

**CITY OF MARION
GENERAL COUNCIL MEETING
26 APRIL 2016**

Confidential Report

Originating Officer: Carol Hampton, Manager City Property
General Manager: Abby Dickson, General Manager City Development
Subject: Marion Leisure & Fitness Centre
Report Reference: GC260416F02

If the Council so determines, this matter may be considered in confidence under Sections 90(3)(b) of the Local Government Act 1999 on the grounds that it relates to matters may prejudice Council's commercial position



Adrian Skull
Chief Executive Officer

1. That pursuant to Section 90 (3)(b) of the *Local Government Act 1999*, the Council orders that all persons present, with the exception of the following persons: **Adrian Skull, Chief Executive Officer; Abby Dickson, General Manager City Development; Vincent Mifsud, General Manager Corporate Services; Tony Lines, General Manager Operations; Kate McKenzie, Manager Corporate Governance; Carol Hampton, Manager City Property; Yvette Zaric, Governance Officer; Craig Clarke, Unit Manager Communications**, be excluded from the meeting as the Council receives and considers information relating to Marion Leisure & Fitness Centre 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 commercial operations of a confidential nature the disclosure of which could reasonably be expected to prejudice the commercial position of Council.

CONFIDENTIALITY CONSIDERATIONS

This report contains information on the proposed future operations of the Marion Leisure Fitness Centre (MLFC) including commercial arrangements which if considered in public may prejudice both Council's and the respondent's commercial position in the process.

REPORT OBJECTIVES:

To provide a report to Council on the management options for the stadium areas, scope for an Expression of Interest for use of various spaces within the facility vacated by the closure of the Gym and Fitness centre, details on current gym membership and potential future options including financial analysis of these options.

EXECUTIVE SUMMARY:

The Marion Leisure and Fitness Centre (MLFC) forms a significant part of Council's community infrastructure and is located in a high usage precinct which includes the Oaklands Wetland and Recreational Plaza, the Marion Outdoor Swimming Centre and the Sturt Creek linear track. The Centre is currently being managed by the YMCA South Australia (YMCA) who were engaged in February 2015 as an interim operator. There are also two long standing sub tenants, Koorana Gymnastics (Koorana) and Gymnastics SA (GSA). The Centre currently receives approximately 19,000 visitations per month.

At the General Council meeting on 24 November 2015 Council resolved to undertake a Request for Proposal process where Council tested the market for a suitable management model for the MLFC which had to address the following:

- Financial benefit to the City of Marion
- Activities proposed on site, particularly in terms of meeting demonstrated community needs
- Willingness to contribute capital funds to improve the site
- Willingness to contribute to ongoing maintenance of the site
- Financial soundness of the interested party

Council sought proposals for the future use of the MLFC which were sustainable and achieve the following outcomes:

- Provide services, programs and activities for the community which are aligned with Council's vision of Community Wellbeing and meet demonstrated community need
- Provide a financial benefit to City of Marion (eg. Contribution to capital infrastructure and/or operating costs)
- Contribute to funding capital improvements and ongoing maintenance of the site
- Consider connections and/or partnerships with the wider precinct, eg. Oaklands Wetland and Recreational Plaza, Sturt Linear Park, Marion Outdoor Swimming Centre, South Australian Aquatic and Leisure Centre, Marion Cultural Centre
- Consider the existing long term occupants (GSA and Koorana)

At the General Council meeting on 22 March 2016 (refer GC220316F01) Council considered the outcomes of the Request for Proposal process and resolved the following:

1. *Resolve not to award a contract to either of the two tenderers and advise them*
2. *Authorise the CEO to extend the current interim management with the YMCA South Australia up until 30 June 2016*

3. *Negotiate leases up to 21 years (subject to public consultation requirements) with Gym SA and Koorana Gymnastics which includes rental increases of 10% per annum for each of the next 5 years and annual CPI increases thereafter*
4. *Request administration to provide a report to the 26 April 2016 General Council meeting on the following:*
 - *management options for the three stadium areas;*
 - *inviting the scope for an Expression of Interest for use of the space currently occupied by the YMCA gym and associated facilities;*
 - *current gym membership including residence, duration of membership and options as to how they may be supported in transition to alternative facilities*
 - *Financial analysis of options*

This report provides an update on the progress of the resolutions and provides additional information to enable Council to determine the next steps in resolving the future use and management structure for the MLFC. The report recommends that Council authorise the Chief Executive Officer (or his delegate) to directly approach known health and fitness providers for proposals for the management of the Centre Stadium area and that an EOI be undertaken for the remaining vacant areas within the centre

RECOMMENDATIONS (3)

DUE DATES

That Council:

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| <p>1. Authorises the CEO to directly seek proposals from suitably qualified health and fitness operators for the management of the Marion Leisure and Fitness Centre stadium areas</p> | <p>26 April 2016</p> |
| <p>2. Require administration to bring a report back to Council outlining the assessment of the proposals received and a recommended Operator. Proposals will be assessed against the following criteria:</p> <ul style="list-style-type: none"> • Financial impact • Community outcomes • Capacity and experience of the operator | <p>24 May 2016</p> |
| <p>3. Note that an EOI for the remaining vacant areas within the Marion Leisure centre will be undertaken once an operator for the stadium areas is appointed.</p> | <p>26 April 2016</p> |

BACKGROUND

The MLFC forms a significant part of Council's community infrastructure and is located in a high usage precinct which includes the Oaklands Wetland and Recreational Plaza, the Marion Outdoor Swimming Centre and the Sturt Creek linear track.

