

York Recreation Convention Centre Management Model



Prepared by SGL Consulting Group



www.sglgroup.net

TABLE OF CONTENTS

1	INTRODUCTION	1
1.1	Development of YRCC	1
1.2	Brief History of YRCC	2
1.3	Recent Council Resolutions.....	2
1.4	Study Objectives	4
2	CURRENT OPERATIONS	5
2.1	Management Approach	5
2.1.1	Staffing	5
2.1.2	Staffing Costs and Hours.....	5
2.1.3	Food and Beverage Services	6
2.1.4	Health and Fitness.....	7
2.1.5	Advisory Group.....	7
2.2	Financial Management	7
2.3	Liquor License	9
2.4	Summary	9
3	CONSULTATION	10
3.1	Sports Club Meeting.....	10
3.2	Drop In Day	11
3.3	Written Submissions	12
3.4	Summary of Key Points	13
4	MANAGEMENT MODELS	14
4.1	Potential Management Models	14
4.1.1	Sports Association Model	14
4.1.2	Outsourced Model 1 – Contract Hospitality Services	15
4.1.3	Outsourced Model 2 – Contract Forrest Oval Precinct Facilities.....	15
4.2	Assessment Criteria	15
4.3	Assessment of Options.....	16
5	RECOMMENDED MODEL	19
5.1	Key Factors to be Considered	19
5.2	YRCC Management Model.....	19
5.2.1	Management Model Principals	19
5.2.2	York Sports Association	20
5.2.3	YRCC Gym	20
5.3	Forrest Oval Sports Precinct Governance	21
5.3.1	License Agreements.....	21
5.3.2	Schedules	22
5.3.3	Possible Licenses	22
5.4	Implementation Program	22



1 INTRODUCTION

This chapter outlines the background to the preparation of this report on the advantages and disadvantages and financial implications of outsourcing management of York Recreation and Convention Centre.

1.1 Development of YRCC

York Recreation and Convention Centre (YRCC) is located at the Forrest Oval Sporting Complex, which was redeveloped in 2012 at a cost of \$7.3m.

Forrest Oval Sporting Complex is an integrated sport and recreation precinct, and home to most of York's major sporting codes including football, hockey, bowls, netball, badminton, basketball, tennis and cricket. It also provides space for yoga, Pilates, aerobics classes with crèche and children's playground facilities.

Facilities at Forrest Oval Sporting Complex include:

- York Recreation and Convention Centre which comprises clubrooms and bar catering for up to 20 people, operated under a tavern license, change rooms servicing the outdoor sporting facilities, and a 24/7 gym.
- Forrest Oval, with floodlights and synthetic cricket pitch, used for football and cricket
- 3 x plexipave netball courts
- 8 x synthetic grass tennis courts
- 2 x synthetic turf bowling greens
- 2 x grass hockey field with clubhouse
- Indoor sports stadium (single court) and squash court converted into activity space
- Pavilion (or "old tearooms") is a basic small hall with the kitchen suitable for up to 40 people seated or 70-80 standing.

Redevelopment was funded by a cocktail of sources including grants from Department of Sport & Recreation and Country Local Government Fund, loans, Council reserves and club contributions. A breakdown of redevelopment costs is summarised below:

Works	Cost
Earthworks, Drainage & Landscaping	\$623,708
Turf & Reticulation	\$194,380
Shire Labour, Plant & Other	\$278,146
Water Services	\$271,398
Hockey clubroom upgrade	\$178,652
Netball courts and cabling	\$159,496
Architects, Surveyors, Engineers	\$324,682
Construction & Fitout	\$3,684,186
Bowls & Tennis Greens	\$1,049,640
Lights	\$570,352
TOTAL	\$7,334,640

The Forrest Oval Precinct has been further upgraded since the YRCC was completed. The total cost of developing facilities in the Precinct at August 2017 was \$8,218,000.

1.2 Brief History of YRCC

In March 2009, a business plan for the Forrest Oval Precinct Sport and Recreation Facilities was prepared. It was proposed that the Shire would manage the facilities for the first five years with a view to forming a Sportsman's Association to operate the shared clubrooms thereafter.

The York Recreation and Convention Centre was constructed in 2012 following the development of a Master Plan for the Forrest Oval precinct.

In 2014 a Business Plan was commissioned for YRCC, Forrest Oval precinct and the York Swimming Pool. However, it was not completed due to:

- Instability of Council at the time,
- Community opposition to the operation of the YRCC
- Recommendations for improvement would be considered as competition with local business,
- Negative comments towards the consultant, and the potential impacts upon his livelihood.

In June 2015, SGL was engaged to review the Business Plan for the YRCC and provide options for the future management of the facility. A draft Business Plan was presented to the (then) senior management group in August 2015 for feedback. However, the Business Plan was not finalised.

Two issues which impacted on the development and management of YRCC were:

- 1 To operate the bar facilities at the new centre, the Shire was required to apply for a Liquor Licence. A tavern licence was granted to "cater for local and regional training seminars, functions and exhibitions" and to generate "an income stream linked to the private, corporate and government sectors through training, seminars, events, exhibitions and conventions". This type of licence provides for the sale to, and consumption of liquor on the premises by, the general public within the trading hours prescribed whereas a club licence restricts the sale and consumption of liquor to members and their guests.
- 2 Competitive neutrality aims to remove any net competitive advantages arising simply as a result of a business entity being owned by a local government. The principles of competitive neutrality apply to significant business activities of a local government which are defined as those activities where annual income exceeds \$200,000. In January 2012, the Department of Local Government determined that the Shire was not required to undertake a competitive neutrality analysis with regard to the YRCC. However, the Department recommended that if and when the annual income exceeded \$200,000, an analysis should be carried out.

