



Meeting Date: October 4, 2023

Submitted by: Scott Mairs, Director of Community Services

Report No: CMS-09-2023

Subject: Indoor Aquatic Facility Cost Benefit Analysis

Recommendation:

THAT Report CMS-09-2023 re: Indoor Aquatic Facility Cost Benefit Analysis be received as information.

Purpose:

To provide council with an overview of the potential capital and operating costs of constructing and operating an indoor aquatic facility in Middlesex Centre.

Background:

Over the years through several public consultations, surveys, and general feedback, residents have indicated that they would like a municipal pool constructed somewhere in Middlesex Centre. Through community engagement during the Community Services Master Plan project completed in 2022, this amenity was widely requested. Most recently, the 2024 Budget Survey also included many requests and suggestions that an indoor facility is desired to provide year-round access to the community.

A priority recommendation from the Community Services Master Plan states, “*Complete a cost benefit analysis for an indoor aquatic facility in Middlesex Centre.*”

As noted in the 2012 CSMP, there was insufficient demand at the time to support an aquatic facility and it was recommended that the municipality reconsider the need in 2022.

Through the completion of the 2017 Ilderton Indoor Facility Needs Study, it was noted that although the municipality is projected to reach a population of over 26,700 by 2031, a population of 40,000 plus is generally the minimum threshold for considering the construction and operation of an indoor aquatics centre.

Therefore, it was recommended that a cost benefit analysis be completed internally and reported to Council and the public to understand the full costs and the impact to the tax levy a municipal pool can have on the community.

To assist with the completion of this project, staff engaged with students from Western University through their Community Engaged Learning Program. Along with the Western team, municipal staff on the project team included the Director of Community Services and Corporate Services Financial Analyst.

Analysis:

Benefits

Community pools foster a sense of community. The following highlight the benefits of having a public pool in a community:

- 1) Promotes health and wellbeing for families
- 2) Increases public safety through learn to swim and lifeguard instruction
- 3) Offers career and volunteer opportunities

Saying that, these benefits need to be weighed against the costs to build and operate such a facility.

Costs

The project team focused on two estimation methods.

- 1) Analogous Estimating
 - a. Pyramid Recreation Centre in the Town of St. Mary's
 - b. Past projects in Middlesex Centre
 - c. Middlesex Centre Fees & Charges Pay Grid
 - d. Middlesex Centre Pay Grid
- 2) Expert Judgement
 - a. Canadian Cost Guide
 - b. Intact Public Entities SME

Staff used the Pyramid Recreation Centre as a benchmark example for this project. This indoor pool features four 25-metre-length lanes and an attached leisure pool and is operated year-round. It should be noted that the costs being presented in this report represent a stand-alone pool of a similar size and scope. It is likely that any aquatic facility constructed would be built as part of a multi faceted community centre/arena. The goal of this project was to only look at the costs associated with the aquatic portion of any potential build.

It was estimated using 2023 dollars, that the capital costs to construct a facility in similar size and scope to the Pyramid Recreation Centre would be approximately \$11,061,750.

Project capital costs include:

- \$677,250 for design & engineering fees
- \$9,030,000 construction costs
- \$1,354,500 for contingency fees (15% of construction costs)

Total annual operating costs including fixed and variable total \$568,273 as highlighted in the illustrations below.

Operating (Fixed)

Insurance◆	\$ 30,000.00
Trainings & Memberships★	\$ 4,709.52
Operations Coordinator★ (Full Time Wages+ Benefits)	\$ 97,117.84
Facility Operator★ (Full Time Wages+ Benefits)	\$ 87,785.89
Total Fixed Costs	\$ 219,613.25

Operating (Variable)

Utilities (Water, Gas, Hydro)	\$ 92,833.00
Chemicals	\$ 20,703.49
Supplies	\$ 4,700.00
Program Expenses	\$ 11,104.10
Repairs & Maintenance	\$ 78,677.00
Life Guard/ Instructor (Part Time Wages+ Benefits)	\$ 140,642.38
Total Variable Costs	\$ 348,659.97

Revenues (Anticipated)

The revenues estimated by the project team were based on the Town of St. Mary's historical data from 2022 and 2019 (before Covid).

The illustration below highlights the total revenue anticipated:

Programs	Revenue
Swimming lessons	125,199
Open Swim	29,588
Pool Rentals	46,863
Total	201,650

Financial Implications:

An initial capital investment of over \$11,061,000 dollars would be needed to construct an indoor pool of similar size and scope to St. Mary’s. There would be an annual operating loss of over \$360,000. To reduce this would mean high user rates and drop-in fees would need to be set in order to offset these costs.

Total Capital Costs	\$11,061,750.00
Total Fixed Costs	\$219,613.25
Total Variable Costs	\$348,659.97
Total Operating Costs	\$568,273.22
Total Revenue	\$201,650.00
Net Loss (Annual)	\$366,587.22

To build an indoor aquatic facility using 2023 dollars, would have a total tax levy impact of 5.5%. A 3.9% increase to the tax levy to account for the initial capital costs and a 1.6% annually to account for the net loss.

		Tax Levy %
Total Capital Costs	\$11,061,750.00	3.9%
Net Loss (Annual)	\$366,587.22	1.6%
		5.5% (Total)

Strategic Plan:

This matter aligns with following strategic priorities:

- Engaged Community
- Sustainable Infrastructure and Services
- Responsive Municipal Government

Attachments:

A1 – Indoor Aquatic Facility Cost Benefit Analysis Presentation