The facility was built in 1978 and was independently valued at \$7,558,020 in 2013 by Maloney Field Services. The facility is located on Community Land.

In February 2015 an interim operator, YMCA, was engaged to manage the MLFC. The YMCA took over operations on 20 February when CASA Leisure (CASA) vacated the premises. YMCA had an agreed term to 31 May 2016, this has recently been extended to the 30 June 2016.

Council requested that a review of the MLFC be undertaken to identify potential future service delivery options. SMC consulting was engaged to undertake the review and the report was noted by Council at the 24 November 2015 General Council Meeting. Key findings from the review included:

- An opportunity to strategically review the fitness/gym/health club component of the MLFC, including a shift of product and service offerings from the prevailing traditional gym and fitness centre model, to a Wellness model, providing holistic health and well-being focused outcomes primarily targeted at the increasingly needy 50/55+ year age group.
- Long term sub leases or direct licenses should be considered for Gymnastics SA and Koorana but incorporating fair and reasonable yearly fee increases.
- Council should not prop up failing and unsustainable business operations on an ongoing basis, even where they are providing a service for community good.
- An EOI or tender strategy be developed to go to the market in regards to procuring facility management bids from the traditional facility managers and operators, as well as other community organisations and clubs.

A Request for Proposal (RFP) process was undertaken from 18 January to 26 February 2016 that asked respondents to supply details on proposed activities and services to be offered, Business Plan, demonstration of professional capacity and experience and financial information.

Two proposals were received and assessed against Proposal Outline, Business Plan, Professional Capacity and Experience and Financial Benefit.

The outcomes of the evaluation of the proposals were provided in a detailed report to the General Council meeting on 22 March 2016 (GC220316F01).

The two proposals received were quite different in regard to the future directions of the MLFC one offered outcomes that differ from the existing health and fitness services that the MLFC currently delivers and the other offered health and fitness outcomes linked to other Council programs and facilities. Only one proposal was recommended to Council by the Tender Assessment Team for consideration; and it was recommended that should Council wish to pursue the proposal received from the YMCA that further negotiations occur to seek to minimise the financial impact to Council.

At the General Council meeting on 22 March 2016 (GC220316F01) Council after considering the outcomes from the RFP resolved to:

1. *Resolve not to award a contract to either of the two tenderers and advise them*
2. *Authorise the CEO to extend the current interim management with the YMCA South Australia up until 30 June 2016*
3. *Negotiate leases up to 21 years (subject to public consultation requirements) with Gym SA and Koorana Gymnastics which includes rental increases of 10% per annum for each of the next 5 years and annual CPI increases thereafter*
4. *Request administration to provide a report to the 26 April 2016 General Council meeting on the following:*
 - *management options for the three stadium areas;*
 - *inviting the scope for an Expression of Interest for use of the space currently occupied by the YMCA gym and associated facilities;*
 - *current gym membership including residence, duration of membership and options as to how they may be supported in transition to alternative facilities*
 - *Financial analysis of options*

The purpose of this report is to outline the options available to Council in regards to the direction set at the 22 March 2016 General Council meeting, including the financial and community impacts associated with each option.

DISCUSSION

The MLFC is a large complex which is currently well used. To achieve the level of income required to minimise operational costs to a sustainable level a variety of programs and on-going marketing is required. The passive hiring of spaces will not generate sufficient income for the Centre to be sustainable. The following sections within the report seek to provide Council with information to select a sustainable future management model for the MLFC which also maintains the current high community utilisation.

Conclusion of RFP process

Following the 22 March 2016 General Council meeting, the two tenders have been advised of Council's decision not to award a contract concluding the RFP process.

The YMCA has been offered an extension of the current interim management arrangement until 30 June 2016 to provide Council time to implement a new management model. At the time of writing this report a formal response has not been received from the YMCA.

Lease arrangements with Gym SA and Koorana Gymnastics

Gym SA and Koorana Gymnastics have been offered an extension of their current arrangements until the end of 30 June 2016 while lease negotiations are undertaken.

Discussions have commenced with Gym SA and Koorana Gymnastics in relation to a long term lease. Both organisations have acknowledged that there will be an increase in rent and will refer this to their various committees.

Koorana Gymnastics have requested that consideration be given to providing them with exclusive use of the facility. Currently \$23k income is generated from gym and kinder gym programs provided by the YMCA using the Koorana facility (\$9.5k expenses are incurred to provide these programs). At this stage it is unknown if Koorana is planning to provide similar programs.