1.3 Recent Council Resolutions

In order to resolve the long term management of Forrest Oval Precinct and YRCC, a Discussion Paper was prepared by Council staff. The Discussion Paper included:

- An outline of the various documents that were developed to establish a master plan for the precinct and subsequent business cases to support the funding required;

- A review of the rationale for the YRCC liquor licence and competitive neutrality considerations;
- Capital expenditure and the funding sources for the development of the precinct to date;
- Current operations including staffing, financial performance and usage;
- A Strategic Analysis including a brief SWOTC (strengths, weaknesses, opportunities, threats, constraints) analysis and learnings for the future;
- Potential options for the future management of the YRCC; and
- How to make a public submission

Three recent Council meetings have considered future management of YRCC:

27 February 2017

That Council:

- 1 Approves the Discussion Paper as attached to this report for public comment;
- 2 Requests the Chief Executive Officer to:
 - a advertise the Discussion Paper inviting public comment from 6 – 31 March 2017 in local print media, via the Shire's website and on public noticeboards;
 - b invite representatives from the users of the Forrest Oval Sport and Recreation precinct to join Councillors and Shire Officers on site visits to visit similar venues to inform the decision - making process;
 - c advertise a schedule on the Shire's website one week prior to the proposed visits;
- 3 Notes that a report will be presented to Council which outlines the public feedback received and based on this and the further information collected, makes a recommendation regarding the future management model of the York Recreation and Convention Centre for Council's consideration.

24 April 2017

That Council:

- 1 Receives the public submissions regarding the Review of the York Recreation and Convention Centre Discussion Paper;
- 2 Requests the Chief Executive Officer to:
 - a arrange a workshop with Councillors and staff to explore the financial implications of several options;
 - b have consideration for the submissions received to determine the options to be explored;
 - c arrange a workshop with relevant stakeholders prior to the next Ordinary Council Meeting to discuss the proposed options;
- 3 Notes that a report will be presented to Council which makes a recommendation regarding the future management model of the York Recreation and Convention Centre for Council's consideration.

26 June 2017

That Council requests the Chief Executive Officer to:

- 1 Engage SGL Consulting Group to develop and provide an outline of the Goomalling Model, outsourced Model 1 and outsourced Model 2 for the YRCC including:
 - a proposed operating details and how each model could work;
 - b financial implications;
 - c the advantages and disadvantages of each model; and

- d a recommendation of the model that provides the best outcome for the Shire, users and the community.
- 2 Report back to Council with a recommended course of action and timeline for implementation

1.4 Study Objectives

Based on Council's resolution of 26 June 2017, the objectives of this study are:

- To develop and provide an outline of the Goomalling Model outsourced Model 1 and outsourced Model 2 for the YRCC including;
 - ✓ proposed operating details and how each model could work;
 - ✓ financial implications;
 - ✓ the advantages and disadvantages of each model; and
 - ✓ a recommendation of the model that provides the best outcome for the Shire, users and the community.
- Report back to Council with a recommended course of action and timeline for implementation



2 CURRENT OPERATIONS

This chapter provides an overview of how YRCC is currently managed and operated.

2.1 Management Approach

2.1.1 Staffing

The Shire of York directly employs staff under the Shire of York Inside Staff Enterprise Agreement 2016.

- YRCC Manager – Kathryn Brown (full-time) is responsible for the overall operations of the YRCC including staff rostering and supervision, ordering and stock control, pricing and purchasing, bookings, scheduling and event management, ensuring the building, grounds and equipment are maintained, marketing and promotions including website maintenance and update, support of and liaison with sporting clubs, cash management and reconciliation. Kathryn is also the Approved Manager for liquor licensing purposes the majority of the time and operates the bar and front of house. The YRCC Manager reports to the Shire's Executive Manager Corporate and Community Services.
- Catering Manager – Nicola (Nic) Russo (part-time) is primarily responsible for food and beverage management including ordering, menus, and health requirements; training, scheduling and supervision of kitchen staff; maintaining a high level of presentation and service and minimising waste. Reporting to the YRCC Manager, this position also provides assistance to the Manager as required.
- Casual Staff – undertake various roles within the YRCC including cooks/kitchen staff, bar staff and wait staff. Casual cleaners are also employed, reporting to the YRCC Manager.

2.1.2 Staffing Costs and Hours

To understand and appreciate how many staff hours are allocated to various tasks and the total staffing costs, two fortnightly pay periods were selected in February and June. [Note: Data below in Table 2.1 uses staff costs from 2017, whereas staff hours in Table 2.2 are for the corresponding pay fortnight in 2016].

Table 2.1 summarises staffing costs allocated to specific areas of YRCC. Recreation salaries refer to YRCC Manager's time on administration and general management. Salary costs and number of hours worked in both pay fortnights in February and June are similar.

Table 2.2 summarises the number of hours worked by staff in the various functions, rather than areas of YRCC. This table indicates a significant difference in the number of hours worked between the two pay periods. The key points to note is the number of hours worked by kitchen staff and YRCC Manager. Specifically, the YRCC Manager and Catering Manager account for 53% and 57% of total staff hours in the two pay periods.

This data indicates that:

- YRCC is staffed on average by approximately four equivalent full time staff.

- The average hourly rate paid to staff is between \$32 and \$33.
- The kitchen requires relatively high staffing hours to function, and to a large extent explains why the café/restaurant operates at a \$22,000 loss before centre costs (refer to Table 2.3).
- Potential exists to undertake many of the functions of paid staff by volunteers. It is recognised that professional supervision may be needed to manage volunteers, at least in the short term.
- Whilst the Shire is obliged to employ all staff (except the Manager) under the Shire of York Inside EBA, the Hospitality Award is potentially cheaper, more appropriate and flexible.

Table 2.1: Hours and Wages for Two Pay Periods in February and June 2017

	15 Feb to 28 Feb 2017		7 June to 20 June 2017	
	Hours	Wages	Hours	Wages
Forrest Oval Convention Centre	23.25	\$634	20.25	\$552
Gym	12.25	\$331	11.50	\$307
Conferences	43.00	\$1,226	9.25	\$299
Bar	84.00	\$2,824	56.25	\$1,960
Cafe/Restaurant	88.75	\$2,949	107.00	\$3,537
Canteen			31.00	\$1,249
Recreation - Salaries	39.25	\$1,323	47.00	\$1,584
Total	290.5	\$9,288	282.25	\$9,488

Table 2.2: Hours by Function for Two Pay Periods in February and June 2016

	February 2016	June 2016
Management	119	90
Kitchen	132	88
Bar	58	26
Dish washing	18	12
Cleaning	42	40
Total	368	256

2.1.3 Food and Beverage Services

Opening Hours

Operating hours of YRCC bar and serving of meals are:

- Bar is currently open Wednesday to Sunday afternoons – 12 noon to 6pm, with extended hours on Friday (9.30pm) and Sunday (8.30pm)
- Meals are available on Friday (5.30pm – 9pm) and Sunday (5.30pm – 8pm)
- A very basic café is open on Friday mornings. It was initially opened to cater for the early childhood caregivers when the Mill closed down for a period of months. It has been continued despite relatively low patron numbers as it is a low staff shift and the chef is on site preparing the evening meals.

