

10.1. North Sydney Olympic Pool Update

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ATTACHMENTS	1. Confidential Memo [10.1.1 - 4 pages]
CSP LINK	2. Our Built Infrastructure 2.1 Infrastructure and assets meet diverse community needs

PURPOSE:

The purpose of this report is to provide an update in relation to the North Sydney Olympic Pool project.

EXECUTIVE SUMMARY:

- The North Sydney Olympic Pool (NSOP) project is estimated to reach practical completion in April 2024.
- An additional \$789,000 in variations has been approved over the reporting period, with a further 60 variations pending. Most variations related to latent conditions.
- Work has commenced on the detailed business planning for the operation of the facility, with operational forecasts expected in October 2023.
- Confirmation of final project forecasts continues, as outstanding claims continue to be assessed, and scoping for additional works are progressed.
- Should Council wish to discuss this report it is noted that the attached confidential document includes information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business. Further, release of the information would on balance be contrary to the public interest as publication of all tendered amounts would discourage potential tenderers from submitting commercial information in future and would affect Council's ability to obtain value for money services. As such should this matter be discussed it should be considered in closed session

RECOMMENDATION:

1.THAT Council read and note the report providing an update in relation to the North Sydney Olympic Pool Project.

2.THAT Council resolves that the identified attachment to this report is to be treated as confidential in accordance with section 11(3) of the Local Government Act for the following reasons under section 10A(2) of the Local Government Act:

c) information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business and because

consideration of the matter in open Council would be, on balance, contrary to the public interest as it would affect Council's ability to obtain value for money services.

(d)(i) commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it and because consideration of the matter would, on balance be contrary to the public interest as publication of all tendered amounts would discourage potential tenderers from submitting commercial information in future and would affect Council's ability to obtain value for money services.

It is further noted that release of this information would on balance be contrary to the public interest as publication of all tendered amounts would discourage potential tenderers from submitting commercial information in future and would affect Council's ability to obtain value for money services.

Background

Construction of the North Sydney Olympic Pool Redevelopment project commenced in March 2021, following the signing of construction contracts in December 2020. The last update report was provided to Council at its meeting of 26 April 2023.

Report

Progress to Date

The most significant work completed in May was the installation of the Western Stair Structural Steel. The structural steel shop drawings for the Upper Roof (Pool Hall) were finalised in May and production is now underway.

Works completed in May:

- level 3 slab on the ground level (Pour 6) completed.
- 50m and Leisure pool pipework/services installation continues.
- Level 4 North-East suspended slab deck formed.
- Level 3 to 4 verticals North-East (columns and core walls) completed.
- Block walls commenced on level 3 North West.
- Gas and water meter room slab complete.
- Leisure Pool structure commenced.
- 25m pool and balance tank water test completed.
- Western Stair structural steel install complete.

Project timeframe

Based upon program advice, the date for practical completion continues to be estimated at April 2024.

Project budget

A budget of \$61.67M was originally provided for the project through budgeting processes. An additional budget of \$24.2M has been included within the Draft Operational Plan budget for 2023/24 as a contingency for the project. This contingency allows for costs not originally budgeted for such as equipment and unforeseen additional works, variations to contract, and consultancy requirements. As discussed in the April report, a firm costing is currently being worked through and further adjustments may be required in future.

The forecast cost for the project continues to be under review as further assessment of variations, extension of time claims and costs reports is undertaken.

Details in relation to variations approved to date are provided in Table 1, with adjustments due to changes in scope detailed in Table 2.

Most approved variations over the reporting period between April and 8 June 2023 have been in relation to latent conditions with an additional \$462K variations, along with \$150K in provisional spend relating to contamination.

Table 1. Variations approved

Classification	Variations approved - reported 26 April 2023	Variations approved to 8 June 2023	Movement
	\$	\$	\$
Delays	1,068,765	1,068,765	Nil
25m Pool	282,418	285,884	3,466
Design finalisation	582,324	567,818	(14,506)
Early works/latent conditions	988,962	1,451,896	462,934
Hazardous substances	673,823	673,823	Nil
COVID delays	210,324	210,324	Nil
Services	207,074	253,695	46,621
Additional survey	13,195	13,195	Nil
Miscellaneous	97,553	118,518	20,965
Design Enhancements	6,616	6,616	Nil
Provisional sum adjustments - contamination	Nil	150,032	150,032
Previously excluded due to funding from other internal sources		152,978	152,978
Total	4,131,054	4,953,544	822,490

Table 2. Scope changes

Classification	Variations approved – reported 26 April 2023	Variations approved to 8 June 2023	Change
	\$	\$	\$
Provisional sum adjustment – scope changes	(356,353)	(356,353)	Nil
Children’s Play Equipment	154,539	154,539	Nil
Lift replacement	50,270	50,270	Nil
Deduction	(238,664)	(272,054)	(33,390)
Total	(390,208)	(423,598)	(33,390)

Potential future variations and cost escalation risks

The confidential attachment to this report outlines current outstanding variations, costs reports, and extension of time claims.

This memo is classified confidential in accordance with Local Government Act 1993, sections 10A (2) (c) and (d)(i) as it contains commercial information of a confidential nature.

Council is currently working through a process to ensure thorough assessment and resolution of these claims. This includes the following:

- engagement of a Quantity Surveyor (QS) to assess variation claims and costs reports. The QS will continue to assist with variations moving forward to ensure timely resolution of claims in accordance with the contract;
- engagement of a Programmer to assess extension of time claims. The Programmer will continue to manage the program monthly moving forward to ensure strong management of project timelines and mitigation of the risk of further delay costs and
- peer review of design documentation to ensure the quality of design documentation and to assist with the mitigation of further co-ordination risks and associated delays.