The proposed steps and timeline for lease negotiation with Gym SA and Koorana are as follows

- Agree key terms of the lease with both parties by end of April 2016
- Community consultation process commence 4 May 2016 with an advert in the Messenger (21 days consultation period required).
- Consideration of feedback from consultation
- Commence lease documentation
- Lease agreement to be presented to both parties by 30 May 2016
- Commencement of lease agreement, subject to agreement by 1 July 2016

Community consultation is required in line with Council's Leasing Policy which requires public consultation when entering into a lease of more than 5 years on Community Land.

Management Options for three stadiums

The current management model for the MLFC has a management structure for the whole Centre and this contributes towards the diversity of programs and the high utilisation of the stadium areas which is summarised below:

Activity	Usage
Volley ball	58 teams per month
Futsal	33 teams per month
Netball	26 teams per month
Mixed netball	22 teams per month
Kindergym	1830 participants per year
Birthday parties	590 attendances per year
School holiday programs	100 programs per year with 360 participants

Currently there are two badminton groups who also hire court space on a weekly basis and Badminton SA have expressed an interest in using the stadium.

The centre generates stadium income in the order of \$347,587 with the majority of this income being programmed sport with approximately \$85,000 generated from casual stadium hire. To achieve this level of income the Centre requires a management model and staffing structure which includes: programming staff, casual umpires, fitness instructors and administrative staff to market the programs and manage stadium operations.

The MLFC also currently provides a café/kiosk which is mainly accessed by stadium users. This aspect of the centre operations generates a net income in the order of \$49,051 per annum.

Centre Management Options

There are a number of options that can be considered for the future management of the stadiums this includes;

- a) Council operated service
- b) Hire Only
- c) Direct negotiations with experienced stadium/sport and recreational centre Operators
- d) Re-test the Market

Note: The following options do not take into the account the expenditure to undertake repairs and renewal of the building as identified in the recent Building Condition Audit. This is further discussed in the financial analysis section.

a) Council Operated - maintaining current services levels

Although Council is not seeking to manage the Centre as a long-term solution, it is worthwhile considering the costs of managing the Centre in house to understand the savings achieved through a management agreement with an external operator.

This option would maintain stadium services currently provided by the existing operator and would include managing the fixtures, program coordination, umpires etc and be operated by Council staff.

Based on current operating income and expenses this would result in an operating cost to Council in the order of \$105,722 per annum as outlined in appendix 1 to this report. This operating cost includes the increased rental income generated from Gym SA and Koorana.

The calculations have been based on the current income and expenditure and on the following operational hours

Monday to Thursday - Centre only operates from 3pm to 10pm

Friday - Centre only operates from 3pm to 7pm

Saturday - No Centre Operation

Sunday - Centre only operates from 3.30pm to 10pm

The above operating hours have been chosen as they are consistent with the current stadium sports programs, casual hire and after school hours. There may be some other hours of hire - daytime weekdays/Saturday as these can be cost-neutral they have not been included in the calculations.

Staff costs are based on the City of Marion Enterprise Agreement and include OHS staffing costs.

The management of sports and recreational centre is a specialised area and Council does not currently have the expertise to run such a facility. If Council pursued this option appropriately qualified and experienced staff would need to be recruited. This would take a minimum of 10 weeks.

The above costs do not include start-up costs that will be incurred this will include: purchase of minor equipment, recruitment, staff training, development of policies and procedures, re-branding and re-purposing areas.

This option is not recommended to Council as the operating cost of running the Centre in-house is higher and Council lacks the expertise and experience to run a sport and recreational centre.

b) Hire out stadium on an as need basis to sporting and community clubs (Passive Hire)

This option is based on being reactive and responding to requests from community members or sporting organisations to hire the stadium. Operational costs associated with security, cleaning, gas, water, insurance, maintenance would still be incurred.

As the current programs are coordinated and managed by a Central Operator it is highly likely that without this support the same level of revenue could not be generated from stadium hire.

This option would come at an operational cost in the order of \$150,967 per annum.

This includes the rental income generated from Koorana and Gym SA.

This option is not recommended to Council as it does not represent value for money and has significant financial risks. The associated public value is also considered low with usage of the Centre predicted to be much lower.

c) **Direct negotiations with experienced**

Given Council has tested the market through an open competitive request for proposal process for an operator but has not been satisfied with the proposals received it would be an appropriate procurement process for Council to directly approach suitably qualified operators for proposals to manage the stadiums. Providers may wish to also consider the overall management of MLFC including use of the space currently occupied by the YMCA gym and associated facilities.

There are a number of existing providers who manage stadium hire for Councils and State Government including Belgravia and the YMCA (both SA and Vic). Gym SA is also a potential operator who would be approached should Council endorse this approach. During the RFP Belgravia chose not to submit a proposal but indicated they would be open to discussing a proposal with Council.