Meals

Meals are served on Friday and Sunday nights. The extent of service can be gauged from the following averages:

Trading days per month:	23
Functions per month:	5

Staff hours per month:	531	
Meals service (per night)	Friday Night	Sunday Night
Adults	59	31
Kids	14	9
Desserts	9	3
Sides	7	0

2.1.4 Health and Fitness

Health and fitness facility at YRCC is a 24/7 style gym. Members obtain a "key" which gives them 24/7 access. However, access to the gym is not monitored, hence creating a culture of "do-as-we-please". It is reported that many members let friends in, leave it messy and let their children run wild inside. Clubs would like to use the facility more but it is cost-prohibitive individually.

Gym membership is applied for at Shire office and activated at YRCC which can cause issues if no-one is at the Shire/YRCC when someone wants to apply. People expect instant activation and after hour service.

2.1.5 Advisory Group

YRCC is a building within the Forrest Oval Sport and Recreation Precinct. An informal Forrest Oval Advisory Group consisting of representatives of the users of the complex meets several times a year with the aim of providing and receiving feedback and information.

Meetings are chaired by the Shire President and attended by the YRCC Manager and other relevant staff. Initially, the Group discussed items relating to the new facilities and any issues arising. The on-going role and objectives of this group is unclear and needs to be clarified and formalised.

2.2 Financial Management

Pricing

Pricing for meals and drinks are set by YRCC Manager based on market prices, whereas hire fees are determined by Council.

Gym membership fees are:

Gym Membership	Annual	6 Month	3 Month	1 Month
Adult	\$510	\$307	\$181	\$90
Aged Pension Card Holders	\$255	\$154	\$91	\$45
Seniors	\$383	\$230	\$136	\$68.50
Juniors (13 to 17 years)	\$255	\$154	\$91	\$45

Financial Performance

The financial operating performance of YRCC in the recently completed 2016/17 financial year is summarised in Table 2.3, 2.4 and 2.5. Key points to note from the tables are:

- The bar, kitchen and kiosk operated at a gross profit of \$54,768 before administration, cleaning and maintenance costs (ie Centre Costs).
- When all costs are included, YRCC operated at a loss of \$140,461, which is funded by Council.

- The main overhead costs relate to cleaning and maintenance and staff costs in administration.
- The 24/7 gym operated at a profit of \$12,912.

Table 2.3: YRCC Income and Expenditure

YRCC Bar and Kitchen	2016/17
Income	
YRCC Income - Hire	\$3,780
YRCC Income - Conferences	\$29,959
YRCC Income - Bar	\$198,989
YRCC Income - Cafe/Restaurant	\$107,700
YRCC Income - Canteen	\$31,900
Total Sales	\$372,328
Expenditure	
YRCC Expenditure - Conferences	\$23,910
YRCC Expenditure - Bar ⁽¹⁾	\$139,239
YRCC Expenditure - Cafe/Restaurant ⁽¹⁾	\$129,892
YRCC Expenditure - Canteen ⁽¹⁾	\$24,518
Total Cost of Sales	\$317,560
Gross Profit	\$54,768
Centre Costs	
YRCC Convention Centre ⁽²⁾	\$111,713
YRCC Marketing & Promotions	\$1,500
Recreation - Salaries ⁽³⁾	\$45,568
Recreation - Superannuation ⁽⁴⁾	\$30,529
YRCC Operational & Marketing Plan	\$5,919
Total Expenses	\$195,230
Net Profit/(Loss)	-\$140,461

(1) Includes staff wages and cost of goods sold

(2) Refer to Table 2.4 for details of costs

(3) Portion of YRCC Manager salary for administration and purchasing

(4) Superannuation costs for all staff

Table 2.4: YRCC Convention Centre Details

YRCC Convention Centre	2016/17	Inclusions
Administration	\$12,308	Stationery, licence fees, ESL charges, phones
Building	\$35,570	Includes some staff wages, contractors - plumbing, electrical etc.
Cleaning	\$16,513	Performed by YRCC staff - includes cleaning of changerooms, toilets, other general cleaning duties
Grounds	\$4,230	Outside workforce - grounds maintenance, carpark etc.
Insurance	\$4,236	
Utilities	\$38,856	Approx. \$5,000/year (13%) relates to electricity for Stadium and Pavilion
Total	\$111,713	

Table 2.5: YRCC Gym Income and Expenditure

YRCC Convention Centre	2016/17
Income	\$21,887
Expenditure	\$8,974
Net Profit/Loss	\$12,912

2.3 Liquor License

A Tavern License was obtained for YRCC in 2013. The principle conditions of the license are:

- Food is to be available at all times during trading hours.
- Unaccompanied juveniles are permitted on the licensed premises only for the purposes of using the toilet facilities.
- The sale and supply of liquor is prohibited on the licensed premises when a scheduled junior sporting event is taking place at the venue except:
 - ✓ between the hours of 12 noon to 2.30pm and 5.30pm to 8.30pm when liquor may sold and supplied ancillary to a meal; or
 - ✓ where the scheduled junior sporting event is taking place at the Netball Courts, the existing Indoor Sports Stadium or the Hockey Fields; or
 - ✓ where the sale and supply of liquor is to persons participating in a scheduled lawn bowl event.
- Packaged liquor may only be sold and supplied to patrons who are present at the licensed premises for reasons other than purchasing liquor, that is, such as to view an event, participate in an event or to attend a club or community meeting or function held at the premises.