Outside of the variations currently approved, there are 60 pending variations as at 8 June 2023, including 13 early works/latent conditions claims.

Additional external project management support has been engaged to assist Council in working through the assessment process and to provide additional oversight in relation to coordination of design and construction contract requirements.

Operational readiness

Business Planning

Considerable work has been undertaken to start formulating the North Sydney Olympic Pool Business Plan. In-depth reviews of the redeveloped areas across the NSOP have been undertaken to identify the quantity and variety of programs and services that are able to be offered throughout the complex.

Combining this with information on industry trends and what is currently offered in the North Sydney market, a clear understanding of what services will be offered to the community is starting to emerge e.g., swim school, aquatic programs, group fitness, Pilates, creche, and gym services.

Comprehensive competitor analysis has also contributed towards knowing what is offered and demanded in the North Sydney market. Similarly, the average price-point for each of these competitor services has been identified, helping to shape and influence the NSOP pricing policy to ensure it is appropriate and competitively positioned.

It is expected that a draft list of services and the draft pricing policy for NSOP will be ready for consideration by August 2023.

Once the NSOP services and pricing policy are finalised, it will be possible to establish resourcing requirements along with projected income. Combined with other operational

costs, the financial forecast for NSOP in Year-1 will materialise and should be ready to report to Council by October 2023.

Staffing

The development of the NSOP Business Plan has led to a better understanding of the types of programs and services that will be recommended for NSOP, which in turn has helped shape the staff structure required to operationalise NSOP. A high-level staff structure has been created to meet the operational needs across the four primary departments of NSOP – Aquatic Operations, Aquatic Programs, Gym Services, and Administration & Customer Service. Four Coordinator roles, reporting directly to the Manager Leisure & Aquatics, will oversee and manage these departments.

Position Descriptions have been created for the four Coordinator roles, which have been submitted to the June Staff Consultative Committee meeting for consideration. If approved/adopted by the Committee, the intention is to commence advertising for these roles in July 2023, with the aim of a staggered onboarding of the four Coordinators across September and October. The Coordinators will be integral in helping to set-up policy, procedures, and programming for each of their departments, ensuring the preparation leading up to opening the facility in 2024 is as comprehensive and meticulous as possible.

Gym equipment

Three major gym equipment suppliers have been engaged since early May 2023 to assist with possible layout options of exercise equipment in the level 2 gym, as well as the two program rooms on level 1.

Utilising equipment suppliers' expertise in maximising the effective use of space, while following a detailed brief from Council's new Manager Leisure & Aquatics, has resulted in an accurate snapshot of the volume and type of equipment NSOP can realistically house. The information provided has also helped finalise other key design elements, such as the layout of flooring finishes, power and data locations.

The three concepts will be assessed, and a tender process undertaken, to establish budget and financing requirements to fit out the gym and program rooms.

Design considerations/optimisation

Exhaustive analysis of the NSOP plans combined with decades of experience in the aquatic, health and leisure industry, has allowed the Manager Leisure & Aquatics to make several design-change requests in order to optimise the use of numerous spaces at the new complex. Relatively small but important changes will significantly improve the number and range of programs and services that can be offered to the community.

Some examples of design-change requests are:

Modifying the ratio of vinyl flooring versus rubber flooring in the Level 2 Gym

Vinyl flooring cannot have equipment placed on it nor can it be used for exercise activities. By reducing and repositioning the vinyl, more gym equipment can be installed on level 2, in turn accommodating more patrons, and raising the capacity for membership numbers.

Program Pool Anchor Points

Complete repositioning and an increased number of wet-deck and wall-anchors in the indoor Program Pool, to vastly improve Swim School operations as well as the ability to divide and share the warm-water pool space between Learn-to-Swim (LTS) and recreational users. This is important in order to significantly increase the number of LTS classes and overall Swim School enrolment numbers, as well as maintaining access to the Program Pool for the community at all times.

AV Scope of Works

Careful analysis of AV contractor plans for all audio and visual designs for NSOP e.g, PA announcements, display screens, group fitness music, instructor mic, ambient music, and BMS (building management system). Numerous deficits identified in the quantity and quality of the AV fit-out across all areas of NSOP has resulted in two design revisions to ensure the sound and visual finishings at NSOP meet the expectations of the local and leisure centre communities.

50m Olympic Pool timing/touch pads

Expertise provided to source world-class timing systems for the outdoor Olympic Pool. Omega and Colorado timing systems were recommended as they are both highly regarded around the world, with their timing equipment being used at all major swimming events e.g., Olympics and National meets. With NSOP aiming to again become a destination for major swim meets across NSW and Australia, it is imperative the timing systems and displays meet the standard that are required to attract such events.

These design requests are currently being assessed to ascertain cost vs benefit.

Progress photos 29 May 2023



View from the bridge 29/5/2023



Western Stairs Steel 29/5/2023



Upper Grandstand 29/5/2023



Level 4 plantroom slab formwork 29/5/2023



25m pool 29/5/2023

Financial/Resource Implications

The North Sydney Olympic Pool project will continue to put pressure on Council's budget. To reduce these financial risks associated with the project, improvements have been made to project governance.

Council is currently working through outstanding variation claims and extension of time claims. A clearer understanding of forecast costs will be known upon resolution of these claims.

The detailed business plan is expected to be presented in Draft by October 2023. This business plan will inform the long-term financial requirements of the North Sydney Olympic Pool.