

# Payneham Memorial Swimming Centre Redevelopment

*Project Information*



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The Payneham Memorial Swimming Centre has been a key feature in the cultural and historic fabric of the City for over fifty (50) years. The redevelopment of the Payneham Memorial Swimming Centre will ensure that the facility continues to contribute to the cultural vitality of the City for the next fifty (50) years or more.

The Payneham Memorial Swimming Centre Redevelopment is part of an ongoing program of investment in the City's infrastructure and facilities. It has been shaped by extensive community consultation and reflects what our community has requested and expects, as well as ensuring that the Council maintains and manages its infrastructure appropriately and to acceptable standards and remains financially sustainable.

The Payneham Memorial Swimming Centre (PMSC) was first opened in 1968 by the former City of Payneham and despite several repairs and replacement of plant and equipment over the years, it reached the end of its useful life after more than 50 years of service. As such, the pool closed to the public at the conclusion of the 2021-2022 Swimming Season.

The pools at the PMSC had a number of structural defects due to the degradation of the existing structure and pipe network, resulting in significant water loss. Additionally, major pieces of equipment, such as the pumps, needed to be replaced. Given the age of the pool, this is not unexpected. However, at some point, a decision on the future of the Centre had to be made.

As the PMSC contained ageing assets, it exposed the Council to financial risk in terms of the net cost to undertake maintenance and remedial works and ongoing water loss. The Council was also exposed to reputational risk due to the inability to deliver the service at a standard that is expected by the community and potential public safety risks as the facility was not in line with current aquatic standard facilities.

## 2014-2017

At its meeting held on 7 April 2014, the Council resolved to undertake a review of the Norwood and Payneham Swimming Centres for the purposes of, but not necessarily limited to:

- *ascertaining the level of capital investment required to maintain the existing service standard;*
- *benchmarking the infrastructure and services and programs offered against other facilities;*
- *assessing future opportunities to increase "net revenue" activities such as Learn-to-Swim Programs and other shallow water activities; and*
- *determining the extent and nature of any future redevelopment of the Centres (i.e. leisure water), to ensure that the service and programs offered meet community expectations.*

In addition, the Council requested that funding for the review be included as part of the 2014-2015 Budget. As such and as part of the 2014-2015 Budget, the Council commissioned a review of its Swimming Centres, noting that the Council owns and operates two (2) swimming centres, the PMSC and the Norwood Swimming Centre.

The objective of the review was to develop a long-term strategy for the Council's Swimming Centres to ensure (amongst other things), that:

- the Council's Swimming Centre assets are managed, maintained and developed in such a way that will effectively meet the current and changing needs of the community; and
- the ratepayer subsidy is maintained at current levels or reduced over the next five (5) years. (In respect to the issue of ratepayer subsidy, both Centres, as is normally the case with any swimming centre that is operated by Local Government, are not operated on a cost-neutral basis or generate a profit. To this end, the cost of operating swimming centres is subsidised through general rates (similar to Libraries and other community facilities) and as facilities age and are no longer contemporary, attendances decline and in turn, this means that the ratepayer subsidy increases).



At its meeting held on 23 March 2016, and taking into account comments that were received through the community consultation process as part of the Swimming Centres Review, the Council resolved that the Long-Term Strategy will continue to be based on the operation of two (2) Centres. This meant that both the Payneham Memorial Swimming Centre and the Norwood Swimming Centre would remain as outdoor facilities and over time, would be redeveloped to ensure that these facilities continue to service the community for decades into the future.

Extensive community consultation was undertaken in respect to the Swimming Centres Review and development of the Long-Term Strategy.

The *Long-Term Strategy and Redevelopment Options Report* for the Payneham Memorial Swimming Centre and the Norwood Swimming Centre, was presented to the Council at its meeting held on 16 January 2017. Following consideration of the *Long-Term Strategy and Redevelopment Options*, the Council resolved to undertake public consultation regarding the redevelopment strategy for the Norwood and Payneham Memorial Swimming Centres.

The preferred option associated with the redevelopment of the Payneham Memorial Swimming Centre, targeted identified gaps in the recreational aquatic market, particularly the teenage market, which was identified as being poorly serviced within the eastern region.

