



Business Paper

Shire Services Committee Meeting

Monday, 3 April 2017

6:30pm

**Committee Rooms 203 and 204,
Level 2, Administration Building
4-20 Eton Street, Sutherland**

ORDER OF BUSINESS

- 1. ACKNOWLEDGEMENT OF COUNTRY**
- 2. APOLOGIES**
- 3. DISCLOSURES OF INTEREST**
- 4. CONFIRMATION OF MINUTES OF THE PREVIOUS MEETING**
- 5. PRESENTATIONS**
- 6. REPORTS FROM OFFICERS**
 - SER020-17 Proposed Easement for Drainage Over Community Land - Various Lots
 - SER021-17 Council Leisure Centres Natural Gas Price Increase Mitigation Strategies
- 7. QUESTIONS**
- 8. CONSIDERATION OF BUSINESS IN CLOSED SESSION**
- 9. CONFIDENTIAL REPORTS FROM OFFICERS**

**SER020-17 PROPOSED EASEMENT FOR DRAINAGE OVER COMMUNITY LAND -
VARIOUS LOTS**

SER020-17

Attachments: Appendix A, Appendix B, Appendix C and Appendix D**EXECUTIVE SUMMARY**

- In accordance with Council's development consents DA16/1187, DA16/0209, DA16/1464 and DA16/0835 the owners are required to obtain drainage easements for the discharge of stormwater from their property into the nearest Council drainage system located downhill from their development.
- The easements are to be located on Council owned Community classified land at:
 - 1 Fenton Avenue, Caringbah (Lot 2 DP225559)
 - 2 Gosby Avenue, Miranda (Lot 28 DP 26569)
 - 19R Edward Avenue, Miranda (Lot 25 DP 30529) known as Edward Avenue Reserve
 - 23B Grevillea Grove, Heathcote (Lot 161 DP16127)
- The compensation payable to Council for encumbering Community land with a drainage easement has been calculated.
- The property owner will be responsible for all costs associated with the granting of the easement including advertising, survey and legal costs. Terms favourable to Council will be negotiated with the adjoining property owner to the satisfaction of the General Manager.

REPORT RECOMMENDATION

THAT:

1. An Easement for Services (Drainage) be granted over Council land described as 1 Fenton Avenue, Caringbah (Lot 2 DP225559) in favour of 12 Yathong Road, Caringbah (Lot 53 DP 25104) at terms and conditions to the satisfaction of the General Manager.
2. An Easement for Services (Drainage) be granted over Council land described as 2 Gosby Avenue, Miranda (Lot 28 DP 26569) in favour of 144 Karimbla Road, Miranda (Lot A DP 35612) at terms and conditions to the satisfaction of the General Manager.
3. An Easement for Services (Drainage) be granted over Council land described as 19R Edward Avenue, Miranda (Lot 25 DP 30529) in favour of 20 Renown Avenue, Miranda (Lot 25 DP 30529) at terms and conditions to the satisfaction of the General Manager.
4. An Easement for Services (Drainage) be granted over Council land described as 23B Grevillea Grove, Heathcote (Lot 161 DP16127) in favour of 52 Bottle Forest Road, Heathcote (Lot 153 DP321396) at terms and conditions to the satisfaction of the General Manager.
5. In accordance with the Power of Attorney dated 6 July 2016 BK 4710 No. 28, the General Manager execute any necessary documentation to give effect to these resolutions.

PURPOSE

This report is to consider granting easements for services (drainage) to the registered proprietors of land adjoining Council land at:

- 1 Fenton Avenue, Caringbah (Lot 2 DP225559) open drainage channel known as Fenton Avenue Reserve;
- 2 Gosby Avenue, Miranda (Lot 28 DP 26569) open drainage channel known as Ewey Creek Reserve;
- 19R Edward Avenue, Miranda (Lot 25 DP 30529) known as Edward Avenue Reserve;
- 23B Grevillea Grove, Heathcote (Lot 161 DP16127) drainage reserve known as Bottle Forest Road Drain Reserve.

BACKGROUND

Council's Development Control Plan (DCP) requires new development applications to drain stormwater downhill into Council stormwater infrastructure. This may mean supplying and installing infrastructure across adjoining properties to connect to Council infrastructure located in the street or within Council owned drainage reserves.

Where the adjoining land has a Lot and DP the development consent requires the registered proprietor to secure a Drainage Easement over the adjoining land prior to the issuing of a construction certificate. In some instances it is Council owned property that needs to be crossed to reach infrastructure in the street, or within Council owned drainage reserves.

1 Fenton Avenue, Caringbah

Council's Planning Unit has issued a deferred commencement condition in DA16/1187 to obtain an easement for drainage of approximately 4m over 1 Fenton Avenue, Caringbah known as Fenton Avenue Reserve, an open drainage channel.

