

19th November 2010

Review of Ulladulla Leisure Centre

At Council's ordinary meeting on the 16th November, it resolved to set 5 key objectives before reconsidering further expansion of the Ulladulla Leisure Centre.

These five objectives aim to improve the performance of the Health and Fitness Facilities at the Ulladulla Leisure Centre.

These 5 objectives are

- Potential Market Growth – Percentage of population who hold a gym membership to reach 15%-18%
- Membership income- Grow membership base to 650 or better (excluding multi visit passes)
- Group exercise classes- Increase floor area per member from 4.3 to 5 members per square metre
- Health and Fitness Profitability- Increase return on expenditure to 150% in the health and fitness area
- Market segmentation- targeting programs.

In late 2007, Council received a petition of almost 400 signatures requesting Council's consideration of the expansion of the gymnasium (health and fitness facilities) at Ulladulla Leisure Centre.

Funds became available to engage a consultant to progress this project in the 2009/10 Budget. Council approved funding of \$20,000 in the 2009/10 Management Plan to engage a consultant to complete a review of the need for, and determine a business case for, expanded health and fitness facilities at the Centre.

The study was to be conducted in two (2) stages – Stage 1 was to undertake:

- Current Centre operational review,
- Future market assessment,
- Initial feasibility analysis to establish a business case.

Stage 2, subject to findings of Stage 1, is to undertake more detailed facility design, cost and business planning.

Council observed that the findings of the consultants study failed to consider the impact of competitors moving into the market, that if the expansion was loan funded (the consultant report provided modelling for either a 15 or 20 year period) any additional net income would be used to service the loan repayments and the outcome would be cost neutral for the operating subsidy of the Ulladulla Leisure Centre

Inconsistencies in some of the statistics and the customer survey questionnaires completed provided an insufficient sample size to be statistically valid and whilst 46% of the people sampled through the telephone survey expressed an interest in taking out a membership if the facility were extended and improved, there is no guarantee of this level of membership being achieved and is unrealistic based on industry trends of 15-20% of the local population holding memberships.

Aiming to meet the objectives identified in the consultants report for a period of 12 months will not have an immediate or adverse impact on business. It will, however, allow for the re-assessment of some of the data and enable some short term goals to be set for management and staff to work towards, and provide a more robust platform from which Council can re-consider this project in the future.

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