2.4 Summary

- 1 Council directly employs staff at YRCC which includes a Centre Manager, Catering Manager and casual staff who work in the bar and kitchen and serve meals and clean the premises. The Manager and Catering Manager are permanent full time and part-time employees, respectively.
- 2 YRCC is staffed on average by approximately four equivalent full time staff, paid an average hourly rate of between \$32 and \$33. The kitchen requires relatively high staffing hours to function. Many of the functions of paid staff can be undertaken by volunteers. Professional supervision may be needed to manage volunteers in the short term.
- 3 YRCC Bar opens Wednesday to Sunday from 12 noon to 6pm, with extended hours on Friday (9.30pm) and Sunday (8.30pm). Meals are available on Friday and Sunday evenings, and a basic café is opens on Friday mornings.
- 4 The gym at YRCC is a 24/7 style gym. Access to the gym is not monitored, hence creating a culture of "do-as-we-please". Gym membership is applied for at the Shire office and activated at YRCC which provides neither efficient or effective customer service.
- 5 In 2016/17 YRCC operated at a loss of \$140,461. The bar, kitchen and kiosk operated at a gross profit of \$54,768 before overhead costs (cleaning and maintenance and staff costs in administration). The 24/7 gym operated at a profit of \$12,912.
- 6 YRCC has a Tavern License, which has few operational conditions and constraints.



3 CONSULTATION

This chapter summarises consultation with the sporting community and the broader residential community of York. A drop in day was held at YRCC, in which individual residents could discuss the current and future management of YRCC. A number of residents also formalised their comments with a written submission, which were complemented by submissions from residents who were unable to attend on the day. A sports club meeting was also held at YRCC, to which all users of YRCC and the Forrest Oval Precinct were invited.

3.1 Sports Club Meeting

The meeting was attended by a representative of most sports clubs using Forrest Oval Precinct. Overall, there were more questions asked and uncertainty about the management model proposed by Council. Whilst no formal resolutions were proposed and voted upon, there was general agreement about most of the points raised below.

Comments made included:

- York Senior Football Club has lost significant revenue raising capacity since the construction and operation of YRCC under the current management model. The club supports the concept of a Sports Association managing YRCC, and is willing to be part of a management body.
- There is a general sports community perception that York Hockey Club is generating significant profits from its clubrooms. The meeting was informed that the hockey club annually generates about \$2,000 from its bar and club rooms.
- Although not part of YRCC, the indoor basketball court is in poor condition.
- To raise funds the football club planned to hold a "Farmers Day" at YRCC. It was proposed that the club would retain all profits from bar sales. However, the club was refused permission to conduct the event within the YRCC licensed areas due to the conditions of the Tavern Licence.
- Many of the sports club representatives at the meeting confirmed that attracting and retaining volunteers was difficult. Most clubs lacked adequate volunteers, and were concerned that the added responsibility of running the bar and meals at YRCC would be beyond the capacity of the existing volunteer pool.
- Given the high level of uncertainty regarding Council's management proposal, a significant number of participants questioned whether "the sports community" had the skills and capacity to manage YRCC.
- The general consensus of the meeting was that Council should retain the existing management model.
- It was generally accepted that the football club had the greatest need to generate significant funds to ensure the club remains competitive, and continues to represent the York community.
- It was believed that YRCC operates at a profit, and Council should make a contribution to the football club from these profits.

Queries raised about the future management of YRCC included:

- What is the current financial performance of YRCC – extent of operating profit or loss, and what is included in the income and expenditure statement?
- What will be the proposed role and responsibilities of Council and sports clubs in the proposed management models?
- What part of Forrest Oval Precinct is proposed to be contracted to a sports association or external contractor – YRCC, sporting facilities, change rooms, gym?
- How will any profits from the bar and catering be split between sports clubs?
- How many volunteers will each sports club be required to supply to manage and operate the bar and kitchen?

3.2 Drop In Day

Over the course of an afternoon, individuals were able to meet with the Project Consultant and discuss current and future management of YRCC. In total approximately 30 residents attended, and participated in small group discussions. Many of the questions, issues and concerns were repeatedly raised by many participants.

Although all participants were local residents, a large majority were members of a user group. In promoting the drop in day, all residents were invited to attend or prepare written submissions.

Issues raised by almost all participants included:

- A major concern is a rumour around York that Council plans to close YRCC, so the bar and meals will not be available.
- Community attitudes to YRCC needs to change, and this requires leadership from Council.
- If a Sports Association is established, a transition period is needed to move from direct Shire management to community management of YRCC.
- Before management of YRCC is transferred to the community, accurate financial reports on current YRCC operations must be provided.
- A strong feeling among almost all residents who participated in the drop-in day was that commercial (eg Belgravia Leisure) management was not supported. The strong feeling was that YRCC must be managed by and for the local community.

Comments regarding the management model to be adopted included:

- Joint management by sporting clubs will not work.
- In the long term YRCC should be managed by sports clubs.
- If a Sports Association is established it should include all clubs on Forrest Oval Precinct.
- Forrest Oval Precinct should be managed by Council.
- Only one liquor license should apply to the Forrest Oval Precinct.
- Council should not operate a business.

Comments relating to Forrest Oval Precinct included:

- The inconsistent treatment of sports clubs using Forrest Oval Precinct was raised as a major concern. Council's contribution to the maintenance and upgrading of facilities and payment of fees to use facilities were two aspects that should be addressed with a consistent approach.

- Bowling club members originally paid \$50 to YRCC for use of the bowling greens, but this practice has now stopped. Bowling club members now pay green fees when they play bowls. [Note: Originally, Council's fees and charges included a \$50 membership fee payable by all regular users. Between March 2012 and June 2014 memberships were charged and payments received by a number of clubs including Junior Football and Junior Netball, Tennis, Cricket and Bowling Clubs and a number of individuals frequenting the venue for various sporting activities.]
- Volunteering WA encourages and assists organisations to manage volunteers. Volunteer training is available at no cost to clubs. Currently, there are 6 or 7 people in York who wish to volunteer, but cannot find a placement.
- A volunteer management plan should be prepared to increase the recruitment and retention of volunteers. Very few, if any clubs in York have a volunteer management plan.

3.3 Written Submissions

Four written submissions were received.

Submission #1

- Frequent user of YRCC and wants bar and restaurant to continue operating.
- Shire should retain some responsibility for maintenance and upkeep of sporting facilities.
- It is a strain on clubs to recruit and retain volunteers.