"10.B.iii) Prior to issue of any construction certificate an easement for drainage must be registered with NSW Land & Property Information over Lot 2 DP 225559 to facilitate the private connection to the open channel."

The land is zoned RE1 – Public Recreation/Community and the benefited property is located at 12 Yathong Road, Caringbah (Lot 53 DP 25104).

2 Gosby Avenue, Miranda

Council's Planning Unit has issued a deferred commencement condition in DA16/0209 to obtain an easement for drainage of approximately 24m to connect into Council's open drainage system known as Ewey Creek Reserve, located to the rear of the property.

"3.A Before Construction

Prior to issue of any construction certificate an easement for drainage must be registered with NSW Land & Property Information over a neighbouring downstream property to facilitate the private connection to the existing Council piped drainage system."

The land is zoned RE1 – Public Recreation/Community (Ewey Creek Drainage Reserve) and the benefited property is located at 144 Karimbla Road, Miranda (Lot A DP 356512).

19R Edward Avenue, Miranda

Council's Planning Unit has undertaken a preliminary assessment for DA16/1464 and advised that in order for the DA to proceed the applicant must obtain an easement for drainage of approximately 58m to connect to Council's kerb and gutter infrastructure in Renown Avenue. The applicant is seeking permission from Council to consider this request prior to the determination of the DA. If approved the DA will include a condition that an easement is to be registered with NSW Land & Property Information prior to the issue of a construction certification.

"Engineering

The application has been referred to Council's Development Engineers who have advised that the proposed stormwater design is unsatisfactory.

An easement is to be obtained over the neighbouring downstream Council owned property (19R Edward Avenue, Miranda). The easement and associated pipe must be located on the northern side of the reserve and connect to the kerb and gutter. The pipe must be RHS within the Council verge and reserve."

The land is zoned RE1 – Public Recreation/Community and the benefited property is located at 20 Renown Avenue, Miranda (Lot 10 DP 26359).

23B Grevillea Grove, Heathcote

Council's Planning Unit has issued a deferred commencement condition in DA16/0835 to obtain an easement for drainage of approximately 1m over 23B Grevillea Grove, Heathcote known as Bottle Forest Road Drainage Reserve.

"3.A. Prior to the issue of any construction certificate an easement to drain water must be registered over No. 23B Grevillea Rove, Heathcote"

The land is zoned E4 – Environmental Living/Operational and the benefited property is located at 52 Bottle Forest Road, Heathcote (Lot 153 DP 321396).

DISCUSSION

The easements cannot be granted without the express resolution of Council. The registered proprietors of the benefited properties will undertake construction of the stormwater infrastructure at their cost. It is proposed Council enter into Transfers Granting Easement to allow the easement matters to be finalised by the time Construction Certificates are issued.

The issuing of a development consent with a condition requiring a drainage easement to be obtained does not bind Council or any other adjoining property owner to grant an easement. If the property owner seeking the easement is not able to negotiate an easement or have one granted by a court, another solution would need to be found (where possible) or the approved development simply won't be able to proceed.

CONSULTATION

The proposed easements will be placed on public exhibition in accordance with Section 47 of the Local Government Act 1993.

BUDGET AND RESOURCES

Property Services has calculated the maximum compensation payable to Council for encumbering Community land with a drainage easement. Details of the compensation amounts are available to Councillors Under Separate Cover. The final negotiated amount of compensation will be subject to the satisfaction of the General Manager.

The costs associated with the creation of the drainage easements, being valuation report, advertising costs and legal expenses to register the easement plans and grant the easement, are to be paid by the registered proprietors of the benefited property.

POLICY

The granting of easements to benefit the subject properties will ensure that stormwater runoff will be contained within the existing Council drainage system which is consistent with the objectives of Council's DCP. Connection of a private easement into existing Council facilities is permitted under Section 46 of the Local Government Act 1993 subject to the proposal being publicly advertised in accordance with Section 47 of the Local Government Act, 1993.

CONCLUSION

The proposed easements will have negligible effect on the use of the Council land and minimal impact on any future proposed development of the sites. Granting of the appropriate easement rights to the adjoining owners of the benefited properties will enable them to comply with Council's development consents as well as containing potential nuisance rainwater runoff by piping the properties to existing Council drainage infrastructure.

RESPONSIBLE OFFICER

The officer responsible for the preparation of this Report is Property Services Manager, Lani Richardson, who can be contacted on 9710 0614.