Income indicated that the operational cost to Council would be in the order of \$101,143 per annum. A breakdown of costs is provided as appendix 1 to this report.

The above costs are indicative and should Council approve this option, negotiations with providers would seek to minimise the financial impact to Council and share associated risks through a performance based contract.

Should Council approve this approach, the Chief Executive (or delegate) would be authorised to directly approach suitably qualified providers to submit a proposal to manage and coordinate programs at the MLFC. This would enable Council to consider a range of management options for the MLFC by experienced health and fitness providers. Appendix 2 to this report provides a draft request for proposal.

This option is recommended to Council for the following reasons:

- It would be the most cost effective option
- It will seek proposals from experienced health and fitness operators
- It seeks alternative proposals to those received through the RFP enabling Council to compare financial impact and community outcomes with like providers
- Direct negotiations with appropriate qualified operators is appropriate given Council has just completed an open competitive tender process and are aware there are suitably qualified operators who exist within the market

This option is recommended to Council. It is recommended multiple providers, including the current operator, be invited to submit proposals to ensure Council exercises due diligence and probity in the selection of a long term operator for the Centre.

d) Re-test the Market

Another option for Council is to retest the market but with a more defined tender scope which seeks operators to manage and deliver programs that maximises the use of the stadium areas and areas no longer utilised for Gym and Fitness.

This process is not recommended to Council for the following reasons:

- Council has just recently tested the market with limited response
- This process would not enable a resolution prior to the 30 June 2016.
- The time requirement poses significant risks to the continuity of services within the Centre
- This option would most likely require Council to manage operations as an interim solution which would result in significant costs, service disruptions and additional start-up costs.

Scope for Expression of Interest for use of the space currently occupied by the YMCA gym and associated facilities

Council has requested that the gym, group fitness and personal training cease. This will result in several areas of the building becoming vacant.

The areas are in poor condition and would need some modifications eg removal of gym equipment to enable them to be in a suitable condition for leasing.

The other issue for consideration is that an EOI may be received for a non-complying activity.

A scope has been drafted (refer Appendix 3) for Council's consideration.

As indicated in Option C above there is a potential that a provider who may choose to submit a proposal for managing the stadium and use of the space currently occupied by the YMCA gym and associated facilities, this may include the provision of a gym.

It is proposed that the Expression of Interest is not released until gym members have been informed on the closure of the gym and Option C for the management of the stadiums has been undertaken.

Management and support for Gym Members if the service ceases

Council at the 22 March 2016 General Council meeting requested Administration provide further information in regards to the Gym Membership and develop options for Council's consideration as to how Gym Members would be best supported if the fitness/gym/health club component of the MLFC ceased.

As of the 31 March 2016 there were 689 gym members. There are over 30 different types of memberships with varying conditions and expiry dates. A summary of the gym memberships is provided in Appendix 4 to this report.

The YMCA manage income generated from Gym Membership by apportioning it monthly across the duration of the membership. This avoids a membership liability should the Gym service cease.

It is recommended that existing Gym Members are provided with details of local gyms and fitness centres and their remaining membership is paid out in full.

Community Impact and Reputational Risk

The current usage of the MLFC is high with the Centre receiving approximately 19,000 visitors per month. It is one of Council's most heavily used facilities generating 228,000 visitors per annum.

The current management model has dedicated and experienced staff who are responsible for the programming of health and wellbeing activities and these activities are marketed through a well coordinated approach.

A passive management model which does not proactively manage and market the centre programs or provide stadium hire support such as the development of fixtures, provision of umpires etc is likely to significantly reduce utilisation of the Centre and associated income. Financial modelling indicates that this would come at a operating cost in the order of \$150,967 per annum.

A significant reduction in service levels provided at the Centre is likely to generate a high level of community and media interest and may pose a reputational risk to Council in regards to service provision.

In making a decision Council is advised to consider not only the financial cost but the level of use and community outcomes it wishes to derive from the MLFC.

Communication Strategy

The future of the MLFC is likely to attract considerable community and media interest and a proactive communications strategy will be developed to support the decision of Council. Two communications scenarios have been considered as part of this report:

1. New operator of the health fitness centre

Council follows a similar communications process that occurred during the transition from CASA to the YMCA. This involved a joint communication with the new operator to inform members directly of the new arrangements. Brochures and posters are also made available at the centre and information provided on COM and the new operator's websites. The aim is to provide information to members as quickly as possible about the new management arrangements and, depending on the nature of the change, reassure users that it represents a 'business as usual' approach.

A media release about the change in management will be issued to Messenger to ensure transparency and reduce the risks of incorrect reporting. Elected Members and Customer Service will be supported with communications materials to answer resident inquiries. We will continue to monitor media, social media and general correspondence respond accordingly.

2. Closure of the gym and fitness service

This option risks incurring reputational damage to the organisation, regardless of the media and communications steps put in place.

