

ITEM 2. PRINCE ALFRED PARK POOL – EXTENSION OF TRIAL FULL YEAR OPERATION FOR AN ADDITIONAL TWO YEARS**FILE NO: S100640.002****SUMMARY**

Prince Alfred Park Pool is now a heated outdoor 50-metre pool with toddler splash deck, and reopened to the public on 13 May 2013 after an extensive redevelopment.

The facility was originally intended to operate for an eight-month season from September to April and close for a winter period from May to August. This aligned with the operating season of Andrew (Boy) Charlton Pool. Prior to the reopening, Council resolved to trial the 12-month operation of Prince Alfred Park Pool for a two-year period. Council also resolved to provide free casual entry for the first six months of operation of the new facility.

City staff have reviewed the impact of the extended operating period at Prince Alfred Park Pool. Assessment of the use of Prince Alfred Park Pool, together with the environmental and financial implications, have been significantly impacted by the free-use period in 2013, and analysis of data has therefore been limited to the 2014 calendar year.

Since reopening, the facility has been very well supported with 284,363 visits, exceeding expectations by 100,394 or 183.2 per cent, with 42 per cent of these visits recorded in the initial six-month free entry period. As a 'greenfield' site, attendance targets were set conservatively, with a projection for the winter period of 6,213. Actual visits were 26,788, which are estimated to be about 640 users. The winter period (33 per cent of the year) accounted for 17 per cent of total attendance for the 2014 calendar year.

Electricity usage for the winter period was 93,000 kilowatt-hours, equating to 100 tonnes of CO₂ or the average emissions of 13 households. Gas usage was 1,500,000 megajoules, equating to 95 tonnes of CO₂ or the average emissions of 55 households.

Water consumption over the winter period was approximately 2,484 kilolitres.

The extended season at Prince Alfred Park Pool costs the City approximately \$312,000 in operating expenses per year, which includes property costs of \$162,000 (i.e. electricity, water, gas and building maintenance). Over the seven years remaining on the current contract with Belgravia Leisure (subject to performance), the total cost to the City of an extended season at Prince Alfred Park Pool would be approximately \$2.2M.

Reverting to a seasonal operation would displace the estimated 640 users who visited the centre during the winter period, of which a significant number are adult squad members. There is currently no capacity at any of the other City facilities to accommodate additional lane bookings for the squad program.

While information on the trial has been available on the City and Belgravia websites, any reduction to the season length has not been communicated to customers at the time of sale, and reverting to an eight-month season may result in significant inconvenience to pool users and a loss of memberships.

Given the impact of the 'free entry' period and the limited data available, it is proposed that the current 12-month operation of Prince Alfred Park Pool be extended for a further two years, and an assessment be made at the end of this time on future opening hours.

RECOMMENDATION

It is resolved that:

- (A) Council extend the trial 12-month season of Prince Alfred Park Pool for a further two years; and
- (B) authority be delegated to the Chief Executive Officer to negotiate and finalise a variation to the contract with Belgravia Leisure to accommodate the extended 12-month season outlined in clause (A); and
- (C) the social, environmental and financial results of the extended 12-month season be reported back to Council at the end of the trial period.

ATTACHMENTS

Nil.

BACKGROUND

1. The City's aquatic leisure facilities are managed under contracts that commenced on 1 February 2012 as follows:
 - (a) YMCA NSW:
 - (i) Cook + Phillip Park Aquatic & Fitness Centre; and
 - (ii) Ian Thorpe Aquatic Centre;
 - (b) Belgravia Leisure (Belgravia):
 - (i) Andrew (Boy) Charlton Pool;
 - (ii) Prince Alfred Park Pool; and
 - (iii) Victoria Park Pool.
2. Prior to redevelopment, Prince Alfred Park Pool was not a heated pool. It reopened to the public as a heated pool on 13 May 2013 after an extensive redevelopment.
3. The City's other year-round facilities are located in close walking distance to Prince Alfred Park Pool, with Victoria Park Pool located only 1.5 kilometres, Ian Thorpe Aquatic Centre 1.6 kilometres, and Cook + Phillip Park Aquatic & Fitness Centre 1.8 kilometres away.
4. Under the terms of the contracts, the City is guaranteed a financial return each year plus a share of 'betterment' if the combined operating result for the group of aquatic facilities is exceeded.
5. Under the existing contract, Belgravia was required to operate Prince Alfred Park Pool for an eight-month swimming season, defined as 1 September to 30 April annually, opening 6am to 7pm (non-daylight saving time) and 6am to 8pm (daylight saving time). This aligned with the operation of the City's other seasonal outdoor aquatic leisure centre, Andrew (Boy) Charlton Pool.
6. In response to customer requests, on 5 December 2011, Council approved an extended 12-month season at Prince Alfred Park Pool for a two-year trial period, commencing from the date of reopening.
7. Council also resolved that free casual entry would be provided to the community for the a six-month period from the reopening. Approximately 120,000 visits were recorded during this period.