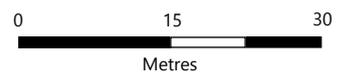
File Number: 2016/260404, 2016/264477, 2016/261260, 2016/259625



Sutherland Shire Council Mapping

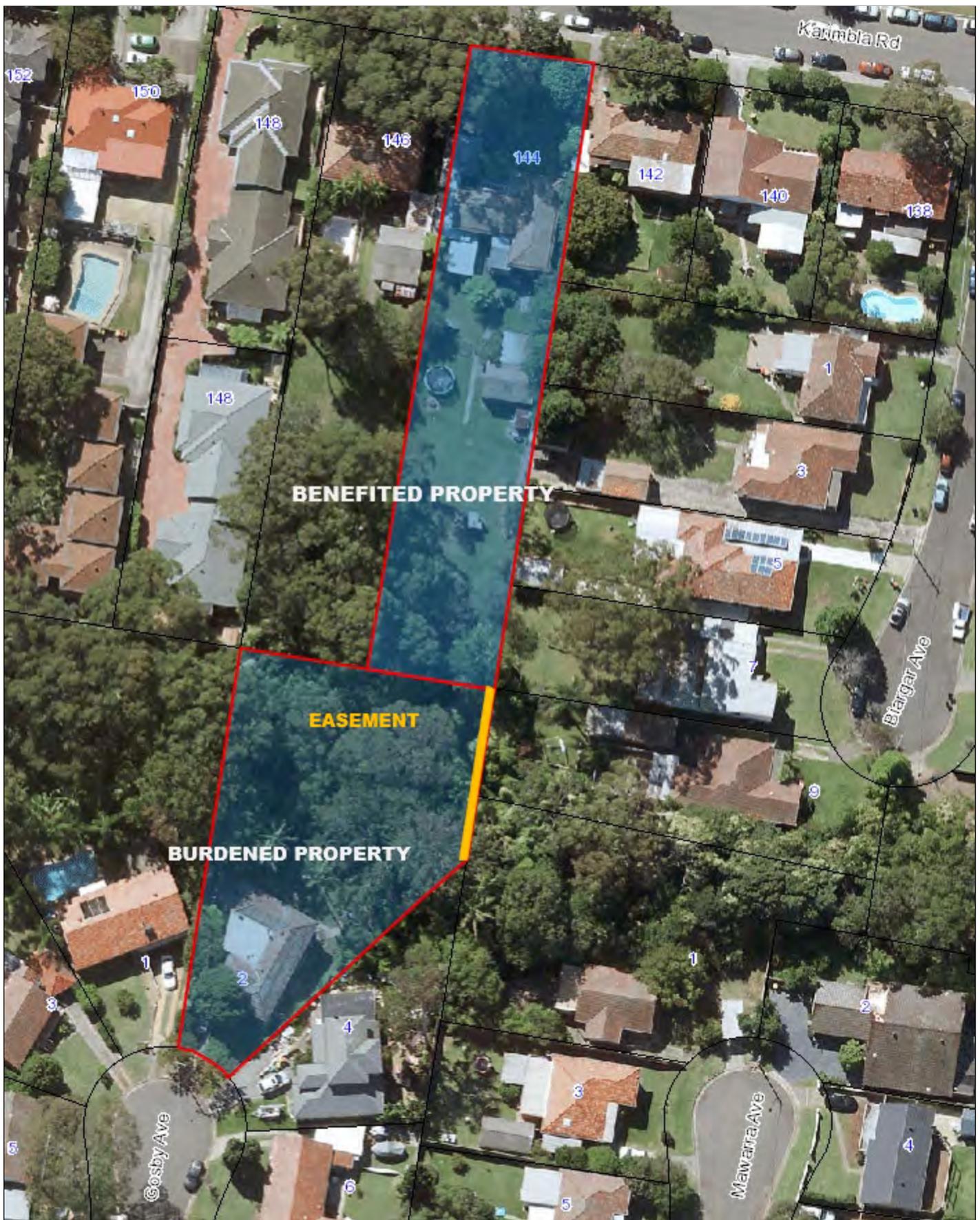
1 Fenton Ave CARINGBAH

This map has been produced with the most current data available to Council as supplied by various sources. INFORMATION IN THIS MAP IS SUBJECT TO COPYRIGHT. Council is not responsible for any inaccuracies in the data provided. Contact Council's Land Information Unit (ph. 9710 0116) for more information.



at A4 Scale 1: 750

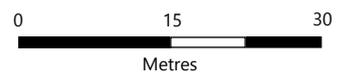
Printed: 6/02/2017



Sutherland Shire Council Mapping

2 Gosby Ave MIRANDA

This map has been produced with the most current data available to Council as supplied by various sources. INFORMATION IN THIS MAP IS SUBJECT TO COPYRIGHT. Council is not responsible for any inaccuracies in the data provided. Contact Council's Land Information Unit (ph. 9710 0116) for more information.