Submission #2

- Council should establish a formal advisory group for the Forrest Oval Complex.
- A re-working of the cost centre accounting for the whole of Forrest Oval Complex including YRCC is needed.
- Potential to subsidise sport and recreation facilities is a significant plus for YRCC.
- Employment of YRCC staff under the Shire EBA needs to be tested.
- Both Outsourced management and a mixture of in-house management and outsourcing should be rejected.
- Supports continuation of Shire management of YRCC.
- Suggests a full day workshop involving all stakeholders to deliberate on future management and make recommendations to Council.

Submission #3

- YRCC should be operated by the Shire for at last three years or until a sportsman club is formally constituted.
- Sportsman club to comprise all users of Forrest Oval Precinct.
- The Town "must be allowed to have its say at a public meeting".
- YRCC is a family friendly place for meals, especially for families with young children.
- If clubs could use YRCC for fund raising events, much "angst" within the community would have been prevented.

Submission #4

- Oppose the proposed changes to YRCC management.

- YRCC caters for families.
- YRCC is successful and provides a tremendous service to the York community.
- Status quo – Shire management of YRCC – should not have been rejected as a potential management option by the Shire.

3.4 Summary of Key Points

Although the community consultation program resulted in a range of comments and feedback, there were a number of common themes which seemed to have community support.

- 1 YRCC was regarded as a valuable community asset, providing a family friendly dining experience.
- 2 There was support for the Shire to continue managing YRCC, albeit with some modifications. For example, clubs should have the opportunity to conduct events and functions to raise funds.
- 3 York Senior Football Club is the club which most needs increased fund raising capacity through a bar or from hiring YRCC facilities.
- 4 Sports clubs are concerned that operating the YRCC bar and kitchen will impose additional strains on their volunteers. Uncertain that adequate volunteers are available to staff the bar and kitchen.
- 5 A strong feeling was expressed that future management not include a commercial operator (eg Belgravia Leisure), or an external community based organisation (eg YMCA).
- 6 Clubs are reticent about assuming management responsibility until detailed and accurate financial statements are available for YRCC bar and kitchen income and expenditure.
- 7 Clubs need more information on the potential roles and responsibilities of the Shire and sports clubs under a Sports Association management model prior to agreeing to participate.
- 8 A hybrid management model in which the Shire continues to manage YRCC and sports clubs have use of the bar and kitchen for fund raising events was generally supported.
- 9 A Sports Association management model should include a transition period from Shire to Association management.
- 10 A Sports Association should include all users of Forrest Oval Precinct.
- 11 Fees and charges levied by Council on users of sporting facilities at Forrest Oval Precinct are inconsistent.
- 12 Possible contracting management of the gym to a commercial operator was considered a possibility, whereas contracting the bar and kitchen was not supported.



4 MANAGEMENT MODELS

This chapter reviews the three management models proposed by Council at its meeting on 26 June 2017. It is acknowledged by most users and user groups that YRCC is professionally managed and operated. However, the current management model has significant disadvantages:

- 1 Council is required to contribute a substantial annual operating subsidy to maintain a venue which is primarily focused on delivering food and beverage services.
- 2 Managing hospitality services, which compete with the private sector is not a core business of local government. In addition, it is unusual for local government to manage and operate venues which are essentially sports club rooms.
- 3 Sporting clubs using YRCC do not have revenue streams to fund their operations.

4.1 Potential Management Models

4.1.1 Sports Association Model

An incorporated association consisting of user members is responsible for the operation of the bar and kitchen areas of the recreation centre. In Goomalling, the Shire is responsible for maintenance, insurance and some cleaning of the Goomalling Sport & Community Centre.

Mortlock Sports Council Inc (MSC) is responsible for the operation of the bar and kitchen, employing a bar and facility manager, a kitchen convenor and a chef (10 hours per week). MSC is also responsible for the payments required to service the capital loan, with indications that the operations generate enough revenue to not only meet loan repayments, but also to distribute some operating profit to the user clubs.

MSC representatives provided additional information regarding their management structure:

- Committee is made up of each sporting organisation which has links to the club and also a Shire representative.
- Have a full time employed bar and facility manager, employed on the basis of a 45 hour week. A committee member is also the kitchen convenor which is a paid role.
- Kitchen is open Friday and Saturday nights with a full menu. A chef is employed on these two nights for 5 hours a night.
- On Thursday and Sunday nights, the kitchen convenor caters for light meals.
- The kitchen can be hired out by any of the aligned sporting clubs for no charge but it must be booked through our kitchen convenor. Football, hockey or netball will do the meals on a Sunday night through football season.
- Bowling green surface is the bowling club's responsibility. Any sponsorship signage on the inside of that fence is available to the bowling club as they will have to raise funds to resurface the greens in due course.
- Currently the Shire pays all utilities for the building and charge sporting clubs an annual fee for upkeep of ovals and power for lights. Power use is very high and are investigating installing solar panels in conjunction with the Shire.

- The building is owned by the Shire but the contents are owned by Mortlock Sports Council.
- The club is open from Wednesday through to Sunday and the bar manager determines closing time on quiet nights.
- Insurance is paid by the Shire.
- Committee have contributed \$500,000 to this building, hence Council are willing to pay for some operating expenses.
- Mortlock Sports Council has a full Club Licence. It can operate 7 days a week however only open 5 days a week to give the manager a break on Mondays and Tuesdays.
- The only restriction is that the club does not operate while there are junior sports on the ovals, hence do not open until 4pm when junior sport has finished.

4.1.2 Outsourced Model 1 – Contract Hospitality Services

Under this model:

- The Shire will call for expressions of interest and/or tenders to operate the bar and kitchen facility.
- Council will enter into a lease with a private company/individual under commercial terms and conditions.
- YRCC will continue to provide bar and limited meals service for the enjoyment of the community and club users but the Shire would not be involved in running a commercial operation.
- The burden on club volunteers is reduced, however, it does not address the need for clubs to increase revenue.
- The Shire remains responsible for the operation, maintenance and renewal of the sporting facilities.
- The gym may be outsourced but is not an integral element of this model.

