

Mitchell Park Sports & Community Centre Management Model

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Report Reference	GC210622F04

Confidential

Confidential Motion

That pursuant to Section 90(2) 3(b) (i) and (ii) and 3(d) (i) and (ii) of the Local Government Act 1999, the Council orders that all persons present, with the exception of the following persons: Chief Executive Officer, General Manager City Development, General Manager Corporate Services, General Manager City Services, Manager Corporate Governance, Manager City Property, Manager City Activation, Manager Community Connections, Unit Manager Sport & Recreational Community Facilities, Community Facilities Planner, Manager Finance, Unit Manager Communications, Unit Manager Governance and Council Support and Governance Officer, Unit Manager Community Wellbeing, be excluded from the meeting as the Council receives and considers information relating to Mitchell Park Sports & Community Centre Management Model, upon the basis that the Council is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to the financial and operational projections for the new Mitchell Park Sports and Community Centre.

REPORT OBJECTIVE

To seek approval of the management and operational model for the Mitchell Park Sport and Community Centre.

EXECUTIVE SUMMARY

Construction on the new Mitchell Park Sports and Community Centre (MPSCC) is well under way with the new facility planned to be completed by March 2022.

The MPSCC will be home to nine clubs and the Mitchell Park Neighbourhood Centre making the facility one of the more complex sports and community hubs in South Australia. Each of the main groups based at the MPSCC need the facility to provide a home that welcomes and supports their participants and spectators and can help the groups provide valued outcomes to the broader community.

It is important that the facility is well managed to enable groups to focus on their core sporting and community deliverables. The ability to transition into the facility and settle operations and establish positive operating relationships between all parties is critical to this facilities success.

It is proposed that Council manage the facility for the first 24-months of operation to establish systems, operating standards, drive utilisation, and establish positive cultures. A key part of the facility will be the Mitchell Park Neighbourhood Centre (NHC) which Council will manage through the Community Connections team.

It is further proposed that an Advisory Committee be established that encompasses all of the core user groups of the site to work with Council on the management of the facility. The Advisory Committee would provide feedback and input into the operations of the facility, but with no decision making authority. Council will also work with the Community Club to establish a new governance structure that could provide improved representation, capabilities and capacity to be considered as one of the potential future options for management of the facility. The aim will be for Council to monitor and report on the progress of the facility management and stakeholder groups over the first 18-months of operation and then conduct an assessment of options for future management of the facility.

Under Council management, the facility will operate as follows:

- Council will oversee the bookings for all playing spaces, food and beverage operations, and stakeholder relations, and work closely with the Advisory Committee on all these matters.
- Council will generate all revenues from the operations of the facility and oval (license and hire fees, kitchen and bars), and be responsible for all outgoings (utilities, maintenance, cleaning, security, wages and administration).
- The canteen would be operated by Clubs (Football, Cricket & Netball) seasonally and the kiosk by Basketball and/or Volleyball.
- The Neighbourhood Centre (NHC) will run independently, but work closely with Councils centre management to maximise utilisation of spaces in the facility outside of core club requirements.
 - The NHC could perform a valuable additional role to operate as a concierge to the facility during the day, service enquiries, and potentially oversee the indoor courts prior to 3:30pm midweek.
 - This will be factored into the resourcing of the NHC.
- Clubs will hold an agreement for the playing spaces and some designated areas of the facility.
- The indoor courts will be recognised as a club-based facility and operate with a core focus on servicing the needs of basketball and volleyball, including the South Adelaide Basketball Club, Phoenix Volleyball and Basketball SA. The groups will operate in peak times under separate individual agreements with Council.
- A club value model is proposed to be established to help support utilisation of the food and beverage operations (bar and kitchen) and provide an opportunity for clubs to generate facility based returns.

An ongoing investment of up to \$250,000 per annum will be required by Council to support facility operations. This is separate to the operating costs of the Neighbourhood Centre investment.