at A4 Scale 1: 750

Printed: 7/02/2017

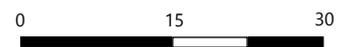


**Sutherland
Shire COUNCIL**

Sutherland Shire Council Mapping

19R Edward Ave MIRANDA

This map has been produced with the most current data available to Council as supplied by various sources. INFORMATION IN THIS MAP IS SUBJECT TO COPYRIGHT. Council is not responsible for any inaccuracies in the data provided. Contact Council's Land Information Unit (ph. 9710 0116) for more information.



at A4 Scale 1: 750

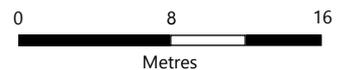
Printed: 6/02/2017



Sutherland Shire Council Mapping

23B GREVILLEA GROVE, HEATHCOTE

This map has been produced with the most current data available to Council as supplied by various sources. INFORMATION IN THIS MAP IS SUBJECT TO COPYRIGHT. Council is not responsible for any inaccuracies in the data provided. Contact Council's Land Information Unit (ph. 9710 0116) for more information.



at A4 Scale 1: 400

Printed: 21/03/2017

**SER021-17 COUNCIL LEISURE CENTRES NATURAL GAS PRICE INCREASE
MITIGATION STRATEGIES**

Attachments: Appendix A

EXECUTIVE SUMMARY

- An unprecedented increase in the price of natural gas by 220%, a key energy source for the Leisure Centres, will result in approximately \$500,000 of additional cost in 2017/18.
- To mitigate this increase three strategies (1, 2 and 3); partially passing through the increases, marginally reducing pool temperatures and adopting the state wide method of support to Department of Education swim programs; will be implemented which will result in an increase in income and a reduction in expenditure, being a net gain of \$462,500.
- The implementation of strategies 1, 2 and 3 will result in a shortfall of \$37,500 in the operating budget which will remain in the 2017/18 Leisure Centre budget.
- Rate subsidies per patron will still remain relatively high for Engadine and Caringbah Leisure Centres, \$4.84/patron and \$2.56/patron respectively, and at \$0.13/patron at Sutherland Leisure Centre, post implementation of these strategies.
- Two additional strategies (4 and 5) which amend service levels at the outdoor pools have been identified for community consultation, which will also provide an opportunity to gather feedback on the differentiation of the centres through the provision of centre specific attractions.
- Medium term opportunities reliant on capital funding to reduce energy consumption or increase income to offset gas price increases (strategies 6 and 7) have also been considered and further investigation proposed.

REPORT RECOMMENDATION

THAT:

1. Council note Strategies 1, 2 and 3 which provide partial mitigation to the \$500,000 increase in operating costs of the Leisure Centres in 2017/18 due to the rising price of natural gas.
2. A community information session and survey be endorsed to obtain feedback on proposed Strategies 4 and 5 which amend levels of service at outdoor pools and the provision of specific attractions to differentiate centres with findings to be reported to Council.
3. Pending the undertaking of technical investigation and a return on investment analysis, Strategies 6 and 7, Council be advised of opportunities to reduce on-going energy costs and increase income at the Leisure Centres.

PURPOSE

This report:

- informs Council of strategies (1, 2 and 3) being implemented to mitigate the increasing costs of operating the Leisure Centres, including the recently advised impact of the significant increase of prices of natural gas used to heat pools;
- proposes options (strategies 4 and 5) for community consultation, which will be reported to Council for consideration; and
- identifies medium term options (strategies 6 and 7), that require further technical investigation to scope and quantify investment versus savings, aimed at improving energy efficiencies, reducing energy costs or increasing revenue.

BACKGROUND

Council as with other users of natural gas throughout the country are impacted by the recent energy market volatility. Natural gas is acquired based on the most competitive price offered by the State's two gas suppliers, AGL and Origin Energy. Natural gas is used to heat the water for pools, spas and showers at all three leisure centres, Sutherland, Engadine and Caringbah. Council's existing natural gas contracts mature on 31 March 2017 (Sutherland) and 31 December 2017 (Engadine and Caringbah) respectively, at which time Council will be faced with price increases in the order of 220%.

Assuming consumption remains stable, the cost impact in 2017/18 is estimated to total \$501,296, by centre this is broken down to:

- Sutherland Leisure Centre – increase of \$391,557
- Caringbah Leisure Centre – increase of \$51,767
- Engadine Leisure Centre – increase of \$57,972

In 2015/16 Sutherland, Engadine and Caringbah Leisure Centres combined recorded an operating loss of \$1.1M, prior to natural gas price rises.

Table 1.1 lists the rates subsidy afforded each patron (regardless of type of activity, i.e. swim, fitness, squads, etc) at each centre, pre and post gas price rises.