4.1.3 Outsourced Model 2 – Contract Forrest Oval Precinct Facilities

Under this model:

- The Shire would advertise a public tender for the whole facility (ie sporting and hospitality facilities) and award a tender against a pre-agreed set of criteria.
- The successful tenderer would be paid an amount to manage the facility against agreed performance criteria.
- The burden on club volunteers is reduced.
- Does not address the need for clubs to generate revenue.

4.2 Assessment Criteria

In determining the best management model for YRCC, a series of weighted criteria are suggested. Each management model may then be scored against each criterion, providing a quantitative assessment process. The weighting indicates the relative importance of each criteria on a scale of 1 – 10, with 10 being most important.

Criteria	Weighting
YRCC building operating subsidy provided by Council is reduced	10
Sports clubs can generate revenues from YRCC	10
An asset management plan for YRCC is implemented which ensures the structural maintenance of YRCC to a standard acceptable to Council	10
Competitive neutrality is maintained	10
YRCC is maintained and cleaned on a day to day basis to an appropriate standard	9
YRCC remains a family friendly community hub	8
Sporting club fees for use of Forrest Oval Sporting Precinct are consistent	8
The management model is endorsed by the general York community	8

4.3 Assessment of Options

Each of the management options are assessed against the criteria and scored on a scale of 1 – 10, with 10 reflecting that the option meets the criteria in full. This assessment distinguishes between the role and responsibilities of Council, York Sports Association (YSA) and sporting clubs.

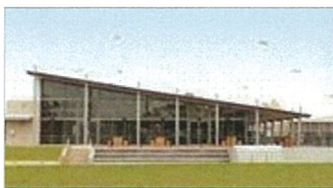
Table 4.1 summarises an assessment of each option against each criteria. Each model was then scored against the weighted criteria. Whilst recognising that the scoring is subjective, it indicates that the Sports Association model best achieves the weighted criteria.

Criteria	Weighting	Sports Association Model		Outsourced Model #1		Outsourced Model #2	
YRCC operating subsidy provided by Council is reduced	10	7	70	8	80	9	90
Sports clubs can generate revenues from YRCC	10	9	90	5	50	5	50
An asset management plan for YRCC is implemented which ensures the structural maintenance of YRCC to a standard acceptable to Council	10	10	100	10	100	10	100
Competitive neutrality is maintained	10	7	70	9	90	8	80
YRCC is maintained and cleaned on a day to day basis to an appropriate standard	9	8	72	8	72	8	72
YRCC remains a family friendly community hub	8	9	72	7	56	7	56
Sporting club fees for use of Forrest Oval Sporting Precinct are consistent	8	8	64	8	64	7	56
The management model is endorsed by the general York community	8	8	64	6	48	5	40
Total		66	602	61	560	59	544

Table 4.1: Comparison of Options

Criteria	Sports Association Option	Outsourced Model #1	Outsourced Model #2
YRCC operating subsidy provided by Council is reduced	Council will be responsible for the cost of utilities and building insurance. YSA will be responsible for staffing, insurance of its contents, maintenance and cleaning. The operating subsidy payable by Council will be reduced.	Council will retain responsibility for cleaning and maintenance of the change rooms. The contractor will pay a rent and be responsible for staffing, cleaning and maintenance of the kitchen, bar and main clubroom area. Cost to Council will be substantially reduced.	Council will pay a management fee to operate and maintain all facilities at Forrest Oval Sporting Precinct, including YRCC. Depending upon the detailed terms and conditions of the management contract, this option may result in the lowest operating subsidy provided by Council.
Sports clubs can generate revenues from YRCC	Sports club have the right to operate the kitchen at no cost and receive a share of bar and overall operating profits	Sports club will have to negotiate the cost to conduct functions on an event basis. It is unlikely that sports clubs will have the right to generate revenue through the bar and meals.	Sports club will have to negotiate the cost to conduct functions on an event basis. It is unlikely that sports clubs will have the right to generate revenue through the bar and meals.
An asset management plan for YRCC is implemented which ensures the structural maintenance of YRCC to a standard acceptable to Council	As a Council owned building, it is a fundamental responsibility of Council to prepare and implement an asset management plan. YSA will have no responsibility for structural maintenance.	As a Council owned building, it is a fundamental responsibility of Council to prepare and implement an asset management plan. The contractor will have no responsibility for structural maintenance.	As a Council owned building, it is a fundamental responsibility of Council to prepare and implement an asset management plan. The contractor will have no responsibility for structural maintenance.
Competitive neutrality is maintained	Council makes some contribution to operating costs which reduces overhead costs and increases the gross margins on sale of products.	Competitive neutrality is achieved if market rental is paid by the contractor and no subsidy is paid by Council.	Forrest Oval Sporting Precinct includes a mix of private services (eg bar, hospitality and gym) and public services (eg open space and sporting facilities). Competitive neutrality will be assessed against the level of support provided by Council.
			Competitive neutrality is achieved if market rental is paid by the contractor and no subsidy is paid by Council for private services.

Criteria	Sports Association Option	Outsourced Model #1	Outsourced Model #2
YRCC is maintained and cleaned on a day to day basis to an appropriate standard	A management contract can include maintenance and cleaning standards which must be met. Council will be responsible for monitoring compliance with the standard.	A management contract can include maintenance and cleaning standards which must be met. Council will be responsible for monitoring compliance with the standard.	A management contract can include maintenance and cleaning standards which must be met. Council will be responsible for monitoring compliance with the standard.
YRCC remains a family friendly community hub	YSA represents community sporting clubs and hence the local community. It is likely that it will promote a family friendly atmosphere.	The contractor will determine the style of bar and restaurant service provided. Whilst, it is likely that it will be family friendly, there is no guarantee that a "more commercial" approach will not be adopted.	The contractor will determine the style of bar and restaurant service provided. Whilst, it is likely that it will be family friendly, there is no guarantee that a "more commercial" approach will not be adopted.
Sporting club fees for use of Forrest Oval Sporting Precinct are consistent	Council will set fees for use of all sporting facilities, which are independent of management of YRCC by YSA.	Council will set fees for use of all sporting facilities, which are independent of management of YRCC by the contractor.	Council should retain responsibility for setting fees for use of all sporting facilities.
The management model is endorsed by the general York community	It is likely that this model will have the most support of the three management models, but not unanimous support as the current management model is preferred by a large number of residents.	It is likely that this model will have some support if a local, and "respected" contractor is appointed. An organisation from outside York is not likely to be endorsed by many residents.	It is likely that this model will have the least support of the three management models. An active community reaction to the model is highly likely if implemented in the immediate future.