RECOMMENDATION

That Council:

- 1. Endorses Council to manage the Mitchell Park Sports and Community Centre (MPSCC) for the first 2-years of operation.**
- 2. Endorses the employment of a full-time Level 6 Facility Manager to oversee the operations of the new MPSCC and up to two part-time Level 3 staff to assist with MPSCC operations.**
- 3. Supports the establishment of an Advisory Committee to assist Council management.**
- 4. Supports entering into licensed agreements with South Adelaide Basketball Club, Basketball SA and Phoenix Volleyball Club for use of the indoor courts as outlined in this report.**
- 5. Supports entering into agreements with other sporting clubs and groups for the use of the playing spaces and facility.**
- 6. Endorses the proposed financial management model for the MPSCC and supports a budget allocation of \$125,000 in the 2021-22 financial year and \$250,000 in the 2022-23 financial year.**
- 7. In accordance with Section 91 (7) and (9) of the Local Government Act 1999 the Council orders that the report, attachments and minutes arising from this report having been considered in confidence under Section 90(2) 3(d) of the Act, except when required to effect or comply with Council's resolution(s) regarding this matter, be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council Meeting in December 2021.**

DISCUSSION

1. Background

The management of Council's key sports and community hubs has been discussed at the General Council Meeting on 22 September 2020, an Elected Members Forum on 17 November 2020, the Elected Members Planning Day on 30 January 2021 and subsequent Elected Members Forums on 30 March 2021, 20 April 2021 and 18 May 2021.

Research and consultation has been completed on the potential management options including:

- Site visits to other multi-sport hubs to review the facilities and investigate alternate management models, such as professional boards and community management.
- Meetings with councils to discuss external management, professional boards and in-house management.

- Reviews of other council literature and independent reviews into multi-sport facilities.
- Meetings with stakeholders from each of the three City of Marion hubs.

When giving consideration to priorities and direction of Council through previous forums and the research, consultation, and assessments of the individual sporting hubs, the preferred approach for the Mitchell Park Sports and Community Centre is for a period of Council management with a potential option to transition to a club-based management model. The club-based management model, with appropriate governance structures, capabilities and support empowers and incentivises sports and community groups, and limits the resource and financial investment required by Council.

2. Management Model

The new MPSCC will be one of the more complex sports and community facilities in South Australia with nine clubs and a Neighbourhood Centre utilising a single "clubhouse" facility to service their needs. The previous facility at the site was managed by the Mitchell Park Community Club for over 35 years who have provided services and support for a number of affiliate clubs and the broader community over that time. The Community Club has expressed a desire to manage the new MPSCC once opened, which has been raised in meetings, in writing and deputations to Council.

Council has given consideration to these requests but have raised some concern over the Community Clubs ability to manage a much larger facility with additional stakeholders and a Council Neighbourhood Centre. The key issues that have been raised include the need for the Community Club to have a broader governance structure with greater representation of the new stakeholders and to be able to demonstrate depth of capacity and capabilities.

As such, administration has investigated alternate models of management, including Council management, a professional board or external management.

After assessing these options, and giving consideration to the complexity of the new MPSCC, as well as the potential risks (in particular reputation and financial) associated with the operation of this facility, it is proposed that:

- Council manage the facility for the first 2 years.
- An Advisory Committee be established representing all the MPSCC stakeholder groups.
- Council work with the Mitchell Park Community Club to develop its capabilities and capacity as part of Councils consideration of a future management option.

Councils facility management role will consist of:

- Overseeing all playing spaces and facility bookings, stakeholder relations, food and beverage (excluding kiosk and canteen), compliance and maintenance.
- Establishing affiliate agreements for playing spaces and areas of exclusive use.

