



**QUEENSTOWN  
LAKES DISTRICT  
COUNCIL**

**WANAKA SWIMMING FACILITIES**

**STATEMENT OF PROPOSAL**

**17 October 2014**

## Contents

|                             |     |
|-----------------------------|-----|
| Executive Summary           | P3  |
| Background                  | P3  |
| National Guidelines         | P5  |
| The Status Quo              | P5  |
| Issue One – Timing          | P6  |
| Issue Two – Location        | P7  |
| Issue Three – Size          | P9  |
| Issue Four – Cost           | P10 |
| Key assumptions on cost     | P12 |
| Design & Building Standards | P12 |
| Process                     | P13 |

## EXECUTIVE SUMMARY

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

Council's preferred option is to build an eight lane lap pool and a learners pool costing \$11.8 million at Three Parks, as part of Stage One of the Wanaka Sports Facility. The proposal is the result of several months of investigations, following earlier consultation with the community about what sporting facilities are required, where they should be located, and how quickly they should be developed.

The background; options for location, size and timing; costs and rating impacts are all included in this report. Because there is no budget for a new swimming facility in the current Ten Year Plan and the cost exceeds the \$2 million significance threshold, Council needs to hear from the community about whether or not to proceed and whether or not the community agrees with the preferred option.

There are several possibilities for providing new facilities, all of which would cause a long-term increase in rates for the whole Wanaka Ward. Because of the number of options and the impact on rates, the Council is seeking clear guidance from the Wanaka community on the following questions:

- How soon are new swimming facilities needed?
- Where should the swimming facilities be sited?
  - Plantation Road on the existing pool site
  - Three Parks as part of the Wanaka Sports Facility
  - Northlake
- Should the lap pool have six or eight lanes?
- What rates increase is the community willing to pay for improved swimming facilities and do users understand that pool charges will also increase to help pay for the cost of any development?

Depending on the outcome of this consultation with the Wanaka Ward ratepayers and residents, the Council intends to allocate funding for new swimming facilities in the 2015-25 Ten Year Plan, which is being developed for district-wide consultation next March. Any proposed new facilities would be considered along with other funding priorities across the District in the Ten Year Plan.

## **BACKGROUND**

The results of our annual resident and ratepayer survey show that 53% of the Wanaka community use the pool at least a few times a year. Pool use has increased steadily from 24,682 visits in 2009-10 to 55,037 visits last year. Three swim schools are based at the pool; the Wanaka Swim club has 80 swimmers and a contingent of athletes train at the pool daily. Private operators also use the pool for scuba and dive training and kayak rolling.

Consultation over the new Wanaka Sports Facility being built at Three Parks identified strong community support for improved swimming facilities. Because of the significant additional cost, the Council had not proposed to add a lap pool and learners pool to Stage One of the sports facility. However, what we now know about the structural condition of the existing pool building, community support for new swimming facilities and a potential significant private contribution, has prompted the Council to ask the Wanaka community “what, when, where and how much” they support new swimming facilities.

The Wanaka Community Pool was built in 1992 by the Wanaka Lions Club and run by a committee until 2009. In April 2009 management of the pool was transferred to Lakes Leisure Ltd, which was the Council-owned sports and recreation organisation. Lakes Leisure was absorbed into QLDC in 2013 and the Council formally took ownership of the pool last year.

The Council budgeted \$300,000 in the 2012-22 Ten Year Plan to add a learners pool at the existing site beside Mt Aspiring College. As the project was developed, it became clear that this level of investment would be insufficient. Earlier this year as part of the planning for stage one of the Wanaka Sports Facility, the addition of a learn-to-swim pool at the existing community pool site was costed at approximately \$2.1 million. However, as part of scoping work for the learners pool in July, an engineering assessment uncovered structural issues with the existing pool building, which meant it had to close for urgent strengthening. This work has enabled the pool to reopen and will extend the life of the building for up to two years, but it is no longer an option to simply add a learners pool on the same site. To demolish the whole structure and rebuild from scratch would leave Wanaka without a public swimming pool for an extended period. There may be potential to build in stages to enable parts of the pool to be available during construction but this has not been investigated.

## **NATIONAL GUIDELINES**

In considering whether new facilities are needed, the Council has taken account of the National Aquatic Strategy prepared by Sport New Zealand in 2013. The strategy was intended to provide guidance on where facilities are located across the country; what sort of facilities are likely to be needed, and where, in the next 10-20 years. The strategy identified that the Otago region would not need more pool space until around 2030.