5 RECOMMENDED MODEL

This chapter outlines a recommended management model for YRCC and a governance model for Forrest Oval Sports Precinct

5.1 Key Factors to be Considered

In determining the best fit management model for YRCC a series of key factors have to be considered:

- 1 Council does not believe managing a bar and kitchen is a core local government function, whereas Council acknowledges that providing community recreation and sport facilities is a core function.
- 2 User groups at Forrest Oval Sports Precinct prefer that Council continues to manage YRCC under the current governance and management model.
- 3 Consultation with residents and user groups has identified that management of YRCC and/or Forrest Oval Sports Precinct by an external organisation is not favoured.
- 4 Management of Forrest Oval Sports Precinct and YRCC have to be considered together but require different management and governance solutions.
- 5 The Sports Association management model is a more appropriate management approach than Outsourcing Model #1 and #2, but may not fully meet the needs of sports clubs and Council.
- 6 A transition period will be required to move from direct Shire management to community management.

5.2 YRCC Management Model

5.2.1 Management Model Principals

- 1 A management contract will be negotiated between Council and the York Sports Association (YSA) to manage and operate the bar, kitchen, meeting room, club room and kiosk.
- 2 Term of the contract will be for a period of three years, with the option to renegotiate the terms and conditions of the contract not less than six months prior to expiry of the contract.
- 3 The Shire will pay an operating subsidy for an agreed period to YSA, which will reduce over time. Initially, it will be sufficient to cover day to day maintenance, cleaning, utilities and administration (ie part salary of the YRCC Manager).
- 4 The Shire will insure the building and be responsible for structural and major maintenance of the building and plant and equipment (eg air conditioning).
- 5 The Shire will insure existing contents, and allow use of the fittings and fixtures by YSA for the term of the contract.
- 6 The Shire will be responsible for cleaning and day to day maintenance of the change rooms.

- 7 YSA will be responsible for staffing, day to day maintenance and cleaning of the contracted area.
- 8 YSA will manage and operate the bar, kitchen, club room, meeting room and kiosk, and retain all revenues from sales and hire of facilities.
- 9 YSA will be responsible for staffing the facility including a paid Manager and Chef complemented by paid casual staff and volunteers. Terms and conditions of employment to be at the discretion of YSA.
- 10 YSA to provide copies of all minutes of the YSA Board of Management, annual audited financial reports and annual report.

5.2.2 York Sports Association

An incorporated body will be established comprising sporting groups based at Forrest Oval Sports Precinct.

Objectives

- Manage YRCC
- Promotion of sporting, cultural, recreational and other lawful activities, to enhance the health and lifestyle of the community

Membership

- Associated bodies – permanent tenants of the Forrest Oval Sports Precinct
- Full members – an equal number of nominated members from each Associated body
- Ordinary members - a financial member of all Associated bodies

Board

- The affairs of YSA will be managed by a Board of Management
- Board of Management – Maximum of nine Board members including President, Vice President, Treasurer, Secretary and five ordinary members representing the Associated bodies
- The Shire of York will have the right to appoint a representative on the Board of Management. If the representative is an Observer status with no voting rights, it does not bind the representative to the decision and does not have a conflict of interest regarding any decision. If the representative is a full member of the Board, with voting rights, the representative is required to make decisions in the best interests of YSA, rather than the Shire, potentially creating a conflict of interest in some situations.
- Voting – only full members will be eligible to vote at the AGM or Special GM

5.2.3 YRCC Gym

Given the nature (24/7) and location, it is preferable that Council relinquishes management of the gym. In the first instance, YSA should be offered the opportunity to manage the gym, and given the option of subcontracting the gym to an external party.

- The Shire to retain ownership of the gym equipment and allow YSA use of the equipment at no cost
- Council to approve of a gym subcontractor, such approval will not be unreasonably withheld,
- YSA to receive all revenues from membership or subcontracting the gym

- YSA to maintain and clean the gym and equipment
- YSA or subcontractor to be responsible for replacing gym equipment at the end of its useful life

5.3 Forrest Oval Sports Precinct Governance

The Shire will continue to have responsibility for the governance, management and maintenance of the Forrest Oval Precinct. Once YSA is established it can also act as an advisory body to the Shire relating to all matters impacting upon Forrest Oval Sports Precinct.

It is recommended that each sports club using Forrest Oval Sports Precinct enter into a license agreement to use the sports facilities.

5.3.1 License Agreements

Most license agreements contain a series of standard clauses, supplemented by schedules which provide specific terms relating to the licensed property and the licensee.

Licensee Obligations and Responsibilities

- Pay the annual rent
- Pay own legal costs in negotiating license and half the costs of preparing the license
- Insure own contents and public liability insurance
- Cannot assign, transfer or sub license the property
- Keep the property clean, tidy and free from rubbish
- Repair any damage to the property caused by either the licensee, or its visitors
- Notify the Shire of any accident, anything that needs to be repaired by Council or anything which could present a hazard, or which could harm the property or any person
- Not do anything offensive or dangerous
- Comply with all Government and Council rules which affect the property or the licensee's use of the property, including Acts of Parliament, regulations, local laws, codes of practice
- Comply with health and safety laws
- Smoking is prohibited except in areas nominated by the Shire
- Supply the Shire with a copy of its constitution, and when requested copies of minutes and financial accounts
- Provide the Shire with copies of certificates of currency for public liability insurance

Council Obligations and Responsibilities

- Insure the property
- Maintain the property in accordance with Council's budget and maintenance program
- The Shire has the right to hire the property to other parties at times not used by the licensee

5.3.2 Schedules

Terms and conditions specific to the property and licensee are usually included in schedules to the license.