	Sutherland LC	Engadine LC	Caringbah LC
Rate subsidy per visitor 2015/16	\$0.08/patron	\$4.81/patron	\$2.53/patron
Rate subsidy per visitor 2017/18 inclusive of increased gas price	\$0.70/patron	\$5.20/patron	\$2.93/patron

Table 1.1 – Rate subsidy per visitation current and with additional gas costs

To date the following measures have been implemented to provide energy efficiencies:

- The use of thermal pool blankets on all outdoor pools when centres are closed;
- A reduction in direct energy consumption, i.e. lights are turned off when not needed, air conditioning is set at appropriate temperatures;
- More efficient filtration systems have been installed saving on both water and energy consumption;
- LED lighting has been installed at Sutherland Leisure Centre;
- Solar-gas and solar-thermal water heating utilised in all Leisure Centres; and
- The replacement of older less efficient plant items (pumps/filters) with more efficient models.

Council's Leisure Centres use a range of methods to heat the pools, including gas fired boilers, heat pumps, co-generation units powered by natural gas producing electricity with heat as a by-product (Sutherland only), solar thermal (Engadine only), solar-gas (all centres for hot water showers) and electric boilers. In addition, the centres also use mains electricity to power air conditioning units, pool pumps, lights and other general uses.

DISCUSSION

Recognising that the level of rates subsidy for patrons utilising the pools is no longer financially sustainable, immediate strategies have been developed to be implemented in 2017/18 to address, in part, the \$500,000 shortfall in operating budget. Other strategies that balance service levels against longer term financial sustainability are to be put to the community for consultation in conjunction with an information and education package. There are also medium term strategies to reduce energy consumption and increase income that have been identified that require further investigation and analysis.

Strategies to be Implemented

1. Increase in User Charges

Increasing user charges for aquatics recreational activities above the CPI rate (2.1% for 2017/18), will assist in offsetting part of the shortfall in budget and partially address the rates subsidy to patrons of the three centres.

Examples of aquatics fees to be increased as part of the 2017/18 budget consultation process are:

- Aquatics General Entry from \$6.70 to \$8.00
- Learn to Swim from \$16.50 to \$17.50
- School swim classes from \$9.75 to \$10.25

These amounts are for Sutherland Leisure Centre and include 2.1% CPI increase. By comparison, Hurstville Leisure Centre, a facility similar to the Sutherland centre, charges \$8.50 for a general aquatics entry and \$18.00 for learn to swim.

Assuming a slight decrease (10%) in patronage, this strategy is expected to contribute \$382,500 towards the 2017/18 budget shortfall of \$500,000.

2. Reduced Pool Temperatures

Reducing the temperature pool water is heated to, and maintained at, will reduce energy consumption and cost. Small differences in heated temperature provide sizable savings. The changes will also address inconsistency in pool temperatures at the three centres.

Table 2.1 details all of Council's pools by location and pre and post gas price increase temperature set points.

		Pre-increase pool set point (C)	Post increase pool set point (C) 1 April 2017
Sutherland centre	Indoor Spa	37.0	36.0
	Indoor Oversized Pool	29.5	29.5
	Outdoor Olympic Pool	26.0	25.0
	Outdoor Utility Pool	26.0	25.0
Engadine centre	Outdoor Olympic Pool	26.4	25.0
	Outdoor Program Pool	29.7	29.5
	Outdoor children's Pool (summer season only – late Oct to late Mar)	29.7	29.5
Caringbah centre	Outdoor Olympic Pool	27.0	25.0
	Outdoor Program Pool	30.3	29.5
	Outdoor children's Pool (summer season only – late Oct to late Mar)	27.0	25.0
Como pool	Outdoor children's Pool (summer season only – late Oct to late Mar)	Not heated	Not heated

Table 2.1 - Pool Temperature Set Points

Reducing pool temperatures as described in Table 2.1 is estimated to reduce annual heating costs by \$40,000.

3. Reduction in Fees Waived to the State Government

Council and the Department of Education both offer a 'user pays' learn to swim program. In 2016, 6,850 students were taught through Council's swim program and 1,650 through the Department's program. The programs differ in a number of ways, including ratio of instructors to students, with the Department's program at 1 instructor:16 students and Council at 1 instructor:8 students. The Department provides its own instructors, Council offers its learn to swim instructors.

Fees for pool space and pool entry to the Department are waived and amounted to \$112,000 for 2015/16. From 2017/18 onwards, the standard local government industry practice will be to provide the Department with pool space free of charge and levy an entry fee per participant at a general entry fee rate which will be adopted by the three centres of \$6.00 at Sutherland and \$5.60 at Engadine and Caringbah. This is expected to increase income by \$40,000 assuming 50% of the students continue with the Department's program at Council's centres. Exclusive use pool space charges will continue to be waived to the Department in support of its school swim program.

