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14.2 Gratwick Aquatic Centre – Additional Remedial Works (File No. 05/09/0055)

Author	Acting Manager Project Design and Delivery
Authorising Officer	Acting Director Infrastructure and Town Services
Disclosure of Interest	The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

OFFICER'S RECOMMENDATION 1

That Council:

1. Be informed of the works undertaken at Gratwick Aquatic Centre to date and the recommendations to complete further remedial works; and
2. Authorise proceeding with the recommended operational plan.

SIMPLE MAJORITY VOTE REQUIRED

OFFICER'S RECOMMENDATION 2

1. Amend the 2019/20 annual budget for the Gratwick Aquatic Centre Remedial Works capital project from \$ 50,000 to \$320,720 to be funded from the Asset Management Reserve.

ABSOLUTE MAJORITY VOTE REQUIRED

PURPOSE

This report is for Council to consider the approval of further repairs and preventative maintenance works for the Gratwick Aquatic Centre in preparation for opening the facility for the coming summer season, following the completion of Separable Portion two (2),

DETAIL

The Gratwick Aquatic Centre (GAC) upgrade works project started on 1 April 2018, and was scheduled for delivery under two (2) separable portions as part of Request for Tender (RFT) 2018-06.

After successful completion of Separable Portion 1, Separable Portion 2 commenced on 15 July 2018 with the upgrades to the mechanical room, including the pumps, filter plumbing, filter inspections and subsequent testing due to delamination of filter 1.

After catastrophic failure of filter 1 during testing, additional works were approved under Variation 14, with the filters replaced and filter room's repairs/upgrades completed to facilitate the new filter layout.

Works to the facility's hydraulic and electrical systems have been completed with all of the plant room's systems now operating, apart from the chlorine gas dosing system.

Additional works have been identified, for one or more of the reasons below, which require completion before re-opening the facility:

- Required for the facility to comply with current regulations or;
- Required to prevent premature failure of the components and extend asset life or;
- Required to reduce operating costs.

Additional works that support the operational plan to have the GAC opened for this summer are detailed in attachment 1.

The approval of the above works will ensure the GAC meets the minimum life expectancy estimates detailed below:

Facility Life Expectancy

Item	50m Pool	Dive Pool	Toddler Pool
Expansion joint	8 years	N/A	N/A
Tiles	5-8 years	N/A	4-6 years
Concert Structure*	10 years	10 years	10 years
Wet deck	10 years	10 years	10 years
New Filter vessels	20 years	20 years	20 years
Sand filters	6 – 8 years	6 – 8 years	6 – 8 years
Pumps	6 – 8 years	6 – 8 years	6 – 8 years

*Lifespan for a formed and poured structure is 40-50 years depending on build quality.

Supporting information for option 4 – investigate the closure of GAC

Mindful of the costs to resolve the current issue, and the ongoing costs to maintain and operate the GAC, the Town delivered a benefit analysis of the GAC utilising an aggregate of previous year's usage data.

Over the past three years, GAC has cost an average of \$510,904 in operational fees and \$51,900 in management fees each year. This results in an average annual cost of \$562,804.

If the facility has an approximate lifespan of 10 years, GAC will cost the Town of Port Hedland a total of \$5,628,040 in management and operational costs over this period. This cost does not account for the additional capital refurbishment and renewal costs to the facility.

During the 2017/18 season, GAC had a patronage of 19,550 visitations, which equates to a subsidy of \$26.13 per visit, which the Town of Port Hedland provides in addition

to the facility entry fees (\$6 adult, \$3 child). In comparison, South Hedland Aquatic Centre (SHAC) has a targeted patronage of 70,000 for the 2018/19 season, three and a half times greater than the patronage of GAC.

It is important to note, the data provided for GAC has been impacted by the 2017/18 closure of SHAC. Consequently, the patronage figures of GAC are inflated and the financial performance of this facility is improved from the typical scenarios of operating dual aquatic facilities.

The SHAC estimated peak aquatic program utilisation rate (76.50%) suggests that the facility has the capacity to absorb further patronage and programming caused by the displacement of current GAC patrons. This would also further increase the operational efficiency of SHAC through economies of scale from facility overheads.