From the discussion at the Elected Members Forum, the majority view was for a commitment of a 2 year management term. This is very important, as it will help to provide stability for the clubs and user groups, provide sufficient time to develop and grow the operations, build a positive stakeholder culture, and develop the capabilities of the restructured Community Club. This period of tenure also enables Council to collate sufficient information and data to properly assess options for the future management of the facility.

3. Neighbourhood Centre

One of the three identified purposes of building the new MPSCC was to create a new Mitchell Park Neighbourhood Centre that provides improved facilities and amenities for City of Marion residents, and provides an opportunity to expand community programs and offerings.

The current Mitchell Park Neighbourhood Centre is a relatively small facility with only two rooms for use. At the new MPSCC the NHC has the opportunity to utilise all of the spaces in the facility, including neighbourhood centre, function rooms, and dog club area. The NHC team could also oversee the indoor courts during the midweek day-time periods to open the space for community casual usage, school hire, bookings and organised activities.

The NHC could also perform a valuable role as a concierge during the day to handle enquiries for the facility.

In order for the NHC to perform these additional valued services the current FTE staffing levels would need to be increased.

4. Operations

4.1 Objectives

The main purpose of the new MPSCC will be to:

- Service the needs of the sports and user groups (playing spaces, food and beverage, and administration).
- Provide opportunities for the Neighbourhood Centre to utilise the variety of spaces to deliver and expand community programs.
- Provide broader community club activities (snooker/pool/darts competitions, bridge club, bingo, etc).
- Provide a venue for events, functions, meetings and other hire purposes.

It is proposed that the new MPSCC set administration and food and beverage services around the main sports and community activities, and expand those times based on events, functions and opportunities to grow the business (marketing and demand). This will provide a balanced approach to the facility operations that recognises the facility will need to be opened at set periods in the initial 6-12 months to allow the community to have consistent accessibility to enable growth of trade, with a measured approach to any expanded times of operation based on opportunities for greater revenues to offset costs. It is important to establish from the onset that this facility is not aiming to be a 7-day a week, all day operation, unless the growth of trade or opportunities dictates otherwise.

4.2 Operating Times

The following is an indicative operating schedule for the facility:

	Mon	Tues	Wed	Thurs	Fri	Sat	Sun
Neighbourhood Centre (Staff)	9am-4pm	9am-4pm	9am-4pm	9am-4pm	9am-4pm	Closed	Closed
Bar/Function Space (Staff)	Closed	5pm - 10:30pm (Community & Sport Activities)	5pm - 10:30pm (Community & Sport Activities)	5pm - 10:30pm (Community & Sports Activities)	5pm - 10:30pm (Community & Sports Activities)	12pm - 10:30pm (Sports Activities)	Closed
Kitchen (Contract Caterer)	Bookings Only	Bookings Only	Bookings Only	5:30pm - 9pm	5:30pm - 9pm	5:30pm - 9pm	Potential Permanent Opening
Canteen (by Clubs)	Closed	Closed	Closed	Closed	Closed	10am - 3pm	Per Bookings
Indoor Courts (NHC or Lease)	9am - 3:30pm (NHC) 4pm - 11pm (Agreements)	9am - 3:30pm (NHC) 4pm - 11pm (Agreements)	9am - 3:30pm (NHC) 4pm - 11pm (Agreements)	9am - 3:30pm (NHC) 4pm - 11pm (Agreements)	9am - 3:30pm (NHC) 4pm - 11pm (Agreements)	8am - 11pm (Agreements)	8am - 10:00pm (Agreements)
Kiosk (by Clubs)	Closed	Closed	Optional	Optional	Open	Open	Open
Dog Club	Lease or Booking	Lease or Booking	Lease or Booking	Lease or Booking	Lease or Booking	Lease or Booking	Lease or Booking

4.3 Staffing

The new MPSCC will require a Facility Manager to oversee all operations and stakeholder relations. This role will be focused on:

- Overseeing food and beverage operations
- Overseeing lease and hire arrangements
- Developing positive stakeholder relations
- Growing utilisation and facility revenues
- Coordinating repairs and maintenance

The Manager role will have a flexible work roster requiring them to work some day time shifts to fulfil administrative duties and evening and weekend shifts when the main facility activity occurs.

