$400/m ²
Additional car parks	\$0	\$150/m ²
Sub Total	\$3,051,095	
Water park optional extras	\$0	Council provision
Total construction cost	\$3,246,095	
Contingency	\$649,219	20% Council provision
Escalation	\$129,844	4% Council provision
Professional fees	\$486,914	15% Council provision
Total	\$4,512,072	

These costs have been obtained from a range of sources. However, there are a number of unknown factors which are outside the scope of this feasibility and may impact on the capital cost.

- 1 A Due Diligence report from a Specialist Engineer who can advise on the adequacy of the existing services such as filtration equipment, electricity supply, electricity substation, communications, water supply, sewer, stormwater, etc. to determine whether existing Infrastructure has to be replaced, diverted or upgraded.
- 2 A Geotechnical Report where the new rides are to be located to check the adequacy of the founding materials.
- 3 Analysis of the water management and treatment requirements and, in particular, bio-retention systems, detention basins and/or tanks, rainwater harvesting and treatment and the like.
- 4 Details of the ride supply pricing to ensure all freight, transport, insurances, import duties, exchange rate hedging and the like has been adequately covered in the capital cost.
- 5 A plan showing the extent of demolition work.
- 6 A landscape concept plan that details the extent of new hard and soft landscaping including the extent of fencing and how it integrates into the existing work.
- 7 A Due Diligence report of the existing facilities to determine the adequacy of the facilities and the extent of replacement, maintenance and repairs.

Given the extent of these potential impacts on capital cost a risk contingency in the range of 20% - 30% is required.

This Option includes two water slides on the mound, plus a four lane mat racer and an aqua play structure. No allowance has been provided for "water park optional extras" as this will increase the capital cost estimate above Council's budget allocation.

If contingency, escalation and fees are reduced to within normal industry standards the capital is estimated to be \$4,155,002.

A further reduction in the cost of the water play features, by reducing the size or scope of the facilities, of \$120,000 or 4% will enable \$3.126m to be spent on the construction of the facilities and purchase of water park features.

5 MANAGEMENT PLAN

This section outlines a proposed management structure, staffing plan, demand assessment and marketing plan.

5.1 Management Arrangements

Sugarworld Waterpark is currently leased to a commercial operator until 6 August 2014. Given that the existing facility will be demolished and a new waterpark constructed, it is unclear whether the current lease will continue, and if so, its termination date.

If the current lease is to continue, the existing terms and conditions will remain.

Alternatively, if a new lease is negotiated with the current or new lessee, it is suggested that:

- A public tender process be initiated, which encourages a financial investment in the facility. This investment may include additional water play features or additional slides and rides.
- A long term lease be offered with rights of renewal subject to the lessee meeting key performance indicators relating to finance, attendances, opening hours, maintenance, occupational health and safety and any specific items deemed important to Council.
- The lessee be required to invest in the new water park to enhance its commercial viability.
- Council stipulate maximum entry fees.
- Council provide a Schedule detailing Councils' and the lessees' responsibility for maintenance and servicing all plant, equipment, water slides, buildings and grounds. The lessee be required to provide maintenance and service records on a monthly basis.
- Council provide a Schedule detailing Councils' and the lessees' responsibility for major structural, cyclical and preventative maintenance of all plant, equipment, water slides, buildings and grounds. It will include items such as internal and external painting of buildings, fittings and fixtures and replacement or repair of major items such as pumps and tiling.
- The lessee be required to report monthly on items such as attendances, maintenance and financial performance.
- The lessee be required to meet the relevant minimum standards in the Royal Life Saving Society Guidelines for Safe Pool Operation.
- Council provide adequate resources to monitor the lessees performance against the key performance indicators.

5.2 Staffing Plan

A relatively simple staffing structure will apply, based on the Royal Life Saving Society Guidelines for Safe Pool Operation. It will include:

- Manager:** Responsible for management and marketing of the waterpark, meeting financial targets and implementing a rigorous occupational, health and safety program. In addition to management responsibilities, the Manager will assist with lifeguard and/or CSO duties during peak times.
- Lifeguards:** Responsible for supervising entry and exit of the water slides and users of other pools. Other duties may include testing water quality and operating plant and equipment. It is expected that one lifeguard will be located on the entry platform to the waterslides, and a second will supervise the exit from the waterslides. A lifeguard will supervise the swimming pools and during periods of high use a fourth lifeguard will be required to help with supervision.
- Customer Service:** Responsible for collecting fees, answering enquiries and operating the cafe/kiosk. It is expected that a Customer Service Officer (CSO) will be on duty at all times the facility is open to the public. A second CSO will be required at peak times.
- Cleaners:** Responsible for ensuring all buildings and grounds are clean and tidy.

