

Mayor and Councillors
CORPORATE BUSINESS COMMITTEE

20 FEBRUARY 2014

Meeting Status: **Public**

Purpose of Report: For Decision

SECOND HYDROSLIDE AT COASTLANDS AQUATIC CENTRE

PURPOSE OF REPORT

- 1 This report seeks a decision about the installation of the second hydroslide at the Coastlands Aquatic Centre.

SIGNIFICANCE OF DECISION

- 2 This report does not trigger the Council's Significance Policy.

BACKGROUND

- 3 An amount of \$431,000 was provided in the 2013/14 Annual Plan for the purchase of a second hydroslide at the Coastlands Aquatic Centre. This budget figure was based on indicative prices provided during the procurement phase (pre-construction) for the Coastlands Aquatic Centre.
- 4 The facility design incorporated provision for two hydroslides. The procurement process for the slides asked for designs and prices to be provided for two options: a single slide or two slides. If the Council opted for a single slide, the design needed to be able to accommodate the second slide at a later date. In other words, there had to be allowance in the design envelope, and in the supporting infrastructure, for the extra slide to be added at a later date.
- 5 Ultimately the second slide was omitted from the stage one development, primarily for reasons of cost. The decision was also made to have the more 'family friendly' slide from the start, with the second slide to be a more exciting experience.
- 6 Since opening in August 2013, the Coastlands Aquatic Centre has seen good patronage, and feedback from most users has been favourable. The single hydroslide has been reasonably popular, with a conversion rate of about 1 in 6 users. This means that for every six admissions to the facility, there is one hydroslide admission. Looking across the country, this rate compares well for single-slide operations. However, user feedback has been that the hydroslide is not exciting enough.

CONSIDERATIONS

Issues

- 7 Expressions of Interest (EOI) were sought and responses received from four NZ based companies. The purpose of the EOI was to gain an understanding of what could be delivered within the site envelope and total budget. Responses received demonstrated a fairly consistent overall cost, within the available budget.

- 8 Given the designs were all indicative only, the final price would be subject to change during the detailed design phase. However, the Council can have some confidence as to what can be supplied – a slide of between 49m and 70m, that is steeper than the existing slide (and therefore more exciting) with a few turns, and potentially with some other minor features.
- 9 There is an observed novelty factor with new aquatic facilities. Many show a 20% increase in patronage in the first year as everyone goes along to try the new centre. What happens after that depends partly on how positive their experience is. By year three some of the rides and toys begin to get tired, no matter how well they are maintained. This reflects the harsh pool environment and heavy use, as well as a boredom factor.
- 10 It is therefore common for facilities to plan and budget for refresh initiatives around every three years. These are not all large and expensive changes – for example with good design it is simple to change out aquaplay equipment.
- 11 The facility opened in August 2013 and in the first year of operations there are many operational details that need to be attended to. This first year is also an ideal time to be developing the asset management plan. This includes identifying the medium and long term investment requirements, as well as the planned maintenance.
- 12 Development of the plan will entail considering all the possible requirements, across all community sectors, and prioritising them. This plan would then drive input to the next Long Term Plan for the Council, in 2015/16.
- 13 It may be premature to install a second hydroslide at this stage. The Coastlands Aquatic Centre is still enjoying the novelty phase, as the patronage numbers show. If patterns follow that observed at other recent developments, it would be preferable to delay the hydroslide for at least two years, so a new addition can deliver the refresh initiative.
- 14 The timing is not ideal for continuing with the procurement of a second hydroslide at the Coastlands Aquatic Centre. The need to work through start up operational details, along with the Council's overarching financial considerations, both point to a deferral of the process.
- 15 It is recommended that the procurement process is discontinued. There are no process issues in this regard, as the REOI is clear that the Council may opt to discontinue the process at any stage. Respondents to the REOI have been advised that the Council is considering its options.

Financial Considerations

- 16 The Council is looking to identify savings in both capital and operating expenditure. The \$431,000 in capital expenditure would incur annual asset-related costs (depreciation and interest) in the order of \$50,000 per annum.
- 17 Marginal revenue would be derived, either through increased patronage or, more likely, through an increase to the hydroslide price. This has not been modelled in detail, but would likely require a price increase of \$2.00 per head (inc gst) to break even. Sensitivity to price needs to be tested before any such changes could be contemplated.

Legal Considerations

18 There are no legal considerations.

Delegation

19 The Corporate Business Committee has the necessary delegation for this decision under 7.2:

Authority to re-allocate funding already approved by the Council as part of the Annual Budget process provided that the re-allocation of funds does not increase the overall monies committed in the budget and is consistent with the existing LTP strategic and policy framework.

Consultation

20 No consultation has been undertaken with Community Boards or the Community. The Paraparaumu/Raumati Community Board will be updated verbally at the Board's meeting on 18 February 2014. Other Councils have been questioned about the success or otherwise of their hydrosides.

Policy Implications

21 There is no policy implication.

Tāngata Whenua Considerations

22 There are no issues for Tāngata Whenua.

Publicity Considerations

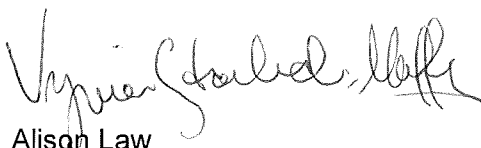
23 Communications would be a brief media statement that the second hydroslide has been deferred.

RECOMMENDATIONS

24 That the Committee approves that the procurement process for the second hydroslide at the Coastlands Aquatic Centre is discontinued.

25 That the Committee approves that the budget for a second hydroslide be considered for addition to the Long Term Plan for 2016 – 2017, noting the timing may be altered during development of the Long Term Plan.

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