It is proposed that the existing full-time Facility Manager that currently operates between the ESMRG and CSCC be allocated the initial Facility Manager role for the MPSCC. Pending a decision on the future management arrangements

for the CSCC, it is envisaged that the current Facility Manager will be able to transition out of an operational role at the ESMRG and CSCC by October 2021, which will enable the Facility Manager to be able to take on the MPSCC duties at that time. The Facility Manager can then perform a shared role focusing 80% on the MPSCC and 20% on the ESMRG.

Two part-time staff are also required to fulfil hospitality roles given the facility will require between 30 - 70 hours per week for food and beverage duties. Hours will fluctuate depending on the time of year, events and bookings. It is important to employ staff for these positions rather than utilise temp staff (as has occurred at the Edwardstown Soldiers Memorial Recreation Ground (ESMRG) and the Cove Sports and Community Club (CSCC)) in order to properly manage staff service standards.

4.4 Food and Beverage

4.4.1 Canteen

The canteen is historically operated by the football and cricket clubs during their season and helps them generate between \$ [REDACTED] - \$ [REDACTED] net return each year. It is proposed the canteen continues to be operated by the Clubs and with increased traffic through the new facility it should provide additional growth opportunities in sales and returns.

4.4.2 Kiosk

It is proposed that both South Adelaide BC & Phoenix Volleyball could operate the Kiosk

4.4.3 Kitchen

The MPSCC is located directly between the Tonsley Hotel on South Road and the newly redeveloped Marion Hotel on Marion Road, approximately 3 minutes' drive from both Hotels. There is limited opportunity to market the facility to compete with these two quality 7 day a week operations. As such, it is proposed that the MPSCC catering function is focused on servicing the needs of the affiliate Clubs with opportunities for the Community. This also means not competing with the canteen when operating on Saturdays and opening when the main sports and community activity is scheduled – Thursday, Friday and Saturday nights.

The previous Community Club kitchen catering was performed by the Football Club and Cricket Club during their seasons on a Thursday and Saturday night with limited menu offerings. The Clubs would generate a net return of approximately \$ [REDACTED] a year.

It is suggested that the new facility should have an improved catering service for the Clubs and Community, but it is important not to expose facility management to resourcing issues and costs related to directly managing in-house catering services.

As such, it is proposed to outsource to a contract caterer. Whilst the Football and Cricket Clubs may lose some minor revenues from this change, that should be offset by the increased trade through the canteen operations.

4.4.4 Bar

The initial planning is for the bar to be operated by paid staff engaged by Council, which is reflected in the forecast budget.

A system that could incorporate volunteers servicing the bar will need to be further investigated to determine how this can work to provide a benefit to the clubs that supply the volunteers given the function room spaces will be open to all Clubs and the community, not just under sole exclusive use by any one Club.

4.4.5 Club Value System

The MPSCC has several Clubs that will need and want to utilise the clubhouse and bar spaces for their pre and post game activities, as well as functions and events, all year round. The MPSCC will not have any dominant Clubs operating seasonally that could require exclusive use of the functions spaces upstairs in the facility. As such, any model that aims to provide a return to Clubs based on their support of sales through the bar and kitchen needs to cater for multiple user groups using the bar at any one time. As such, a sales based system where the point of sale captures and allocates individual sales to a Club may be the most appropriate solution.

A significant consideration for this approach is that Clubs at MPSCC have not traditionally received large returns from the facility (\$ [REDACTED] in 2020, \$ [REDACTED] in 2019 and 2018 shared across all affiliated Clubs), nor have they always received returns on an annual basis. Further, the current Community Club return system is based on board discretion, rather than a policy or system. The implementation of a transparent sales based system that can provide regular returns to

Clubs based on their level of support reflects more contemporary operations and governance practice and is fairer to all Clubs, especially given the importance of generating returns from a home facility to reinvest back into the Clubs.