5.3 Demand

Estimating demand is not an exact science, consequently a series of techniques will be used to estimate use of Sugarworld Waterpark.

5.3.1 Existing Use

Information provided by the current lessees indicate that 63,571 people visited Sugarworld Waterpark in 2008/9. In 2009/10, the number of attendances was tracking 6% higher prior to closure of the waterpark. Assuming the increase continued for the final three months of 2009/10, total attendances would have been 74,836. As historical data on attendances is not available, and the existing lessee has declined to provide any information for the feasibility study, it is not known whether attendances in 2008/9 or 2009/10 were "normal". Consequently, it is assumed that attendances may have varied around 68,500 +/- 5,000.

Monthly attendance data provided by the lessee for May to December 2009 found:

- Adult waterslide attendances comprised 29% of all users
- Child waterslide attendances comprised 46% of all users
- Non waterslide attendances comprised 25% of all users

5.3.2 Adventure Waters Waterpark Feasibility Study

The feasibility study conducted for the proposed waterpark in Smithfield projected total annual attendances in Year 1 to be 248,500. It is projected that 33% of Cairns Regional Council area residents will visit the proposed waterpark once during the first year. Over five years, attendances are projected to increase by 22% to 302,050.

Based on a resident population in Cairns Regional Council area of 156,950 in 2011, the projected waterpark market is 51,800.

5.3.3 Telephone Survey

A random sample of 400 households in Cairns regional Council area and the adjacent Council areas found:

- ✓ 42% of respondents had visited Sugarworld Waterpark in the previous 12 months.
- ✓ The 26 – 40 year age group had the highest rate of use and residents in the southern suburbs of Cairns had a higher level of use than other areas.
- ✓ An average of 2.1 people per household had visited Sugarworld Waterpark in the previous 12 months.
- ✓ 55% of households had at least one person who had visited Sugarworld Waterpark in the previous 12 months.
- ✓ The average number of visits by people who had visited Sugarworld Waterpark in the previous 12 months was 3.25. When extrapolated to the Cairns community, this equates to an average of 1.4 per person (aged over 15 years).
- ✓ Over half (2.2 average visits) occurred during the Christmas and school holiday break.
- ✓ A greater proportion of people will use the redeveloped Sugarworld Waterpark than currently use it (73% compared with 42%). More residents will use Sugarworld Waterpark (87% compared with 73%), and use it more frequently if it includes the features they want.

Assuming a total population of 156,950 in 2011, and an age profile the same as at the 2006 Census, the number of residents aged 15 years and over will be 124,000. Based on 42% of the target age group visiting Sugarworld Waterpark, this equates to 52,080 people. Using an attendance ratio of 3.25 per user and 1.4 per resident, results in annual attendances of 169,260 and 173,600, respectively.

5.3.4 Summary

The data above does not provide a consistent pattern. The Adventure Waters Waterpark feasibility study projects one attendance per annum for 33% of residents in Cairns. The telephone survey found 42% of respondents, and given the random nature of the sample, hence residents of Cairns, had visited Sugarworld Waterpark in the previous 12 months. As there is a big difference in the entry price proposed for Adventure Waters and existing prices for Sugarworld Waterpark, the difference in

visitation is realistic. In other words, at least 51,800 people are likely to visit Sugarworld Waterpark at least once in a 12 month period.

Given the low entry price at Sugarworld Waterpark, compared with the proposed Adventure Waters Waterpark, the number of visits every 12 months is likely to be greater than 1, and up to approximately 3. In other words the projected attendance range of between 52,000 and 170,000.

The research also found that projected visits to Sugarworld Waterpark will be higher if the slides and rides are in accord with the respondents preferences. This Option 2, provides for a greater range of slides and rides than currently exists and hence should result in higher attendances.

Whilst the lower projection is similar to the number of attendances reported by the current lessee in 2008/9 and 2009/10, the higher projection is much higher. It is possible that attendances at Sugarworld Waterpark may be underestimated due to the method of recording entries.