Strategies to be put forward for Community Consultation

4. Limiting Operational Hours of Select Outdoor Pools

The outdoor utility pool at the northern end of Sutherland centre is primarily utilised for water polo training and matches and is under utilised in the cooler months of the year between 9am and 3pm. With minimal usage between 9am to 3pm for aqua fitness classes, occasional school programs and casual swimming.

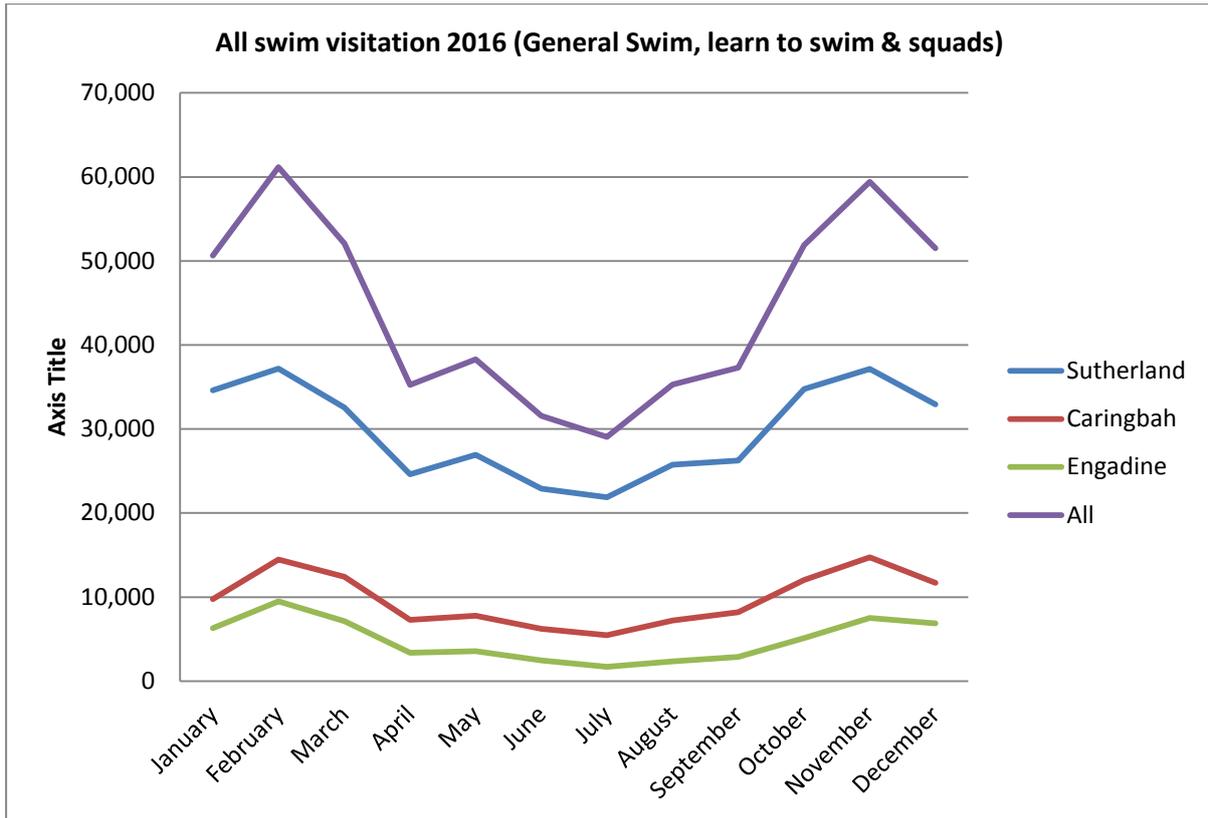
The proposal is to close and cover Sutherland's outdoor utility pool with thermal pool covers between 9am to 3pm on weekdays, from the start of term 2 to the end of term 3. This will reduce heat loss by up to 70% and achieve savings of \$10,000 per year.

Aqua fitness classes would be relocated to the outdoor Olympic pool. Schools and casual swimmers will utilise both the indoor pool and outdoor Olympic pool. Should a paid booking for dedicated pool space in the utility pool be received, the pool would be opened and covers removed.

5. Summer Season Outdoor Pools

Energy costs represent the second largest expense for Leisure Centres (after staffing) and a key contributor to this is heating pool water. By limiting the amount of water to be heated at any one time, reasonable savings can be made. Council operates six heated (26C to 30.3C) outdoor pools of various sizes all year round. Council also has three summer season only outdoor pools, at Como (not heated), Caringbah children's pool (27.0C) and Engadine children's pool (29.7C).

Swim patronage by month in 2016 for each of the three centres is shown in the following graph, more detail on visitation at each centre in 2016 is provided in Appendix A.