The MPSCC financial model includes a proposed return from food and beverage sales to clubs comprising of █% gross sales from the kitchen and █% net (sales less cost of goods) from the bar.

5. Indoor Courts Operations Model

The 2019 Prudential Report outlined a model for the two new indoor courts based on facility management operating all activities, in essence driving and running competitions and organising bookings for the courts. Under this model, management needs to start up competitions and/or open the facility and oversee community use and bookings. This is a resource heavy model with high wage costs and unnecessarily involves micro-managing an indoor sporting facility. Importantly, it acts against the best interests of the sporting clubs, as it removes control of the courts from them and places a premium on hire costs.

In lieu of this model, it is proposed to allocate set times to South Adelaide Basketball Club, Basketball SA and Phoenix Volleyball to run their competitions and trainings. Under this model these three groups would each pay an annual flat fee for allocated court times and they would be fully responsible for resourcing the courts reception, kiosk, and court supervision. The annual fee for each of the two sports would be based on \$33 per hour inc. GST compared to the \$50 per hour commercial fee proposed in the Prudential Report model. The lower rate of \$33 per hour recognises there is no resource costs for facility management under the usage of the courts by these groups, and they have committed to a full years use.

Through discussions with the groups there has been an indicative in-principle shared use of peak times:

Day	Time	Activity
Monday	9am to 3:30pm 4pm to 10:30pm	NHC/Schools Basketball
Tuesday	9am to 3:30pm 4pm to 10:30pm	NHC/Schools Volleyball
Wednesday	9am to 3:30pm 4pm to 10:30pm	NHC/Schools Basketball
Thursday	9am to 3:30pm 4pm to 10:30pm	NHC/Schools Basketball
Friday	9am to 3:30pm 4pm to 6pm 6pm to 11:00pm	NHC/Schools Volleyball Basketball
Saturday	8am to 5pm 6pm to 11pm	Basketball Multi-Use
Sunday	8am to 4pm 4pm to 10:30pm	Basketball Volleyball

The annual revenue generated from the two sports would be in the vicinity of \$125,000 ex GST (refer Attachment 1). Whilst this amount is less than the \$184,000 forecast in the Prudential Report model, it also results in \$146,000 less in wage costs required to manage the courts, resulting in an improved net result for Council. It is also based on a more appropriate community sport fee, not a full commercial fee.

Netball have indicated they would like future use of the indoor courts but are more focused on driving growth on the outdoor courts initially. Space could be allocated for Netball in the future provided agreements with Basketball & Volleyball allow for a review of the court allocations. Midweek day time use could be overseen by the Neighbourhood Centre team and driven for community programs and school use.

This alternate model provides the two main indoor sporting clubs within the City of Marion sufficient court time and reasonable costs to make the new courts financially viable and provides an improved financial return to Council with less risk and resourcing. The courts can also be used for other activities and sports during midweek daytime periods, including school hire and NHC programs. The proposed approach to the court utilisation provides for both club and community access, which is a positive outcome given this is only a 2 court facility that was developed to accommodate the growing indoor sports clubs.

It is proposed that outside of the agreements with the three indoor sports groups, the hourly hire rates used for other clubs and hirers be set at:

- Club Hire - \$33 per hour (inc. GST) – Club supervised, and facility management not required.
- Standard Hire - \$50 per hour (inc. GST) – Facility management supervision required

6. User Group (Club) Agreements

Below is an outline of the approach to the user agreements that are either in place, or will need to be established.