To formally announce the changes, the City of Marion will aim to work in partnership with the YMCA to inform their customers and other stakeholders. The emphasis will be on direct written communications with affected parties explaining the decision and how Council will support them.

Messenger will receive a detailed briefing to explain the decision and the support that is being offered to affected members. A media release will also be prepared and, with the exception of Messenger, sent to other media outlets on request.

The communications will be supported by materials for Elected Members (including assistance with responding to resident inquiries), the Customer Service Centre, the website and social media. Ongoing management will occur through monitoring and responding to news media, social media and general correspondence.

Financial Impact

The RFP process indicated that Council would incur an operational cost in the order of \$70,000 per annum for 5 years if the Centre if the Centre was managed by an external operator with existing services including the gym. This cost should be viewed as a management fee to be paid to an external operator to manage and deliver services from the Centre.

Financial modelling of the Centre's operational costs excluding the gym indicate it would operate at an annual cost in the order of \$103,143 per annum.

Should Council approve the CEO seeking proposals from external health and fitness operators the opportunity exists for Council to pursue through direct negotiations options to minimise the operational cost to Council and for the risk of financial performance to be shared.

Existing Asset Condition

When considering the future use and management of the MLFC Council needs to take into consideration the existing condition and the financial implications to maintain the building in a "fit of purpose" condition.

A Building Condition Audit was recently undertaken which outlines a repair and renewal schedule that requires \$1,216,500 investment over the next 10 years with \$238,500 needing to be spent in 2016/17 to repair current defects within the facility. On average \$121,650 per annum in capital renewal is required. Full details on capital renewal requirements is attached as Appendix 5 to this report. These costs have not been included in the financial calculations provided in this report.

It is clear from the Building Condition Audit that significant investment in repair, maintenance and renewal of the MLFC is required over the coming years to keep it functional. The intent of the Request for Proposal was to determine if an operator for the MLFC could be found that would commit to investing in capital upgrades that would assist Council to offset some of the above maintenance and renewal costs. While the two proposals did offer a contribution to the renewal and maintenance of the building it was determined not award a contract.

CONCLUSION

The MLFC forms a significant part of Council's community infrastructure and is located in a high usage precinct which includes the Oaklands Wetland and Recreational Plaza, the Marion Outdoor Swimming Centre and the Sturt Creek linear track. The Centre delivers significant outcomes under Council's Strategic Plan under the themes of a liveable, engaged and prosperous City.

The RFP provided Council with an indication of the operational costs associated if an external health and fitness provider were to manage the Centre however the RFP only generated two proposals and Council determined not to offer a contract.

By seeking proposals to operate the stadiums and/or potential use of other space currently occupied by the YMCA gym and associated facilities by other health and fitness providers Council will be in a position to compare like for like proposals and ensure any future management model that is entered into provides value for money to the community. It also provides Council with an opportunity to minimise the financial impact.

Appendix 1 : Marion Leisure & Fitness Centre Stadium Modelling Options

	Current Level of Service (Excluding Gym) (A)	Passive Hire Model (B)	Current Level of Service (Excluding Gym) (Council Operated) (C)
Income			
Rental: Koorana	41,000	41,000	41,000
Rental: Gym SA	32,852	32,852	32,852
Stadium	347,587	83,053	347,587
Kiosk net income	49,051	-	49,051
Total Income	470,490	156,906	470,490
Expenditure			
Staff Costs	246,760	90,000	301,537
Administration Expense	53,495	42,919	53,495
Cleaning Expense	60,479	45,359	60,479
Finance Expense	3,597	2,400	3,597
Marketing Expense	11,555	8,666	11,555
Operations Expense	137,103	118,528	137,103
Stadium Expense	8,496	-	8,496
Total Expense	521,484	307,873	576,262
Management Service Expense	52,148	-	-
Net Operational Cost	103,143	150,967	105,772

Assumptions

Income from Koorana and Gymnastics SA is increased by 10% from current levels.

Stadium income remains constant in models A and C, with model B only including income for passive hire consistent with Model A.

All Kiosk income and expenses remain constant in models A and C, and are excluded from model B

All current expenses have been reviewed and appropriate reductions made in both models A and C and model B with consideration given to the closure of the gym and spa facilities in both, along with a further reduction of usage for the stadium in Model B.

Model A includes a management service expense based upon 10% of total expenditure.

Model B assumes that no management fee is charged due to the more basic level of service offered.

Model C includes an increase in staff costs relating to the cost of labour.

Request for Proposal to Operate Marion Leisure & Fitness Centre Stadiums

As per our recent discussions, Council is currently considering its options with respect to the future management of the Marion Leisure and Fitness Centre ("the facility")

We invite your organisation to submit a formal proposal to me by return email by 12 noon 16th February 2016, based on the following requirements:

- An organisation to manage the 3 stadiums including the reception and kiosk as from 1 July 2016 either at the current service levels or to propose alternative options
- Proposed Term - the period of occupation being for 5 years with a potential for options subject to agreed performance criteria
- Commitment by your organisation to an open book approach to financial records of the operations of the facility.