That said, the Wanaka community has repeatedly expressed a desire through several consultations for new and improved swimming facilities.

## **THE STATUS QUO (keeping the current pool)**

Given the substantial capital cost associated with most options to deliver new pools, one of the options the Council must put forward is: “do nothing to the existing facility”.

A “do nothing” option would mean the status quo would remain for at least three years – ie the existing pool at Plantation Road would remain as it is now, and there would be no learners pool. The life of the existing pool building could be extended to five years with more structural strengthening but this is not a long-term option.

If the community preferred to keep the existing pool building beyond 2019 and accepted that there would be no learners pool, then the Council could commission further strengthening work and basic improvements costing an estimated \$250,000 and upgrade the plant at a cost of \$120,000. This would prolong the life of the existing community pool beyond 2021.

A further alternative is to provide no pool facility at Wanaka (there has been no mandate for this position).

## ISSUE ONE – UPGRADE SWIMMING FACILITIES NOW OR LATER?

The main benefit in deferring construction would be to spread the financial impact on Wanaka ratepayers, who will also be paying towards Stage 1 of the Wanaka Sports Facility from next year. That will see the construction of two courts and fixed seating, changing rooms, lobby, storage and four outdoor artificial courts at Three Parks. The cost will be approximately \$13.4 million and result in a 2.04% increase in rates – approximately \$47.97 per property – from 2015/16.

The approximate cost of upgrading the swimming facilities will be an additional \$11.8 million depending on location and scale, which will add about \$ 161.62 per annum for 30 years to each residential property’s rates. That equates to an 8.89% increase when combined with the construction of the Wanaka Sports Facility.<sup>1</sup>

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

<sup>1</sup> This charge will apply to you if your rates account shows your property is classified as ‘residential’, ‘mixed use’ or as vacant land.

## ISSUE TWO – WHICH LOCATION?

Before the structural defects of the existing Wanaka Community Pool were identified, the Council had resolved that any future development of swimming facilities would occur at Three Parks as part of the latter stages of the Wanaka Sports Facility. Coincidentally, the availability of the Northlake option means that the location of new pools is under consideration again. The Council is not considering alternative sites that had previously been investigated and rejected in earlier consultation over recreational facilities.

In deciding on the most suitable location, the Council needs to consider opportunities for growth, the ability to reduce operating costs (through smart design, co-location of facilities and third party support) and accessibility to existing and future populations.

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

To explain the choices associated with the Northlake site, the first option is for the Northlake developers to build the pool and lease it back to the Council for 50 years, after which the Council will assume ownership of the pool for \$1. The second option is for the Council to build the pool, accepting a cash and land contribution from the developers equivalent to the amount that the developers would have otherwise spent building a pool in compliance with their consent conditions.

| <b>Option</b>      | <b>Advantages</b>   | <b>Disadvantages</b>   |
|--------------------|---|--|
| 1. Plantation Road | <ul style="list-style-type: none"><li>• Close to existing schools</li></ul> | <ul style="list-style-type: none"><li>• If the existing site at Plantation Road is chosen for the new pool, the building could have to be demolished so potentially there will be no public pool in Wanaka for a period that could range from 6-18 months (there may be potential to build on the Plantation Road site in stages to enable parts of the pool to be available during construction).</li><li>• Potentially more expensive to build as a standalone facility</li><li>• Higher operating costs compared with a co-located facility</li><li>• Limited carparking</li><li>• No scope for future expansion on this site</li></ul> |