Graph 1.1 – Swim patronage for each centre in 2016

The centre with the lowest levels of swim patronage in the traditionally quieter cooler months is Engadine. It sees peak demand during school swim carnivals in term 1 and the warmer periods in term 4 and the summer months. It also has the deepest rates subsidy per patron, \$4.81 currently, rising to \$5.20 post gas price increases.

Factors contributing to this include relatively low housing density and smaller population base when compared to the other centres and the proximity to the Sutherland centre (6 kms by road) which offers heated indoor pools year round, making it an attractive option during the cooler months. Engadine is naturally positioned as a family pool and fitness facility, located away from the main highway, within a residential area with major playing fields adjoining the centre. There is sufficient space within the existing site for minor improvements (bbqs, cabanas) to be installed with an emphasis of the centre as family friendly.

There is a decline of patronage at the Caringbah Leisure Centre during the winter period, as is expected from a facility with only outdoor pools. There will be an increase in rates subsidy per patron for the centre, from \$2.53/patron to \$2.93/patron, due to the increased gas prices. Caringbah has a higher density of population and a larger population volume catchment from which it can draw. It is a centre that specialises in swimmers training year round for surf conditions. Both these factors account for it having lower subsidy rates/patron as compared with the Engadine centre.

A survey of other councils' pools has identified eight other councils that operate a mix of seasonal and year round pools. The implementation of this strategy by Council would save an estimated \$200,000 a year, should a centre only operate through the warmer season between October to April.

Strategies for Further Investigation and Analysis

There are also options that require more time to be investigated and where found to have merit, scoped, and supporting business cases prepared. These involve opportunities to improve energy efficiencies, reduce energy costs or increase revenue, and include:

6. Generation of Additional Income

There is opportunity to consider, through business cases, options to generate additional income from expanded auxiliary and fitness programs that provide additional income but incur lower operating costs as compared with pools.

These opportunities need to be balanced against the return on investment projected and the funding needs for Council's core services. Options, in order of priority for consideration are:

- i. An in-house mini café and snack bar at Engadine Leisure Centre in place of the existing café which is out of its contract period;
- ii. A new fitness facility at Menai Indoor Sports Centre;
- iii. The expansion of fitness facilities at Engadine Leisure Centre into the café area;
- iv. Upgraded fitness facilities at Sutherland Leisure Centre.

7. Major Upgrades in Facilities and Energy Systems

The economics of securing reliable and affordable energy has shifted, making options that were once uneconomic now worthy of consideration. These range from relatively inexpensive and easy to integrate solutions through to expensive investment in facility upgrades and sophisticated energy management systems.

The opportunities listed below have the potential to reduce the centres energy costs but require further technical investigation and analysis to quantify investment required versus potential savings, and payback periods:

- i. The installation of energy efficient technology - pool filtration and plant;
- ii. The installation of efficient/cost effective heating/energy systems, for example solar photovoltaic systems, electric heat pumps;
- iii. Conversion of summer season toddler pools at Engadine and Caringbah Leisure Centres to non-heated splash pads;
- iv. An external audit by an energy specialist of current and future energy requirements, facility and energy systems design and the optimal energy mix for the centres.

CONSULTATION

The recent community survey undertaken rated leisure centres at 3.85 in importance and 3.89 in satisfaction (both rated against a scale of 5), indicating the community's overall satisfaction with the facilities and services currently provided. The survey clearly communicated a desire by the community for Council to effectively communicate its decisions and to ensure that their views are taken into account in the decision making process.

With this in mind, an information package will be provided to the local and wider community in regards to the implementation of strategies 1, 2 and 3. A second customised information package, accompanied by a community survey regarding strategies 4 and 5 will be prepared and conducted addressing financial management and the long term financial sustainability aspects of varied service levels.

In conjunction with this survey, the community's willingness to support investment in a new children's water play park at Sutherland, as resolved by Council (SER005-17), will also be gauged and reported to Council. The purpose of this is to gain insight on the community's view towards differentiating each centre, a strategy which is aimed at achieving long term financial sustainability.

Information will also be made available to Council staff at all three centres to ensure they are informed and consulted on matters contained within this report.

BUDGET AND RESOURCES

The estimated budget impacts of both natural gas prices increases and savings able to be achieved from these strategies are summarised as:

Additional expense due to natural gas price rise	\$500,000
Savings:	
Increase in User Charges (to be adopted as part of 2017/18 budget)	\$382,500
Reduced energy costs by slight decreases in pool temperatures	\$ 40,000
Potential increased income from Department of Education	<u>\$ 40,000</u>
Total savings	\$462,500
Net operating shortfall remaining in 2017/18 leisure centre budget	-\$ 37,500

In addition, it is material to draw attention to Council's resolution SER005-17 to construct a water play park at Sutherland Leisure Centre. The capital cost for the water play installation is estimated to be between \$1.25M to \$1.5M, and to be funded from the Leisure Centre upgrade works reserve, the 2017/2018 Capital Program and other available sources.