Consideration will also be given to proposals for activities in the space currently occupied by the YMCA gym and associated facilities as well as the overall management of the facility.

Could you please ensure your proposal includes the following details of your organisations:

- Proposed staffing, including proposed fee structure to provide the services, and systems and processes for financial transactions
- Relevant experience in managing other comparable facilities.
- Transition Plan which demonstrates the tasks and timeframes required to be undertaken to minimise the impact to business continuity (including staffing the facility)
- Proposed allocation of management and financial responsibility for various aspects of the facility including but not limited to:
 - Facility insurances
 - Maintenance arrangements for building, fixtures, fittings and equipment
 - Capital improvements to the facility
 - Utilities
 - Cleaning
 - Staff
 - Waste management
 - Fixture and fittings
 - etc
- Certificates of currency of insurances held by your organisation, including public liability and indemnity.
- Details of your organisational financial capacity (eg last 2 years financial year statements)
- Proposed reporting frequency and content to Council on the operations and financial position of the facility
- Proposed contract agreement for our consideration

Any queries in relation to this request can be directed to XXXX on email: XXXX phone: XXXX



EXPRESSION OF INTEREST

The City of Marion is inviting Expressions of Interest (EOI) from commercial and community organisations interested in leasing and/or utilising the Marion Leisure and Fitness Centre located on Oaklands Road, Morphetville.

EOI's will be accepted from any organisation that will compliment and add value to the health and fitness activities provided in the centre and can maximise the use of the facility through their own activities.

There are several areas within the centre for which Council is seeking to have occupied with organisations that will be an appropriate fit to the operation of the existing facility and add value for the residents of the City of Marion.

Background

Built in 1978, the Marion Leisure and Fitness Centre (MLFC) is considered to be an important, long-term community strategic asset which continues to provide, important community outcomes focused on positively affecting the physical and psychological well-being of, primarily the City of Marion (CoM) residents.

Located on the high-traffic Oaklands Road, the MLFC is in close proximity to a number of community assets and commercial facilities.

The MLFC has two long-term occupants, Koorana Gymnastics Club Inc. (Koorana) and Gymnastics SA Inc. (GSA). Koorana has been a tenant of the MLFC since it opened in 1978 and GSA since 1982. Council is currently consulting on a long term lease for each of these organisations.

The Expression of Interest (EOI) is an exciting opportunity to be part of the new operations of the MLFC. Council is seeking proposals for use of the space currently occupied by the YMCA gym and associated facilities. Refer Appendix 1, for the proposed areas that are highlighted.

Current Centre Operations

The centre is a well-used facility and receives approximately 19,000 visitations per month. There are a broad range of services currently provided by the Centre, including social sports programs, stadium hire, school holiday activities.

Council is currently reviewing the management model which may potentially see a change in the services provided at the Centre resulting in various areas becoming available within the centre for alternative uses.



Planning and Development

The MLFC site falls within the Open Space Zone. This Zone contemplates the following land uses:

- community facilities;
- conservation works, including wetlands;
- educational establishment;
- recreation area;
- sports grounds and associated facilities;
- toilet blocks.

A broad range of land-uses are non-complying and therefore not encouraged within the Zone including:

- consulting rooms;
- dwelling;
- office (except in association with recreation facilities);
- place of worship;
- pre-school;
- restaurant;
- shop or group of shops.

The existing use of the premises is as an “Indoor Recreation Centre”. The Zone is silent with respect to this use, however, it is a use otherwise consistent with the Zone objectives and could be considered akin to a community use - an envisaged use within the Zone. In any event, the existing use would enjoy existing use rights and would be able to continue.

Non-complying uses would be considered via the standard development assessment process for non-complying developments and subject to the concurrence of the Development Assessment Commission where sufficient merit is demonstrated.

Expression of Interest

Council to seeking EOI for the use of the space currently occupied by the YMCA Gym and associated facilities.

This EOI provides an opportunity for organisations to submit a proposal for the use of part of or the whole of the area as highlighted in Appendix 1.

Proposals that would assist Council to provide a wellness model that is primarily targeted at the increasing needs of the 50/55+ year age group as well as sports medicine, health and therapeutic services and health and beauty services would be highly considered.

The following is an example of the types of services that would align to a wellness model:

- Specialist wellness model seeks - massage, beauty therapy treatments, gentle exercise classes and relation and time out activities.
- Sports Medicine – consulting rooms, with access to health and fitness and pools
- Health and Therapeutic Services – health consultancies, weight loss and therapeutic services linking in worker and accident rehabilitation patients to use facilities within the centre, dietians

Proposals should be in the form of an overview that demonstrates the following:

- Proposed financial arrangement and benefit to CoM
- Preference for duration of the lease/license
- Alignment with the community's and Council's vision and aspirations
- Services, programs and activities to be delivered from the Centre that meet community needs
- Timeframe with key milestones for the commencement of services

Submitting an Expression of Interest

Please read the details below and, if interested, complete the expression of interest form. Please return the form to by 16 May 2016.