| Option   | Advantages   | Disadvantages  |
|--|--|--|
| 2. Three Parks   | <ul style="list-style-type: none"> <li>• Savings in building the pool facility alongside the Wanaka Sports Facility</li> <li>• Ongoing operating costs are lower due to co-location.</li> <li>• Higher revenue potential due to co-location (higher visitation).</li> <li>• Scope for future expansion.</li> <li>• Carparking availability.</li> <li>• The Council already owns the land</li> <li>• More convenient for users from Hawea, Albert Town and residents of the new subdivision</li> </ul>  | <ul style="list-style-type: none"> <li>• Distance from the Wanaka town centre and schools.</li> </ul>  |
| 3. Northlake<br>a) Northlake builds and leases back to the Council | <ul style="list-style-type: none"> <li>• Northlake will build the facility in place of their existing commitment to provide a lap pool and toddler pool as part of their planning consent conditions, and lease it back to the Council for 50 years (see disadvantages), after which the Council will assume ownership of the pool for \$1</li> <li>• Design standards for Northlake may require a higher standard of building for the pool.</li> <li>• Potential reduced use of Council resource (staff time in planning and development).</li> <li>• Transfer of construction risk from Council to Northlake.</li> </ul> | <ul style="list-style-type: none"> <li>• An appeal against the consent for the Northlake development has been lodged with the Environment Court. This may delay the development for an unknown period, which may also delay the pool development, however a decision is expected in June 2015.</li> <li>• The Council would have to pay both lease costs and capital renewals to maintain operating standards for 50 years (note the combination of this is higher than Council paying the capital cost to build a pool for Wanaka ratepayers).</li> <li>• Distance from the Wanaka town centre.</li> <li>• Potentially more expensive to build as a standalone facility</li> <li>• Higher operating costs compared with a co-located facility</li> <li>• Limited car parking</li> <li>• No scope for future expansion on this site</li> </ul> |
| 3 Northlake<br>b) The Council builds                               | <ul style="list-style-type: none"> <li>• Northlake developers will make a cash and land contribution to the overall cost of the facility (note the proposal does not equate to a free pool).</li> <li>• Design standards for Northlake may require a higher standard of building for the pool.</li> <li>• Potential reduced use of</li> </ul>  | <ul style="list-style-type: none"> <li>• An appeal against the consent for the Northlake development has been lodged with the Environment Court. This may delay the development for an unknown period, which may also delay the pool development, however a decision is expected in June 2015.</li> <li>• Distance from the Wanaka town centre.</li> <li>• Potentially more expensive to build</li> </ul>  |



|  |  |  |
|--|--|--|
|  | Council resource (staff time in planning and development). | as a standalone facility <ul style="list-style-type: none"> <li>• Higher operating costs compared with a co-located facility</li> <li>• Limited car parking</li> <li>• No scope for future expansion on this site</li> </ul> |
|--|--|--|

### ISSUE THREE – HOW BIG SHOULD THE POOL BE?

The existing lap pool at Plantation Road is a 25m, six-lane pool. The options proposed are

- 25m, six lanes
- 25m, eight lanes

The Council's preferred option is to build an eight lane pool because this would provide more flexibility in how the pool is used and allow multiple activities to be run concurrently. As the key driver of a new pool would be to increase use, an eight lane pool would provide better opportunities to achieve this goal.

Industry practice requires the lane width to be 2.5m. An additional two lanes adds a further 214m<sup>2</sup> to the floor of any pool building. The extra lanes add approximately \$1.2m to the project.

|             | Advantages  | Disadvantages   |
|-------------|---|---|
| Six Lanes   | <ul style="list-style-type: none"> <li>• Lower construction costs</li> <li>• Lower ongoing operating costs because of smaller scale; ie for heating and filtration</li> </ul>   | <ul style="list-style-type: none"> <li>• Less capacity to meet future growth in demand</li> <li>• Less ability to cater for a range of simultaneous pool use.</li> </ul>  |
| Eight Lanes | <ul style="list-style-type: none"> <li>• Ability to provide for a range of aquatic uses with space available for recreation as well as casual fitness.</li> <li>• Ability to hold regional short course events</li> <li>• Caters for long-term population growth</li> </ul> | <ul style="list-style-type: none"> <li>• Higher construction costs, (it is possible to retrofit additional lanes, however this is expensive and difficult)</li> <li>• Greater plant requirements leading to higher ongoing operating costs</li> </ul> |

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

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

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

The Council is taking the same approach to funding new pools in Wanaka as it took to the construction of Alpine Aqualand at Frankton, which is that the cost should be spread over the Wanaka Ward rather than the whole of the Queenstown Lakes District. To be clear, only Queenstown/Wakatipu and Arrowtown Ward ratepayers contribute to the cost of Alpine Aqualand.

According to the National Facilities Strategy for Aquatic Sports, entry fees normally cover a third of a swimming facility's direct operating costs, including overheads, depreciation and capital.

The Council has been in discussions with the developers of the Northlake subdivision, who have put forward an option for the Council to lease a new swimming facility at Northlake for 50 years. While this would remove the need for the Council to take on additional debt to build the pools, the draft terms of the lease would cost more than repaying a loan taken out to finance the construction.