SUMMARY OF TRIAL

8. The initial six-month free period in 2013 has been excluded from analysis of data to prevent distorting the results, and the trial 12-month operation is focused on the 2014 calendar year.
9. Outdoor pool attendance is highly sensitive to weather conditions, with most stand-alone outdoor pools within the Sydney metropolitan area closing for the winter period.

10. The “winter trial period” (which excludes free entry in 2013) is defined as the four-month period from 1 May to 31 August 2014. The Bureau of Meteorology reported that this period of the year was the equal fifth warmest on record compared to the same period in previous years. Maximum temperatures were 2 degrees Celsius above average. The driest start to winter in a decade occurred in 2014, however August recorded above average rainfall for the month.
11. Total attendance at Prince Alfred Park Pool in 2014 was 161,567, exceeding the target by 127 per cent. This accounts for 36 per cent of the total visits recorded across the outdoor group of facilities, and compares positively against University of South Australia Centre for Tourism and Leisure Management CERM Performance Indicators of 142,500 for comparable stand-alone outdoor pools. CERM benchmarks key operational management indicators for participating Australian public aquatic centres.
12. Analysis of the data from Prince Alfred Park Pool over the four-month winter trial period indicates the following:
 - (a) approximately 640 users accounted for the total attendance of 26,788 in four months. This equates to 17 per cent of total attendance for the 2014 calendar year;
 - (b) average monthly attendance dropped from 16,847 per month over the eight-month summer season to 6,697 per month over the four-month winter trial period, highlighting the seasonal impact of weather on visitation;
 - (c) busiest times Monday to Friday were 6.00am to 8.00am, 12noon to 2.00pm and 5.00pm to 6.30pm;
 - (d) May recorded the lowest attendance with 4,451 visits. This equates to an average daily attendance of 143, but dropped off to as few as 63 on cooler days;
 - (e) the largest user group was multi-visit passes accounting for 40 per cent, with memberships accounting for 20 per cent. Casual entry (adult, student, pensioner, child and families) accounted for 36 per cent and other aquatic bookings and programs four per cent;
 - (f) adult fitness squads are the largest pool hirer renting several lanes each morning through the week attracting an average of 120 swimmers per week;
 - (g) the learn-to-swim program is in its first year and experiencing significant growth, with 8,401 attendances recorded over 2014 (approximately four per cent of the City’s total learn to swim program). This program traditionally runs over the summer period (October to March) at outdoor facilities, however, due to initial demand, an extended program was offered during the winter months for school age children, with 201 attendances over the period;
 - (h) the cost to the City of the winter trial period in 2014 was \$384,000;
 - (i) the net loss was approximately \$312,000; and
 - (j) 42 per cent of property costs for the calendar year, including the cost of utilities, were incurred during this period.
13. Over the eight-month summer season, the net loss was approximately \$251,000.

KEY IMPLICATIONS

Strategic Alignment - Sustainable Sydney 2030

14. *Sustainable Sydney 2030* is a vision for the sustainable development of the city to 2030 and beyond. It includes 10 strategic directions to guide the future of the city, as well as 10 targets against which to measure progress. Prince Alfred Park Pool helps support the following strategic directions and objectives:
 - (a) Direction 6 - Vibrant Local Communities and Economies
 - (i) Objective 6.3 - Provide a rich layer of accessible community level social infrastructure, services and programs across the city; and
 - (ii) Objective 6.4 – Develop and support local economies and employment.

Organisational Impact

15. The management and maintenance of aquatic and leisure facilities are part of the City's business activities and require resources from the following business units:
 - (a) City Greening and Leisure for ongoing contract management;
 - (b) City Projects and Property for building maintenance and utilities; and
 - (c) Health and Building for microbiological water testing.

Risks

16. The impact of weather on visitation over a mild winter has been demonstrated by the trial. Should the operation continue on a 12-month basis, any winter that has unseasonably inclement weather would most likely impact attendance and income.
17. Reverting to a seasonal operation would displace the estimated 640 users who visited the centre during the winter period, of which a significant number are adult squad members. There is no capacity at any of the other City facilities to accommodate additional lane bookings for the squad program.
18. The City has recently introduced the new 360 membership and multi-visit pass program that allows customers to move between the three outdoor pools (360 Active) or all five sites (360 Pro).
19. Multi-visit passes and memberships are the largest user groups, with 12,523 multi-visit passes and 1,011 memberships currently active across the three outdoor aquatic facilities.
20. While information on the trial has been available on the City and Belgravia websites, any reduction to the season length has not been communicated to customers at the time of sale, and reverting to an eight-month season may result in significant inconvenience to pool users and a loss of memberships.
21. A risk assessment did identify an increased risk of break-ins and vandalism to the property should the facility close over the winter period.

Social

22. The City's investment in aquatic centres demonstrates that they are highly valued community facilities and provide much more than water and places to swim. They have been an essential part of most Australian communities' lifestyles over the years and have become social meeting spaces for many people. They help reduce social isolation and promote the benefits of active and healthy lifestyles, which generally enhance community wellbeing.