User Group	Agreement Type	Includes	Status
Football	License	Oval, C/Rooms, Canteen, Storage	New
Cricket	License	Oval, C/Rooms, Canteen, Storage	New
Netball	License	Outdoor Courts, Canteen, Storage	New
Rugby	Hire Agreement	Oval	Ongoing
Tennis	License	Outdoor Courts	New
Dog Club	License	Facility, Dog Rinks	Existing
ARCR	License	Car Track	Existing
South Adelaide BC	Agreement	Indoor Courts, C/Rooms, Kiosk	New
Basketball SA	Agreement	Indoor Courts, C/Rooms, Kiosk	New
Phoenix Volleyball	Agreement	Indoor Courts, C/Rooms, Kiosk	New
Neighbourhood Centre	Council Managed	NHC Area	Existing

7. Financial Forecast

An investment of \$271,000 per annum was forecast in the 2019 Section 48 Prudential Report (This excludes costs allocated for the Neighbourhood Centre).

The current forecast for the facility under an interim Council managed model indicates an investment of \$231,569 is required, a reduction of \$39.778 from the initial prudential forecast.

The most significant change from the Prudential forecast to the new forecast model is the change to the approach to the indoor courts. Under the newly proposed model, Council generates a greater net return, with less risk, less resource requirements and greater satisfaction to the core Clubs the facility was initially designed to cater for.

Refer to Attachment 2 for the current forecast financial model with a comparison to the Prudential forecast.

The Community Connections team has a forecast budget to operate the Mitchell Park NHC from the new facility with the same 1.4 FTE resources that operate from the current Neighbourhood Centre building. There is an opportunity to utilise the additional spaces in the new MPSCC and an opportunity to perform a dual role to service day time enquiries for the new facility and activate day-time activity within the indoor courts, however the investment into the NHC would need to increase. If additional funding is not allocated for more NHC resources then this will impact day time activations and outcomes of the facility.

8. Marketing & Communications

With the confirmed management direction for the MPSCC set, a marketing and communication plan can be developed that promotes the new facility to the broader community in the lead up to the opening of the facility to the user groups and public. This will need to be developed over the next 2 months.

9. Next Steps

The following are the key next steps that need to be taken in the lead up to the new facility opening:

- Meetings with the Mitchell Park Community Club and individual clubs and user groups
- Establish Advisory Committee and outline calendar of meetings
- Commence work on individual club agreements
- Develop the marketing and communications plan
- Open Expression of Interest (EOI) for contract caterer
- Employ/confirm staff

Key Dates

The following table provides a summary of the key dates relating to the MPSCC.

Date	Activity
18 May 2021	Elected Members Forum - Sports Hub Management model for Cove Sports and

	Community Centre and Mitchell Park Sports and Community Centre.
22 June 2021	GC Meeting - Report for decision tabled on Mitchell Park Sports & Community Centre management model.
September/October 2021	Manager for the MPSCC to commence to assist transition into the new facility.
January 2022	Potential MPSCC opening to Clubs and public (ahead of scheduled March 2022 opening)
March 2022	Scheduled opening of new MPSCC
June 2023	Review of management model, including assessing Mitchell Park Community Club capability.

Attachment

#	Attachment
1	Attachment 1 - MPSCC Indoor Courts Revenue Projections
2	Attachment 2 - Mitchell Park Sports and Community Centre Financial Projection

Attachment 1 - Indoor Courts Agreement Revenue Projections

		Total	Days	Total	Weeks	Total Hours	
Mon-Thurs	4pm-10:30pm	6.5	4	26	44	1144	
Friday	4pm-10:30pm	6.5	1	6.5	36	234	
Saturday	8:00am - 5pm	9	1	9	36	324	
Saturday	5pm - 11pm	6	1	6	18	108	
Sunday	9am-3pm	6	1	6	36	216	
Sunday	6pm-9pm	3	1	3	20	60	
						2086	
						\$33	Hourly Rate (inc GST)
						\$68,838	
						2	Courts
						\$137,676	inc GST

Note

The hours used for this calculation are based on the times of use by the basketball and volleyball clubs based on the main trainings and competition times.