The telephone survey found 75% of respondents who had visited Sugarworld Waterpark had done so more than once, which is supported by the web based and school surveys and anecdotal evidence during the research phase of this study. This suggests that attendances may be higher than reported by the lessee.

Consequently, the base attendance is assumed to be the higher attendance reported by the lessee (extrapolated over 12 months), ie 75,000. Based on the market research, it is possible that the average attendance over a 12 month period will be at least two visits. As a greater variety of rides and slides are proposed under this option, either more people will visit and/or they will visit more often. Hence the projected attendance will be in the order of 130,000 (ie 52,000 x 2.5).

It should be noted that population growth in the southern corridor is projected to be substantial over the next twenty years, potentially increasing demand by 30% - 50%.

5.4 Marketing Plan

5.4.1 Target Markets

The telephone survey found that Sugarworld Waterpark was popular with residents living within Cairns Regional Council area and adjacent Council areas. Not surprisingly, a higher proportion of residents living in the southern suburbs had visited Sugarworld Waterpark in the previous 12 months (48%), compared with other areas of Cairns. It appears that the further north that residents live, the lower the participation rate.

It was also found that highest use was by respondents aged 26 – 40 years (57%) followed by the 15 – 25 year age group (49%). The school survey found that students aged 10 -18 years in the southern suburbs had a high level of use (92%).

This data supports anecdotal evidence that the current waterpark services a younger family market.

No evidence has been obtained which indicates that tourists comprise a significant market for the existing Sugarworld Waterpark.

Currently the major markets appear to be:

- ✓ Family groups, including children from toddlers to early/mid teens.
- ✓ School groups (particularly for end of term functions).
- ✓ Sporting and corporate groups for end of year, presentations and family day activities.

These will remain the main markets in a redeveloped Sugarworld Waterpark. However, potential exists to also target two additional markets given the proposed installation of a bigger range of slides and rides, and improved marketing:

- ✓ Mid to late teens, with faster, higher slides and rides.
- ✓ Tourists, given the upgrade of facilities and improved and more targeted marketing.

5.4.2 Products

Synthesising information gathered in the industry analysis and the three surveys indicates that potential target markets have a preference for:

- ✓ Fast/speed slides, for adolescents and older thrill seekers.
- ✓ Play areas for young children.
- ✓ Multi person and side by side slides and rides, for family and friendship groups.
- ✓ Wave pools and surfing rides (Note: These features are not affordable within the budget).

In addition to these components, slides similar to those currently existing at Sugarworld Waterpark are required to cater for the needs of middle and older primary age children and young adolescents.

Slides are rated according to the “thrill factor”, and vary according to speed of ride, length of ride, incline/steepness, height, open/enclosed and slow down points. In this option it is proposed that the existing slides are replaced with slides which are rated - one low thrill and one medium thrill.

5.4.3 Pricing

When Sugarworld Waterpark closed the pricing structure was:

Child (5 – 14 years)	\$10
Adult	\$12
Family (2 adults and 2 children)	\$38
Child (under 5 years)	\$4

In addition school:

- School excursions/vacation care groups during normal operating hours are charged normal entry prices with one supervising adult free per 5 paying students.
- School excursions, outside normal operating hours, are required to have a minimum group size of 40 or a minimum charge of \$400 applies.

It is expected that with the upgrading of Sugarworld Waterpark, prices will increase, at least by the CPI. Given the role of Sugarworld Waterpark in the Cairns community, and in particular the southern suburbs of Cairns, it is assumed that the relatively low pricing structure will remain. The following pricing structure is used in the financial analysis:

Child (5 – 14 years)	\$11
Adult	\$13
Family (2 adults and 2 children)	\$40
Child (under 5 years)	\$4

5.4.4 Opening Hours

Sugarworld Waterpark is open Saturday, Sunday, Public Holidays, and every day during Queensland State School Holidays from 10 am to 4.30pm (September to April) and 4pm (May to June).

The Waterpark is closed for winter/maintenance in July and August.

5.4.5 Competition

Sugarworld Waterpark competes directly with the Cairns Lagoon, Muddies Playground and Coconut Caravan Park children's waterpark. Cairns Esplanade will continue to compete with Sugarworld Waterpark primarily because they are free, and provide BBQ and picnic facilities for residents and visitors.