The public consultation was undertaken in early 2017, over a six (6) week period and included the following:

- advertisements in both local Messengers notifying the community of the public consultation;
- promotional posters placed at both Swimming Centres, on the Parade, and at each of the Customer Service Centres and Libraries;
- a dedicated page on the Council's Website, which included the following:
  - an Options Report;
  - Fact sheets outlining each of the proposals;
  - Concept designs;
  - Question & Answer Page;
  - On-line Feedback Form;
- information sessions held at both Swimming Centres;
- hard copy feedback forms provided at the Swimming Centres and Norwood Town Hall;
- Facts sheets available at the Swimming Centres, Customer Service Centres and Libraries; and
- Concept Designs on display at both Swimming Centres and the Norwood Town Hall.

On 3 July 2017, following consideration of the results of the community consultation regarding the redevelopment options for the Council's Swimming Centres and the draft Long-Term Strategy for the Council's Swimming Centres, the Council resolved to undertake additional community consultation on the draft Swimming Centres Long-Term Strategy, which included the following in respect to the redevelopment of the Payneham Memorial Swimming Centre:

*Re-develop the Payneham Memorial Swimming Centre as a regional destination incorporating a 50 metre swimming pool, learners pool and wading pool or splash pad and water play park to cater for the recreational leisure market and in particular the teenage market.*

The community were provided the opportunity to provide comments and feedback on the preferred re-development options during the consultation period which was undertaken from 4 October 2017 through to 3 November 2017.

At its meeting held on 4 December 2017, following consideration of the results of the community consultation regarding the redevelopment options for the Council's Swimming Centres and the draft Long-Term Strategy for the Council's Swimming Centres, the Council adopted the *Swimming Centres Long-Term Strategy*.

In summary, the Council undertook consultation with the community on three (3) separate occasions in respect to the *Swimming Centres Long-Term Strategy*. In response, the community feedback to the Council was that it wanted the Payneham Memorial Swimming Centre to be a regional destination incorporating a 50-metre swimming pool, learners pool and water play park.

In addition, the Council undertook consultation with key stakeholders including the Payneham and Norwood Swimming Clubs, the Department for Education and Royal Life Saving South Australia.

## 2018- 2020

As a result of the number of infrastructure issues associated with the age of the pools, the Council endorsed the refurbishment of the PMSC Main Pool as a matter of priority, in order to “future proof” the pool for the next twenty-five (25) to thirty (30) years as a final decision on the redevelopment of the PMSC had not at that time been made by the Council.

It was decided that due to the extent of work required, the refurbishment would be undertaken in two (2) stages, to minimise the interruption to the regular twenty-four (24) week swimming season.

At its meeting held on 29 May 2018, the Council appointed a construction company to undertake Stage 1 of the works, which comprised the replacement of the pipework associated with the main pool. This stage of the Project included the replacement of the filtered water return pipe, which delivers clean filtered water to the main pool and the replacement of the “soiled” water return pipes, which takes water from the main pool back to the filtration system.

This work was completed in October 2018 in time for the opening of the 2018-2019 Swimming Centre.

Following completion of the Stage 1 works, consultants were engaged to undertake the preparation of the detail design and construction documentation for the remainder of the Main Pool Refurbishment Works (Stage 2), which included:

- the provision of appropriate disability access to the main swimming pool;
- the replacement of the scum gutters with a wet deck entry;
- the installation of a new filtration system;
- the refurbishment of the plant room; and
- the re-tiling of the main pool.

The construction documentation for the Stage 2 refurbishment work was completed in November 2019, with the intent that the Stage 2 refurbishment would commence following the end of the 2019-2020 Swimming Season.

In accordance with the Council's previous resolutions and the *Swimming Centres Long-Term Strategy*, the tenders for the Project were released on 4 February 2020 and closed on 25 February 2020. Only two (2) tender submissions were received. This was due to the specialised nature of the proposed works. Following extensive discussions with the preferred contractor, the tenders were presented to the Council for consideration at its meeting held on 3 August 2020.

At that meeting, as part of the Tender Selection Report, the Council was presented with six (6) options in relation to the refurbishment of the Main Pool at the Payneham Memorial Swimming Centre. However, following consideration of the matter, the Council resolved to defer the matter until a Masterplan was prepared and presented to the Council for its consideration.