DRAFT



Selection

All EOI's will be reviewed and assessed by council for opportunities that will:

- Be an acceptable fit within the management and operation of the facilities.
- Encourage a partnership approach to achieving quality community facilities across the City of Marion.
- Provide sustainable outcomes; emphasis on developing facilities that are economically, socially and environmentally sustainable.
- Increase opportunities for the community to participate safely in facilities that are functional and fit for purpose.
- Offer the basis for shared provision and use to broaden access, maximise usage for the community.
- Support or complement the existing users.

Conditions

To avoid any uncertainty or misunderstandings, please note the following:

- The City Of Marion reserves the right to accept or reject any Expression of Interest at its discretion.
- This document is not an undertaking or contractual offer by council.
- Unless and until a written contract is properly executed by council and an applicant: (a) Council has no legal obligations in relation to any projects or partnership opportunities; and (b) an applicant should not make any commitments to third parties on the assumption that council support for a project will be provided.
- Notification by council of acceptance of an Expression of Interest does not create a binding agreement and in particular, acceptance by council of an Application is not approval under the *Development Act*.
- The City of Marion reserves the right not to respond to EOI's within any specified timeframe. If council does not respond to an EOI that does not signify approval by council.
- Subject to law, council has no liability whatsoever as a result of any matter or anything in connection with a party's EOI.

MARION LEISURE AND FITNESS CENTRE

Name	
------	--

have been authorised as my club/organisation's representative and hereby express my interest as a member of the

Organisation	
--------------	--

Express interest in the planning and/or utilising the Marion Leisure and Fitness Centre located on the corner Oaklands Road at Marion.

Contact Details

Organisation	
Contact name	
Phone	
Address	
email	

Briefly describe the major activities your organisation currently provides.

--



Is your organisation affiliated with a peak body or other association or a commercial organisation?

What facilities does your organisation currently use?

Facility Owner	
Contact Name	
Phone	

In the table below, please provide details of activities and potential times you would be seeking facility use.

	Morning	Afternoon	Evenings
Monday			
Tuesday			
Wednesday			
Thursday			
Friday			
Saturday			
Sunday			

What are the key future directions for your organisation?



Please provide any other comments you would like the City of Marion to consider in your expression of interest?

Please provide your latest end of year financial statement with your EOI.

Please return this form to:

.....

or

PO Box 21, Oaklands Park, SA 5046

by 16 May 2016

For further information please contact:

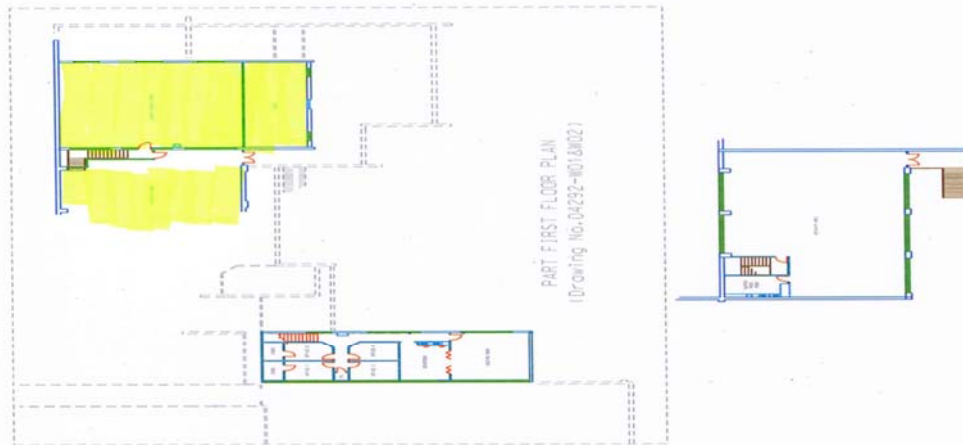
Carol Hampton
Manager City Property
ph: 7420 6468