In addition two major waterpark developments are proposed in Smithfield and Edmonton. It is not certain that the two water parks will proceed, particularly in the short term, given the difficulty in obtaining finance for major commercial developments (of any type). If they proceed, both will target the resident and tourist markets and directly compete with Sugarworld Waterpark.

It is likely that Sugarworld Waterpark will have to compete primarily on price and offer a much more limited and "low key" water park. The emphasis will have to be on affordability and repeat business within the Cairns community.

If one or both water parks proceed, it (they) will become major tourist attractions also used by Cairns Regional Council residents. The proposed Sugarworld Waterpark will not be able to compete against them on ahead to head basis. Major theme parks offer the family market a full day experience catering for all age groups. Sugarworld Waterpark offers a valuable and affordable, but limited experience in comparison to

major water parks. In other words, Sugarworld Waterpark will be a local community facility, catering for all residents in Cairns Regional Council area.

5.4.6 Secondary Spend

Given the lack of operating data for the existing Sugarworld Waterpark, it is difficult to accurately estimate secondary spend on food and beverage. It is known that the lessee had a liquor license over the premises.

In preparing the Adventure Waters Waterpark feasibility study it was assumed that food and beverage will account for 13.9% of revenues. Adventure Waters is different to Sugarworld Waterpark in that it is likely to have:

- A greater proportion of visits by tourists
- Longer stay at the waterpark
- Higher retail prices for food and beverages

As a result it is likely that Adventure Waters will have a higher secondary spend. It is therefore assumed that Sugarworld Waterpark will generate between 7.5% and 10% of its revenues from food and beverage sales.

6 FINANCIAL FORECASTS

This section outlines the income and expenditure assumptions use in the financial analysis, projects the operating budget and tests the sensitivity of the budget using a “what if” analysis.

6.1 Assumptions

6.1.1 Income Assumptions

Assumptions used to calculate projected revenue were:

- 1 Annual attendances of 75,000, based on the demand analysis (refer 0).
- 2 The mix of entries is based on the existing mix as provided by the current lessee:

Adult	29%
Child	46%
Pool	25%
- 3 Entry prices are slightly higher than currently charged to take account of CPI increases:

Adult	\$13
Child	\$11
Pool	\$4
- 4 Kiosk revenue is based on 7.5% of entry fees (refer 0).
- 5 Kiosk profit margin is 40%, based on industry standards.

6.1.2 Expenditure Assumptions

Assumptions used to calculate projected expenditure were:

- 1 A Manager will be employed on a salary of \$60,000 per annum for the waterpark at Sugarworld Gardens.
- 2 Reception and the kiosk will be staffed from 9.30am to 5pm on weekdays, weekends and public holidays at the minimum opening hours specified by the lease.
- 3 The waterpark will be open 44 weeks per annum (ie closed during July and August)
- 4 1.5 equivalent full time Customer Service staff will be employed during the staffing hours above. They will be paid \$20.50 per hour on a casual basis.
- 5 3.5 equivalent full time Lifeguards will be employed during the staffing hours above. In addition 40 hours per week of lifeguarding has been provided to cater for large attendances. Lifeguards will be paid \$20.50 per hour on a casual basis.
- 6 Payroll on costs are based on:

Workcover	3%
Payroll tax	6%
Superannuation	9%
Leave provisions	5%

7 General operating costs have been estimated as follows:

Council repairs and maintenance costs	Council budget
Maintenance	Estimate based on industry knowledge
Cleaning	Estimate based on industry knowledge
Pool chemicals	Estimate based on industry knowledge
Security	Estimate based on industry knowledge
Utilities	Estimate based on industry knowledge
Tele communications	Estimate based on industry knowledge
Insurance	Estimate based on industry knowledge
Advertising	Estimate based on industry knowledge
Legal and accounting	Estimate based on industry knowledge
General administration	Estimate based on industry knowledge
Staff Uniforms	Estimate based on industry knowledge
Miscellaneous	Estimate based on industry knowledge
Bank charges	Estimate based on industry knowledge
Payroll and accounts	Estimate based on industry knowledge
Council rates	Based on existing rates
Corporate overheads	Based on existing allocation
Rent	Based on current lease
Depreciation buildings	Written down value of existing buildings and a life of 40 years
Depreciation waterpark features	Life of 20 years

6.2 Projected Profit and Loss

Based on the assumptions above, a profit and loss statement has been constructed (refer to Table 4.1). It has three components; income and expenditure relating to the operator, income and expenditure relating to Council and a combined statement. Key points to note are:

- ✓ Total income of \$759,368 is projected.