Subsequently, at its meeting held on 7 September 2020, the Council established a Regional Capital Projects Committee (the Committee), to investigate and progress projects of regional status. As part of its resolution, the Council referred the Patterson Reserve Community and Recreation Precinct Masterplan Project to the Committee, incorporating the Payneham Memorial Swimming Centre.

At its meeting held on 27 October 2020, the Committee resolved that a report be resubmitted to the Council at a later date regarding the Tender for the Stage 2 Refurbishment of the main pool which was deferred by the Council at the August 2020 meeting and that various options within the Masterplan be reviewed and that any other options be developed to complete the Masterplan.

In addition, the Committee requested that consultation be undertaken with stakeholders regarding the draft concepts before finalising the draft concepts for the Committee's consideration.

At its meeting held on 16 December 2020, the Committee considered the final draft concepts for the Payneham Memorial Swimming Centre and the Patterson Reserve Community & Recreational Precinct. The Committee's final preferred concept was referred to the Council for the purpose of progressing to the development of a draft Masterplan.

At its meeting held on 18 January 2021 the Council adopted the recommendation of the Committee which was made at its meeting held on 16 December 2020.

## 2021-2023

In January 2021, the Council prepared a *Business Case* and made an application for the *Local Government Infrastructure Partnership Program (LGIPP)* for the Payneham Memorial Swimming Centre Redevelopment. The intent of *LGIPP* funding was to deliver economic stimulus projects to drive economic growth and employment in response to the economic downturn that was caused by the COVID-19 pandemic.

The *Business Case*, outlines the background, strategic alignment and key considerations for the Project, including an analysis of the regional aquatics market and the expected economic impacts, financial costs and health and social benefits.

On 22 March 2021, the Council was advised that it was successful in securing a **grant of \$5.6 million** for the Payneham Memorial Swimming Centre Redevelopment Project.

At its meeting held on 21 April 2021, the final draft Masterplan for the Patterson Reserve Community & Recreational Precinct, incorporating the Payneham Memorial Swimming Centre, was presented to the Regional Capital Projects Committee (the Committee), for consideration.

Following consideration of the draft Masterplan, the Committee recommended to the Council that the draft Masterplan be adopted by the Council.

At its meeting held on 3 May 2021, the Council adopted the recommendation of the Committee which was made at its meeting held on 21 April 2021.

At its meeting held on 26 October 2021, the Council appointed the Consultants to progress the detailed design and construction documentation for the Payneham Memorial Swimming Centre Redevelopment Project.

On 2 May 2022, the Council adopted the schematic design for the Payneham Memorial Swimming Centre as the basis for preparing the construction documentation. The Council also resolved to construct a new 50 metre main pool at the Payneham Memorial Swimming Centre (instead of refurbishing the existing 50 metre pool), and that the new 50 metre main pool be a ten (10) lane main pool.

## Financial Considerations

The initial project budget of \$24 million was based on a cost estimate of the Masterplan concept adopted by the Council in December 2020. The cost estimate was considered to be sufficient to cover the costs for the design and construction of a refurbished 50 metre main pool, a new 25 metre pal and learn to swim pool, a zero depth splash pad, waterslides, building and plant room, as well as all ancillary features such as fencing, outdoor furniture and landscaping. This amount was subsequently factored into the Council's *Annual Business Plan* and *Long-Term Financial Plan*.

However, after the original budget was established, Australia's economic landscape changed dramatically following the COVID-19 pandemic. Interest rate increases, inflation, skill shortages, supply chain issues and world events all had an effect on the nation's construction industry and in turn a significant increase in construction costs.

In October 2022, a new cost estimate was prepared by cost consultants, which indicated a total construction cost of \$32.6 million.

Other similar South Australian aquatic projects (the City of Salisbury Aquatic Centre and the District Council of Mt Barker's Regional Aquatic & Leisure Centre), have faced similar issues in terms of the cost of the construction of new aquatic centres. Similarly, the new Adelaide aquatic centre, which is to be built at North Adelaide by the State Government, has also faced significant cost escalations, resulting in substantial budget increases.

The *Local Government Act 1999*, sets out a number of requirements for Councils in respect to financial sustainability, including the preparation of a Long-Term Financial Plan and the preparation of a Prudential Management Report before the Council engages in any project where the expected cost of the project over the ensuing five years is likely to exceed \$4,000,000 (indexed).