Marion Leisure & Fitness Centre Indicative Ground Floor Plan



Marion Leisure & Fitness Centre Indicative First Floor Plan



MLFC Membership Liability as at 31 March 2016

Customer Name	Cust ID	Start Date	Expiry*	Amount Charged.\$	AmountPaid.\$	Usage %	Usage Amount.\$	Handover Amount.\$
Membership Type: MEMBE16 - 5 for 50								
SUBTOTAL:	46			\$2,300.00	\$2,300.00		\$897.86	\$1,402.14
Membership Type: MMEMBER10 - EOFY Sale								
SUBTOTAL:	6			\$3,300.00	\$3,300.00		\$2,410.20	\$889.80
Membership Type: MMEMBER1111 - Member reward concession								
SUBTOTAL:	39			\$18,935.00	\$18,935.00		\$9,087.05	\$9,847.95
Membership Type: MMEMBER12 - GYM Only - Upfront 12 months								
SUBTOTAL:	59			\$24,650.00	\$24,390.00		\$10,305.98	\$14,084.02
Membership Type: MMEMBER15 - Long Term Member Reward								
SUBTOTAL:	57			\$27,640.00	\$27,640.00		\$14,128.93	\$13,511.07
Membership Type: MMEMBER2 - 6 Month term membership								
SUBTOTAL:	15			\$4,900.00	\$4,900.00		\$2,335.89	\$2,564.11
Membership Type: MMEMBER25 - Family membership upfront								
SUBTOTAL:	41			\$17,430.00	\$17,430.00		\$7,060.74	\$10,369.26
Membership Type: MMEMBER26 - Y family upfront EXTRA PERSON								
SUBTOTAL:	27			\$11,020.00	\$11,020.00		\$4,903.04	\$6,116.96
Membership Type: MMEMBER3 - 12 month term membership								
SUBTOTAL:	25			\$11,105.00	\$11,105.00		\$6,506.69	\$4,598.31
Membership Type: MMEMBER4 - 12 months Concession membership								
SUBTOTAL:	26			\$13,160.00	\$13,160.00		\$6,391.15	\$6,768.85
Membership Type: MMEMBER6 - 6 Month concession membership								
SUBTOTAL:	21			\$6,300.00	\$6,300.00		\$3,070.76	\$3,229.24
TOTAL:	362			\$140,740.00	\$140,480.00		\$67,098.29	\$73,381.71
Visit Pass Type: VP3H - Hoops 3 months visit pass								

SUBTOTAL:	2	\$72.00	\$72.00	\$2.16	\$69.84
Visit Pass Type: VPM1 - Playgym					
SUBTOTAL:	4	\$240.00	\$240.00	\$12.00	\$228.00
Visit Pass Type: VPM3 - 10 visit pass					
SUBTOTAL:	31	\$3,652.00	\$3,652.00	\$2,310.27	\$1,341.73
Visit Pass Type: VPM4 - 10 Visit pass concession					
SUBTOTAL:	14	\$1,324.00	\$1,324.00	\$802.90	\$521.10
Visit Pass Type: VPM5 - 7 Day Free Pass					
SUBTOTAL:	1	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL:	52	\$5,288.00	\$5,288.00	\$3,127.33	\$2,160.67
REPORT TOTAL:	414	\$146,028.00	\$145,768.00	\$70,225.62	\$75,542.38

Appendix 5: Future Asset Renewal Requirements of MLFC extracted from 2015 GHD Report

10 Year program of Asset renewal:

Replacement Year	Items	Renewal (\$)	Repair (\$)	Total (\$)
2017	Phone/Data Points, Downpipes, Gutters, Drainage, Paths, Ceilings, HVAC, Walls, Carpet, Roof Penetrations, Roof Cover	-	238,500	238,500
2018	First Floor Carpet	50,000		50,000
2020	Ground Floor Carpet	30,000		30,000
2021	Ground Floor Vinyl, Ground Floor Wall Finishes and First Floor Wall Finishes	75,000		75,000
2024	Phone/Data Points, Power Points, Internal and External Lighting, Ceiling Finishes, Fire Services, HVAC, Speakers, Soft Screens, First Floor Vinyl, Hand Rails	663,000		663,000
2025	Downpipes and Roof Penetrations	160,000		160,000
2026		-		-
Total 10 years		\$978,000	\$238,500	\$1,216,500
10 year average		\$97,800		\$ 121,650

The audit also outlines the estimated replacement costs for the MLFC over the next 40 years being a total of \$4,512,400 as per the table below:

Year	Items	Sum of Estimated Replacement Cost (\$)
2018	First Floor Carpet	50,000
2020	Ground Floor Carpet	30,000
2021	Ground Floor Vinyl, Ground Floor Wall Finishes and First Floor Wall Finishes	75,000
2024	Phone/Data Points, Power Points, Internal and External Lighting, Ceiling Finishes, Fire Services, HVAC, Speakers, Soft Screens, First Floor Vinyl, Hand Rails	663,000
2025	Downpipes and Roof Penetrations	160,000
2026	Fencing, Doors, Furniture, Taps, Switchboard Cabinet	89,500
2027	Speakers, Tiling, Hot Water Services, Access Ramp, Hand Rails	38,600
2031	Windows, Gutters, Drainage, Paths/Parking, Taps, Stairs, Walls, Conduit	593,000
2032	Sinks and Cabinets	7,800
2035	Hinged Doors	15,000
2036	Sliding Doors, Electrical Switchboard	24,000
2039	Conduit, Windows, Screens, Timber Floors, Showers	251,500
2041	Paths, Concrete, Pipework, Slab, Roof	1,181,500
2046	Electrical Switchboard	2,500
2054	Carpport, Exterior Walls, Toilets, Joists, Frames, Roof	1,031,000
2056	Stumps/Bracing	300,000
Grand Total		\$ 4,512,400