- ✓ Total payroll costs are projected to be \$423,115, and total general expenses are projected to be \$220,500.
- ✓ Gross profit to the Operator is projected to be \$115,752.
- ✓ Depreciation is estimated to be \$174,848, resulting in a net loss to Council of \$132,848.

6.3 What If Analysis

To test how robust the financial projections are, a series of “what if” scenarios were undertaken. The impact will be on the Operator’s profitability.

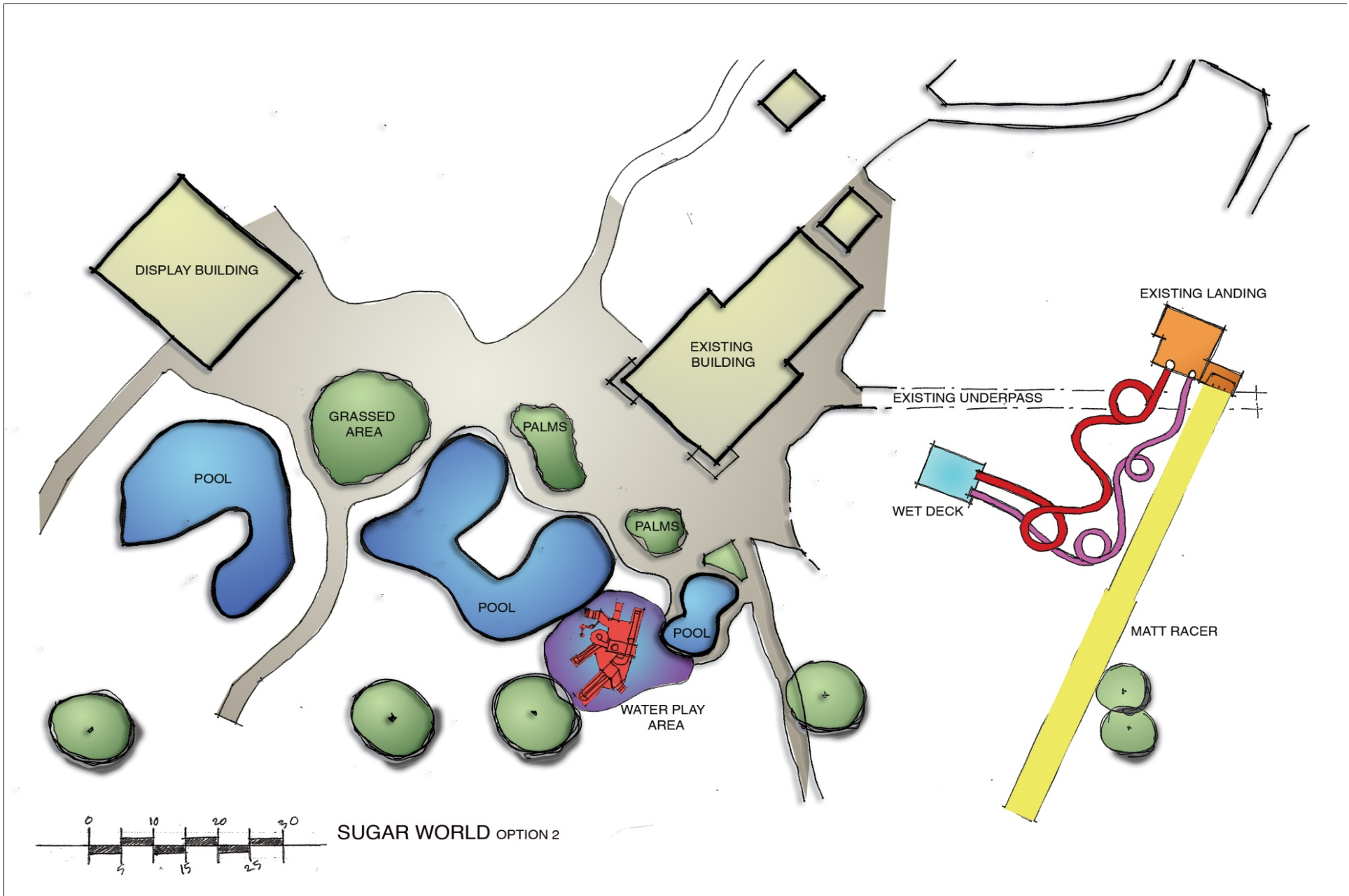
- 1 No increase in entry fees on the 2009/10 fee structure will result in an operating profit of \$57,815.
- 2 Break even annual attendance (before depreciation) on current fee structure will require 68,800 attendances, which is 8% less than the base level projection.
- 3 Increase in attendances to attendance levels projected in section 0, ie 130,000 will result in an operating profit of \$672,619.