In accordance with the *Local Government Act 1999*, a Prudential Management Report for the Payneham Memorial Swimming Centre Redevelopment Project was prepared by consultants, in May 2023. The report identified that most of the prudential issues related to the project are compliant with *Section 48* of the *Local Government Act 1999*.

At its meeting held on 15 May 2023, the Prudential Management Report for the Payneham Memorial Swimming Centre Redevelopment Project was presented to the Council's Audit & Risk Committee (the Committee), for consideration.

Following consideration of the Prudential Management Report May 2023, the Committee recommended that the Council proceed with the project.

At its meeting held on 5 June 2023, the Council adopted the recommendation of its Audit & Risk Committee.

In July 2023, the Council commenced a tender process to select a builder for the Payneham Memorial Swimming Centre Redevelopment Project. Two (2) tenders were submitted in September 2023. The submitted tenders were well in excess of the pre-tender estimates.

An independent probity advisor was appointed to ensure that the Council's Tender Evaluation Panel and Specialist Advisors conducted the process in accordance with the approved Probity Conduct Plan.

The tender evaluation process involved the following:

- compliance review;
- initial assessment of the non-price criteria;
- initial calculation of adjusted comparative prices;
- post tender clarifications and reassessment of non-price criteria;
- updated calculation of adjusted comparative prices; and
- final tender ranking and negotiations with the preferred tenderer.

The *Prudential Management Report May 2023*, was updated in November 2023, to reflect the increased construction costs in the tender submissions and presented to the Council's *Audit & Risk Committee* for consideration at its meeting held on 20 November 2023.

Following consideration of the *Prudential Management Report May 2023 – Updated November 2023*, the Audit & Risk Committee resolved to hold a Special Meeting of the Audit & Risk Committee on 6 December 2023, for the purpose of making recommendations to the Council regarding the review of the *Long-Term Financial Plan* in terms of the impact of the Payneham Memorial Swimming Centre Redevelopment Project on the Council's *Long-Term Financial Plan*.

An Information Session was held on Monday, 27 November 2023 with Elected Members to consider the impact of the Project on the Council's *Long-Term Financial Plan*.

The City of Norwood Payneham & St Peters *2024–2034 Long-Term Financial Plan* is a key document in the Council's Strategic Planning Framework. Covering a period of ten years, it provides an indication of the Council's direction, financial capacity and sustainability.

The *Prudential Management Report May 2023 – Updated November 2023* was updated and presented to the Council's Audit & Risk Committee at its meeting held on 6 December 2023.

At its meeting held on 11 December 2023, the Council adopted the recommendation of the Audit & Risk Committee.

At its Special Council Meeting held on 11 December 2023, the Council appointed the preferred tenderer for the Payneham Memorial Swimming Centre Redevelopment Project, Badge Constructions SA Pty Ltd, to undertake the construction of the Payneham Memorial Swimming Centre Redevelopment.

The \$60 million cost (which includes \$5.6 million LGIPP funding), of the new Payneham Memorial Swimming Centre has been factored into the Council's draft *2024-2034 Long-Term Financial Plan* and has taken into account the impact on the Council's financial sustainability over the next ten (10) years.

The consultants that have prepared the *Prudential Management Report* have advised that the various indicators such as *Net Financial Liabilities Ratio* are acceptable providing the Council adheres to its *Long-Term Financial Plan* and ultimately that the Council is financially sustainable in the long term.

## **2024 - Awarding the Contract**

In January 2024, the Council awarded the construction contract to South Australian-based company, Badge Constructions. Badge Constructions is an award-winning builder renowned for its expertise in similar community-focused sport and recreation projects.

A total of 100 full-time jobs will be created during construction, which commenced in February 2024. The redevelopment is expected to take two (2) years and be completed in early 2026.

The redeveloped Payneham Memorial Swimming Centre will include:

- a 10 lane, 50 metre outdoor pool;
- an 8 lane, 25 metre indoor pool;
- an 11 x 20 metre indoor learner's pool;
- a 14 metre tall tower with two waterslides;
- a zero-depth waterplay area;
- changerooms, a kiosk and multipurpose rooms; and
- shade structures, picnic seating, lawn and garden areas.