The reserve itself is accumulated unspent expenditure provisions, year on year, intended to be utilised to maintain and upgrade the Leisure Centre's considerable infrastructure. While the centres all experience rates subsidies/patron to varying degrees (net losses from income achieved less expenses incurred each year), they have performed better than budgeted rates subsidies/patron. It is these unspent expenditure provisions that have been held in the Leisure Centre upgrade works reserve, rather than being returned to general revenue at year end, to fund on-going renewal works required to the centre's considerable infrastructure, in effect acting as a partial depreciation reserve.

The last draw down from the reserve was in 2014/15 for the \$3.3M major upgrade (WKS110-15) of Sutherland Leisure Centre's indoor pool and plant room, with \$820,000 in funding for the project coming from this accumulated reserve. There is currently \$837,400 in the Leisure Centre reserve which is to be drawn down for the water play park.

The approval for the water play park was granted with the aim of making Sutherland Leisure Centre the regional aquatic and fitness centre for Council and supported by a detailed business plan, cash flow analysis and return on investment estimates. The water play park is to provide medium term sustained levels of income to maintain the rates subsidy at present or better and avoid a widening gap growing over time between expenses and income.

POLICY

There are no policies that apply in the case of strategies discussed in this report.

CONCLUSION

The unprecedented rise in the price of natural gas will have a major impact on the Leisure Centres' financial performance, and in the case of some of the centres, deepen the already significant rates subsidies per patron. Several strategies to mitigate this are to be implemented (1, 2 and 3), with further strategies to be canvassed with the community (4 and 5) and investigated from a technical and investment return analysis perspective (6 and 7). There is a need to address the Leisure Centres that are currently not financially sustainable and reposition them, to ensure on-going sustainable levels of service provision and service mix.

RESPONSIBLE OFFICER

The officer responsible for the preparation of this Report is the Manager Sutherland Leisure Centre, Gregory Crawford, who can be contacted on 8536 9719.

File Number: 2015/90408

2016	All Visitation		
	Sutherland	Caringbah	Engadine
January	52,328	10,860	11,957
February	65,219	21,694	20,645
March	58,412	13,288	14,615
April	45,586	7,971	9,786
May	49,694	8,441	10,057
June	44,395	6,719	8,823
July	40,607	5,861	7,439
August	47,268	7,721	8,719
September	45,781	8,917	8,767
October	62,023	12,915	11,642
November	75,100	15,795	18,456
December	55,410	12,551	12,782
Total	641,823	132,733	143,688

Gym Visitation		
Sutherland	Caringbah*	Engadine
14,650	382	5,189
15,014	469	5,591
20,408	660	6,580
18,898	619	5,987
19,622	630	6,024
18,121	460	5,882
16,353	343	5,311
17,801	423	5,907
17,181	525	5,455
18,573	532	5,840
21,676	641	6,226
16,007	538	5,411
214,304	6,222	69,403

General Swim Visitation		
Sutherland	Caringbah	Engadine
30,253	7,976	5,410
25,706	9,862	7,288
21,222	8,089	5,113
18,175	5,273	2,865
16,091	4,844	2,518
13,165	3,737	1,729
15,475	4,038	1,512
15,647	4,966	1,823
17,501	5,860	2,373
25,445	9,142	3,826
25,213	11,050	5,527
25,780	9,520	5,911
249,673	84,357	45,895

* Gym figures represent Aqua classes

2016	Learn to Swim Visitation		
	Sutherland	Caringbah	Engadine
January	2,283	1,108	697
February	7,697	3,631	1,401
March	7,369	3,630	1,318
April	4,135	1,541	366
May	7,120	2,467	530
June	6,232	2,061	373
July	3,839	779	121
August	6,329	1,575	238
September	5,532	1,680	176
October	6,001	2,007	777
November	8,334	2,916	1,071
December	4,416	1,456	547
Total	69,287	24,851	7,615

Squads Visitation		
Sutherland	Caringbah	Engadine
2,076	668	183
3,796	968	809
3,974	680	691
2,285	479	148
3,714	471	521
3,508	418	352
2,570	639	71
3,772	675	272
3,208	667	311
3,306	868	533
3,617	775	929
2,747	705	423
38,573	8,013	5,243

Carnivals / Schools / Misc Visitation		
Sutherland	Caringbah	Engadine
3,066	726	478
13,006	6,764	5,556
5,439	229	913
2,093	59	420
3,147	29	464
3,369	43	487
2,370	62	424
3,719	82	479
2,359	185	452
8,698	366	666
16,260	413	4,703
6,460	332	490
69,986	9,290	15,532