Table 4.1: Projected Profit and Loss Statement

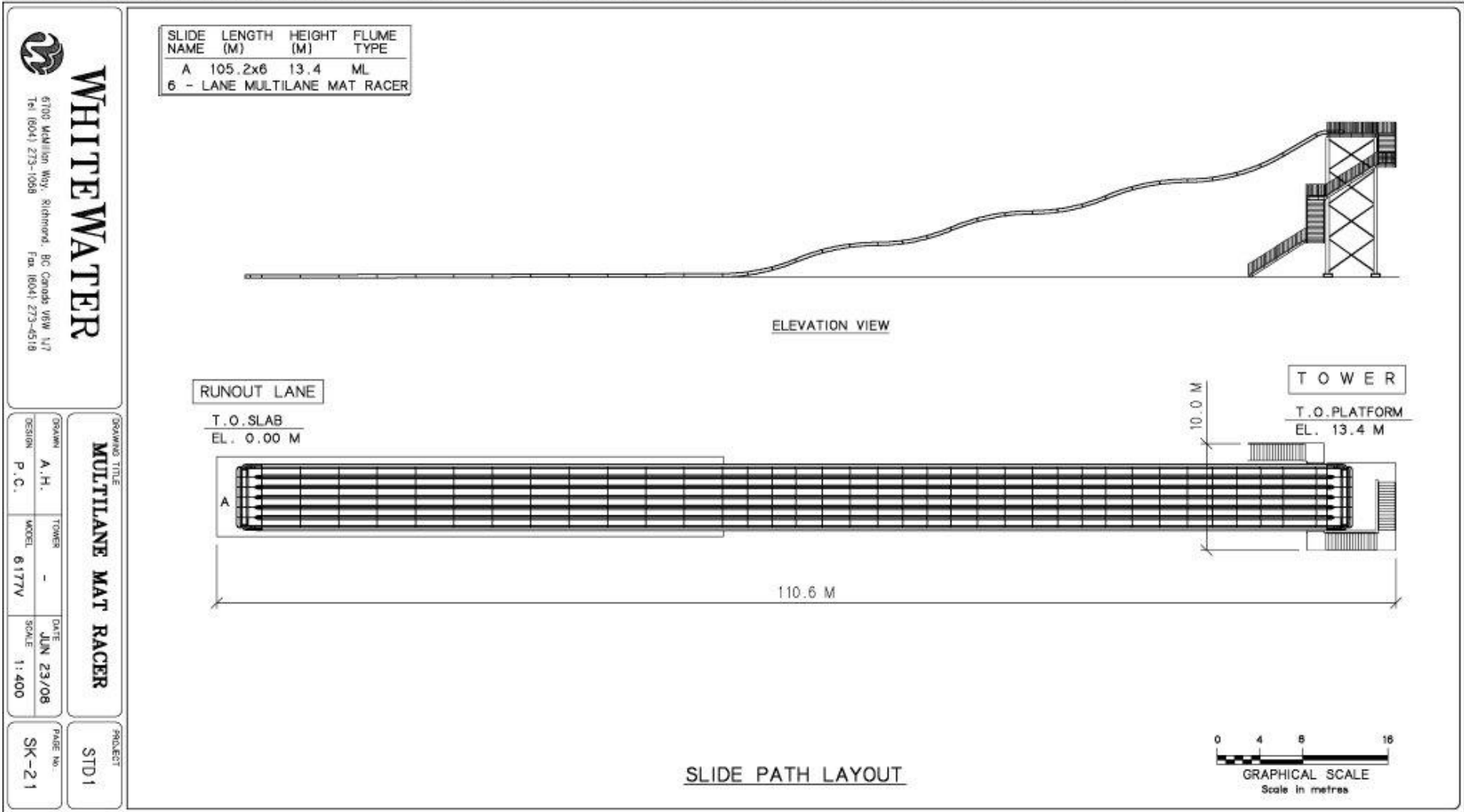
	Operator	Council	Combined
Income			
Adult	\$282,750	\$0	\$282,750
Child	\$379,500	\$0	\$379,500
Other	\$75,000	\$0	\$75,000
Sub Total	\$737,250	\$0	\$737,250
F&B Sales	\$55,294	\$0	\$55,294
Cost of goods sold	\$33,176	\$0	\$33,176
Kiosk Profit	\$22,118	\$0	\$22,118
Rates	\$0	\$20,000	\$20,000
Rent	\$0	\$50,000	\$50,000
Total Income	\$759,368	\$70,000	\$829,368
Expenditure			
Manager	\$60,000	0	\$60,000
Lifeguards	\$206,242	0	\$206,242
Reception	\$72,927	0	\$72,927
Sub total	\$339,169	\$0	\$339,169
Leave provision	\$16,958	0	\$16,958
Superannuation	\$32,051	0	\$32,051
Workcover	\$11,645	0	\$11,645
Payroll tax	\$23,291	0	\$23,291
Sub total	\$83,946	\$0	\$83,946
Total Payroll	\$423,115	\$0	\$423,115
Council repair and maintenance costs	\$0	\$27,000	\$27,000
Maintenance	\$22,000	\$0	\$22,000
Cleaning	\$27,500	\$0	\$27,500
Pool chemicals	\$5,500	\$0	\$5,500
Security	\$550	\$0	\$550
Utilities	\$33,000	\$0	\$33,000