The table below summarises the estimated costs and rating impacts for six and eight lane lap pools with a learners pool, at each of the three locations under consideration.

|  | Option 1 - 3 Parks<br>(6 Lane) | Option 1A - 3<br>Parks (8 Lane) | Option 2 -<br>Northlake (6 Lane) | Option 2A -<br>Northlake (8 Lane) | Option 2L - Lease<br>Northlake (6 Lane) | Option 2AL -<br>Lease Northlake<br>(8 Lane) | Option 3 -<br>Plantation Road<br>(6 Lane) | Option 3A -<br>Plantation Road<br>(8 Lane) | Option SQ -<br>Upgrade existing |
|--|--------------------------------|---------------------------------|----------------------------------|-----------------------------------|---|---|---|--|---------------------------------|
| Capital Cost   | 10,600,000                     | 11,800,000                      | 11,170,000                       | 12,440,000                        |   |   | 11,550,000                                | 12,720,000                                 | 370,000                         |
| Debt Required  | 8,010,000                      | 9,030,000                       | 6,368,500                        | 7,448,000                         | Lease                                   | Lease                                       | 8,817,500                                 | 9,812,000                                  | 370,000                         |
| Annual Operating Revenue                                       | 335,589                        | 335,589                         | 308,410                          | 308,410                           | 308,410                                 | 308,410                                     | 308,410                                   | 308,410                                    | 0                               |
| Annual Operating Expenses                                      | 654,140                        | 708,390                         | 845,500                          | 899,750                           | 845,500                                 | 899,750                                     | 845,500                                   | 899,750                                    | 0                               |
| Annual Operating Deficit<br>(including Int & funded Depn)      | -1,032,969                     | -1,176,321                      | -1,139,379                       | -1,287,929                        | -1,379,739                              | -1,535,589                                  | -1,322,047                                | -1,463,171                                 | -50,271                         |
| Total Debt Servicing, Lease &<br>Financing Costs (over 50 yrs) | 17,457,533                     | 19,680,590                      | 13,879,938                       | 16,232,673                        | 33,300,141                              | 37,586,391                                  | 19,217,453                                | 21,384,934                                 | 502,711                         |
| Rates Impact %   | 6.86%                          | 7.81%                           | 7.56%                            | 8.55%                             | 9.16%                                   | 10.20%                                      | 8.78%                                     | 9.71%                                      | 0.13%                           |
| Rates Impact \$  | \$161.62                       | \$184.05                        | \$178.27                         | \$201.51                          | \$215.88                                | \$240.26                                    | \$206.85                                  | \$228.93                                   | \$3.06                          |

*Please note: The rates impact for the Northlake options 2 and 2a are higher than the Three Parks option because the combination of the projected debt servicing and higher operating deficit is greater than for the Three Parks option. The operating revenue at Northlake is projected to be lower and the expenses higher.*

## **Key Assumptions**

*These figures are estimates only, based on the following assumptions:*

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

## **DESIGN AND BUILDING STANDARDS**

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

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

The other option is a design build, where the contractor and designer work together. This is usual where technology is proven; the scope, requirements and risks are all clearly defined so costs are minimised in developing designs. To manage risk, often

a specimen design is developed to “test” the design build proposals. However, the more the design is developed to confirm specifications and increase control over the final product, the more the project will lean towards a traditional build. During design and construction there is often pressure from the contractor to reduce costs and maximise returns and under this model, the Council would have less control over the quality of the finished product.

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

The options presented for consideration represent Council’s best estimate of the capital and operating costs for pools at the various locations. The purpose of the consultation is to determine which of the options should be included in the next Ten Year Plan. Once this is determined, the next stage of the decision-making process will include the design and procurement options for delivering the project. It is at this stage that the “Apollo” option will be evaluated. (“Apollo” is a design-build option.)

## **PROCESS**

|  |                    |
|--|--------------------|
| The Statement of Proposal Notified                                       | 18 October 2014    |
| Summary Document online  | 17 October 2014    |
| Summary Document widely circulated and posted to non-resident ratepayers | 22-23 October 2014 |
| Consultation closes  | 21 November 2014   |
| Hearings   | 8-9 December 2014  |
| Report to Council  | 18 December 2014   |
| Consultation on inclusion in Draft 10 Year Plan                          | March 2015         |