Within the leisure industry, current trends show the operational costs of aquatic facilities continue to increase as legislative standards tighten and the cost of services increase above the CPI rate (utilities and staff wages). This decrease in the financial performance of aquatic facilities over time can be offset through the continual investment of capital works in renewable energy devices, such as solar panels, and efficient plant operating equipment; however, commitment to a detailed asset management plan for the facility will be required.

LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 'Significant Decision Making', this matter is considered to be of low significance, because no community engagement is required for the completion of this project.

CONSULTATION

Internal

Executive Leadership Team

External Agencies

- Dynamic Pools Australia
- Department of Health

LEGISLATION AND POLICY CONSIDERATIONS

The construction and operation of Aquatic Facilities in Western Australia is governed by the *WA Code of Practice for the Design, Construction, Operation, Management and Maintenance of Aquatic Facilities*. The code is administered by both the Department of Health and Local Government. The code derives its authority under *regulation 6 of the WA Health (Aquatic Facilities) Regulations 2007*.

Section 21A (a) of the *Local Government (Functions and General) Regulations 1996* state as follows:

“If a local government has entered into a contract for the supply of goods or services with a successful tenderer, the contract must not be varied unless — (a) the variation is necessary in order for the goods or services to be supplied and does not change the scope of the contract..”

The Town considers that in order for the upgrade works related to RFT 2018-06 to be completed, the current contract associated with this tender needs to be varied for the work to be completed to a suitable standard for hand back to the community

Any works that cannot be procured through variation to the current contract, while meeting the requirements of Section 21A, will be procured by way of the Town’s existing procurement policies and procedures through RFQ, RFT or Procurement Exemption,

The Town will determine the process that is most efficient and effective at the time, which represents value for money, and is of benefit to the community.

FINANCIAL AND RESOURCES IMPLICATIONS

The forecast total costs for the delivery of the additional remedial works associated with the GAC repairs is \$320,721 ex GST. This amount has not been budgeted in the FY 2019/20 budget. It is proposed to fund this additional cost from the Asset Management Reserve, as its purpose is that of funding the ongoing maintenance and renewal of Council infrastructure assets, and there are sufficient funds available.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

The following sections of the Council’s Strategic Community Plan 2018-2028 are applicable in the consideration of this item:

- 1.d.1** The present and future facilities and requirements of the Town are planned for and developed in-line with relevant facility standards and community needs
- 1.d.2** Facilities and community infrastructure are revitalised across the Town
- 1.d.3** Facilities and community infrastructure are well maintained, managed and fit for purpose to provide a range of lifestyle opportunities
- 2.d.1** Investment in key infrastructure development such as the port and logistics is pursued
- 3.b.4** Innovation and resilience of the built form are encouraged, assessed and implemented
- 3.c.2** The community is surrounded by and has access to attractive natural habitats, built form, parks and amenities
- 4.c.4** Efficiency strategies across the Town’s infrastructure and amenity assets are implemented

There are no significant identifiable environmental, social or economic impacts relating to this item.

RISK MANAGEMENT CONSIDERATIONS

There is a financial impact associated with the approval of this item as the funds have not been budgeted and will need to be reallocated from the Asset Management Reserve. The risk rating is considered Medium (5) which is determined by a likelihood of Almost Certain (5) and a consequence of Insignificant (1).

There is a risk of service interruption associated with this item because the ability for the GAC to operate for the 2019/20 season will be dependent on the recommended solution being approved. The risk rating is considered to be Extreme (20) which is determined by a likelihood of Almost Certain (5) and a consequence of Major (4).

These risks will be eliminated by adopting the officer's recommendation to proceed with the recommended solution to repair the GAC.

OPTIONS

Option 1 – Adopt officer's recommendation

Option 2 – Amend officer's recommendation

Option 3 – Do not adopt officer's recommendation

Option 4 – Do not adopt officer's recommendation and investigate the closure of GAC

Cease current works program at GAC and undertake investigation and community consultation with the view of potentially closing the facility.

CONCLUSION

The Gratwick Aquatic Centre is a significant part of the Town's infrastructure and is a vital part of community life for residents mainly living in and around the suburb of Port Hedland. The Town has already expended a significant amount of resources in ensuring its long-term viability and the officer's recommendation will support this investment.

ATTACHMENTS

1. Additional works