Tele communications	\$5,500	\$0	\$5,500
Insurance	\$22,000	\$0	\$22,000
Advertising	\$13,200	\$0	\$13,200
Legal and accounting	\$3,300	\$0	\$3,300
General administration	\$2,750	\$0	\$2,750
Staff uniforms	\$2,200	\$0	\$2,200
Miscellaneous	\$2,750	\$0	\$2,750
Bank charges	\$2,000	\$0	\$2,000
Payroll and accounts	\$8,250	\$0	\$8,250
Rent/lease fee	\$50,000	\$0	\$50,000
Rates	\$20,000	\$0	\$20,000
Corporate Overheads	\$0	\$25,000	\$25,000
Total General Expenses	\$220,500	\$27,000	\$247,500
Total Expenditure	\$643,615	\$27,000	\$670,615
Gross Profit	\$115,752	\$43,000	\$158,752
Depreciation	\$0	\$175,848	\$175,848
Net profit	\$115,752	-\$132,848	-\$17,096

APPENDIX A: CONCEPT PLANS



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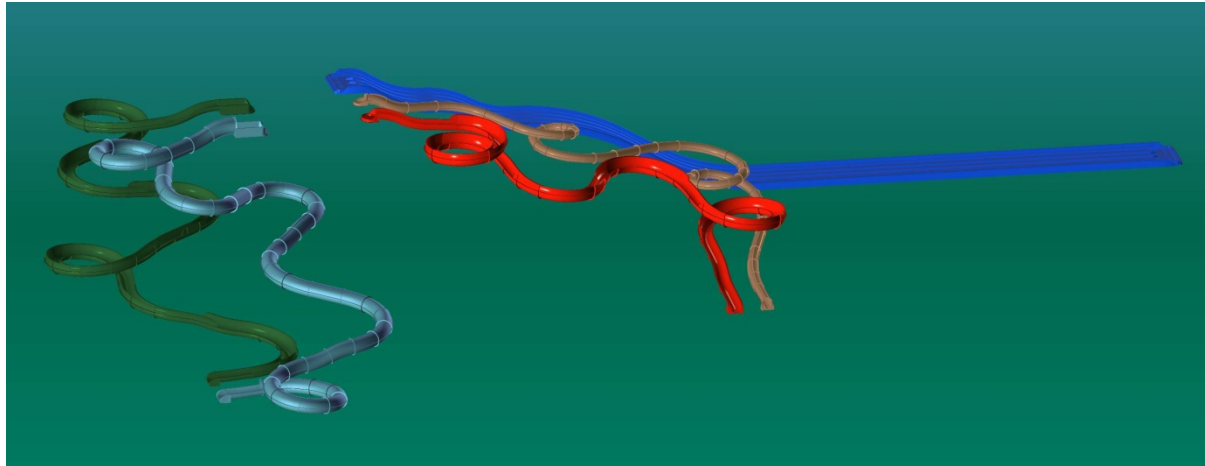
**AQUAPLAY CUSTOM AP-750 TB ELEVATION
SUGARWORLD CAIRNS, AUSTRALIA**