Environmental

23. The figures provided for this report have been calculated through a combination of available billing and modelling of historical data.
24. The winter period has resulted in additional energy consumption, particularly as it is a heated outdoor pool:
- (a) electricity usage at Prince Alfred Park Pool for 2014 is estimated to be 280,000, or 300 tonnes of CO₂. This equates to average emissions of 40 households, with costs of approximately \$45,500. The winter period used 93,000 kilowatt-hours, equating to 100 tonnes of CO₂ or the emissions of 13 households. The cost is estimated at \$22,500;
 - (b) gas usage for 2014 was 3,000,000 megajoules, emitting 190 tonnes of CO₂. This equates to the average emissions of 110 households, with costs of approximately \$55,000. The winter period used 1,500,000 megajoules, equating to 95 tonnes of CO₂ or the emissions of 55 households;
 - (c) water usage for 2014 was approximately 8,204 kilolitres. Approximately 2,484 kilolitres was used over the winter period at a cost of \$5,517; and
 - (d) the total impact of the winter period in terms of CO₂ was 180 tonnes, equivalent to the emissions of 68 households.
25. The capacity of the existing heating system is sufficient to maintain the 50-metre pool temperature at 26.5 degrees Celsius over the winter period. The toddler splash pad was decommissioned for the winter period, which is consistent with Victoria Park Pool.
26. Pool blankets are also used nightly to assist in eliminating heat loss.

Financial

27. The contract with Belgravia is a guaranteed financial return each year plus a share of 'betterment' if the combined operating result for the group of facilities is exceeded. Any surplus achieved over and above the guarantee is shared by the City under the terms of the contract. The City did not receive any additional revenue share for the financial year ending 30 June 2014.
28. If the extended 12-month operation at Prince Alfred Park Pool is approved, the annual guaranteed revenue payment would reduce by approximately \$150,000 and additional facility property costs (i.e. electricity, water, gas and building maintenance) of approximately \$162,000 would be incurred. Over the seven years remaining on the existing contract, the cost to the City of an extended season at Prince Alfred Park Pool would be approximately \$2.2M.

29. The current 2014/15 operating budget and draft 2015/16 operating budget have provision for the 12-month operation of Prince Alfred Park Pool.

Economic

30. The operation of Prince Alfred Park Pool provides employment opportunities for both the pool and café operations. Seasonal facilities cannot offer ongoing employment and, as a result, experience a higher turnover of staff. This is somewhat offset by having an operator like Belgravia who can deploy a small number of staff to other sites, however the temporary closure results in a lack of continuity in key positions and additional costs in recruitment and training.
31. There are additional costs associated with closing a facility that are difficult to quantify, including lost opportunities for membership sales as customers do not perceive value in purchasing memberships for a seasonal facility.
32. The operation of Meadow Café at Prince Alfred Park Pool is sub-contracted out by Belgravia. The café operates in line with the season length of the centre and currently operates all year, with reduced hours during the period May to August. Should the operation revert to an eight-month season it is likely the café would cease to trade at all over the winter period. Any closure would also affect amenity offered to pedestrian traffic and park users over this period.

CRITICAL DATES / TIME FRAMES

33. If the season length is to revert to an eight-month operation, Belgravia will require a minimum of 14 days notification prior to the end of the trial period on 13 May 2015. This will allow for promotion of the season end and arrangements to be put in place for decommissioning of plant and programming off-season maintenance.

OPTIONS

34. Options available for Council to consider for Prince Alfred Park Pool are:
- (a) extend the 12-month operation trial period for a further two years. This is the preferred option and will allow for a more comprehensive assessment of the social, environmental and financial impacts of the operation. This would incur a net cost to Council of approximately \$625,000 over two years; or
 - (b) extend the season permanently to a 12-month operation. While this demonstrates an increased customer service, there is limited data from the single calendar year available for analysis on which to form the basis for an informed recommendation. This option would result in an estimated cost to Council of \$312,000 per year, or \$2.2M over the seven years remaining on the contract with Belgravia (subject to performance); or
 - (c) revert to an eight-month season operation from September to April. This is in line with Andrew (Boy) Charlton Pool and many outdoor stand-alone 50 metre pools. This would affect 1.9 per cent of the City's annual aquatic and leisure centre visits and customers would have access to other facilities that are less than 1.8 kilometres or 15 to 20 minutes' walk away. This would result in an estimated benefit to the City of \$312,000 per year, or \$2.2M over the seven years remaining on the contract with Belgravia (subject to performance).

PUBLIC CONSULTATION

35. The trial season extension at Prince Alfred Park Pool has been promoted on both the City's and Belgravia's website. There has been no community consultation regarding the continued operation of the facility as an eight or 12-month operation.

GARRY HARDING

Director City Operations

Joel Johnson, Manager City Greening and Leisure