PLOT DATE: _____ FILE NAME: _____
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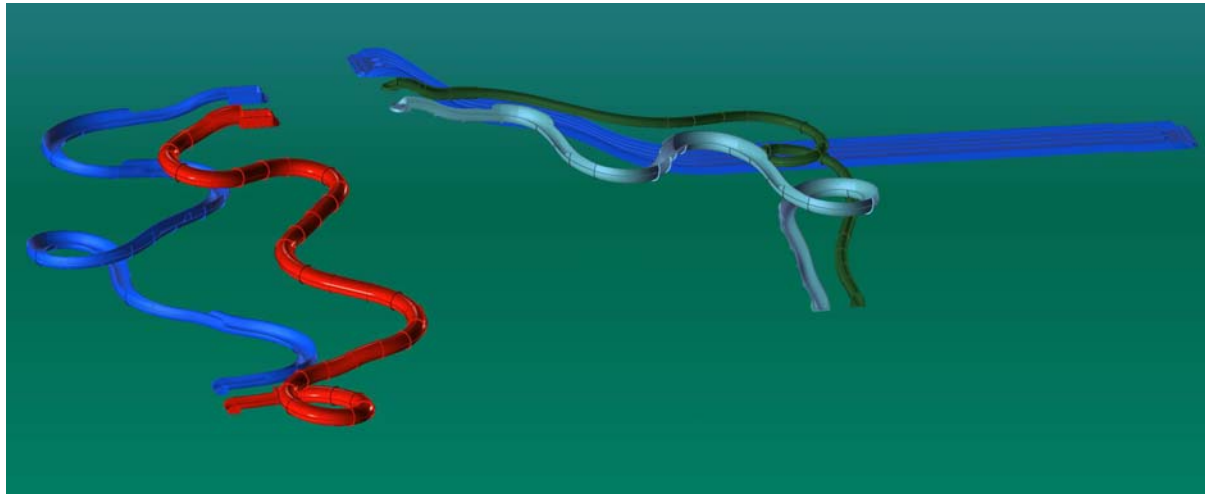


DESIGNED BY:	DATE: 09/7/2010
DRAWN BY:	DATE:
SCALE:	
TITLE: CONCEPT ELEVATION	
PROJECT: AFRICAN THEME AP-750 ELEVATION SUGARWORLD, CAIRNS, AUSTRALIA	
PARK SIZE:	
PROJECT #: 17535	DRAWING #:

Slide Contours – Option A



Slide Contours – Option B



ATTACHMENT 2 – Project Update on Testing of Existing Waterslide Tubes

Cairns Regional Council
Via email : T.Dendle@cairns.qld.gov.au

4 October 2010
L29_04_2010.Docx

Attention: Mr Tim Dendle

Dear Sir

Testing of Sugarworld Water Tube Slides

I refer to our telephone conversation today requesting update on testing program associated with the above slides. I can advise that the following testing (stage 1) has been completed:

- Proof loading of straight section 6m tube
- Proof loading of curved section of tube

Essentially steel frames and props were made up to support the sections required for proof load. Water bladders were deployed within the tubes and filled to simulate full loading conditions and overstress.

We can report that on both occasions the tubes **did not fail**.

Stage 2 of the testing is currently underway which involves removing samples of fibreglass from other areas and testing them at the JCU lab facility in Townsville.

Once these results have been received we will be in a position to provide a report correlating the general strength of the tubes and remaining useful life. We expect to finalise the report by the end of the month.

I trust the above is acceptable and should you have any queries please contact the undersigned.

Yours faithfully

A handwritten signature in black ink, appearing to read 'P. De Roma'.

Peter De Roma
Principal Engineer

Correspondence PO Box 2551 Cairns 4870
Ph: (07) 4051 5599
Fax: (07) 4051 5455
Email: deroma@pdrengineers.com.au

ATTACHMENT 3 – Sustainability assessment of recommended option as compared to existing facility



SUSTAINABILITY SCORECARD

Sustainability Assessment

Activity/project: Sugarworld Waterpark Redevelopment
 Assessment date: 7/10/2010