- Name of licensee (ie sports club)
- Details of property to be used eg tennis courts and Forrest Oval
- Starting date
- Term of the license – annual or longer
- Renewal options
- Times of use of the property eg season, days, times
- Any special condition of use
- Rent payable including rent review dates and future increases
- Public liability insurance amount

5.3.3 Possible Licenses

Under the current governance structure licenses, or memorandums of understanding will be prepared for use of specific sports facilities at Forrest Oval Sports Precinct by:

York Imperials Cricket Club
York Senior Netball Club
York Junior Netball Association
York Ladies Badminton Club
York Basketball Club
York Tennis Club
York Bowling Club
York Senior Football Club
York Junior Football Club
York Hockey Club

These agreements will primarily relate to the sporting facilities such as tennis courts and oval. They may be extended to include the change rooms within the YRCC.

Each license will be specifically negotiated with each licensee, although it is important to retain terms and conditions which are consistent between all licenses.

5.4 Implementation Program

Implementing the new management model for YRCC will involve a series of tasks:

Action	Timeframe
Create a liaison group representing Forrest Oval Sports Precinct and the Shire of York with responsibility for developing a constitution for YSA and negotiating the major terms and conditions of a management contract.	October 2017
Establish an incorporated body - York Sports Association - including constitution	November 2017
Prepare management contract	February 2018

Action	Timeframe
Establish a start date for the contract	1 July 2018
Agree on the process to transition management from Council to YSA	March 2018
Implement a period for joint management by YSA and Council during which responsibilities transition from Council to YSA	2018/19
YSA assumes full responsibility for management of YRCC	1 July 2019

Once YSA is constituted and is negotiating a management contract with the Shire for YRCC, a series of tasks have to be completed prior to taking over management:

Action	Timeframe
Prepare a Volunteer Management Strategy to ensure adequate people are recruited to operate the bar and kitchen and other operational roles.	June 2018
Negotiate with each of the Associated bodies, priorities for expenditures and distribution of profits. Initially priority payments will be to operate YRCC – purchase of stock, payment of salaries and overheads such as insurance. Each Associated body will have the opportunity to conduct their own fundraising events and activities, and retain any profit. Any surplus funds raised from the general operation of YRCC should be distributed based on need and the level of support (eg number of volunteer hours worked) provided to YSA.	March 2018
Review the existing Liquor Licence, determine whether it is appropriate for YSA and obtain an appropriate liquor licence.	July 2018
Purchase all contents (fittings and fixtures) from the Shire, arrange appropriate insurance, and prepare a renewal or replacement plan. [Note: It may be appropriate for the Shire to sell existing fittings and fixtures for a token payment, say \$1.]	July 2018

The Shire, in addition to negotiating a management contract and preparing legal documents should also:

Action	Timeframe
Investigate funding for a Club Development Officer to support YSA and each sporting and community based club in the Shire.	December 2017
Review its fees and charges policy for use of Forrest Oval Sporting Precinct to ensure it is consistent, and applicable to all users of the Shire's facilities.	March 2018
Prepare License Agreements for each user group, based on the Shire's fees and charges policy.	July 2018

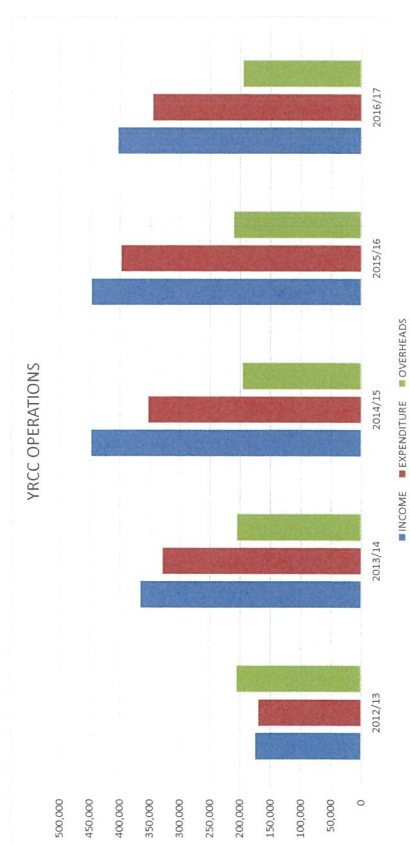


YORK RECREATION AND CONVENTION CENTRE
OPERATING STATEMENT
FOR THE FIVE YEAR PERIOD ENDED 30 JUNE 2017

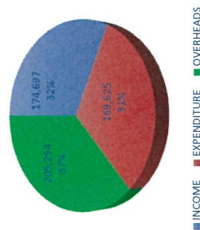
	2012/13 ACTUAL	2013/14 ACTUAL	2014/15 ACTUAL	2015/16 ACTUAL	2016/17 ACTUAL
REVENUES					
FORREST OVAL LIGHTS INCOME	1,848	1,345	2,219	2,928	2,961
YRCC INCOME - HIRE	4,559	6,094	8,414	5,208	3,780
YRCC INCOME - GYM	19,225	25,340	27,014	21,775	21,887
YRCC INCOME - CONFERENCES	40,076	44,305	33,564	39,010	29,959
YRCC INCOME - BAR	61,956	164,596	198,317	227,811	198,989
YRCC INCOME - CAFE/RESTAURANT	16,596	96,498	154,300	111,267	107,700
YRCC INCOME - CANTEN	21,481	19,542	13,770	30,053	31,900
YRCC INCOME - GREEN FEES - BOWLS	8,004	8,467	8,406	7,856	5,483
YRCC INCOME - GREEN FEES - TENNIS	953	1,088	1,275	1,192	229
	174,697	385,275	447,278	447,101	402,887

COST OF SALES					
YRCC EXPENDITURE - GYM	6,193	7,141	8,966	10,964	8,974
YRCC EXPENDITURE - CONFERENCES	24,768	44,496	22,503	26,763	23,910
YRCC EXPENDITURE - BAR	54,612	145,070	150,747	173,213	139,239
YRCC EXPENDITURE - CAFE/RESTAURANT	31,690	106,291	142,819	142,919	129,892
YRCC EXPENDITURE - CANTEN	18,349	17,401	14,901	23,771	24,518
YRCC EXPENDITURE - BOWLS	31,354	7,971	10,870	5,512	7,667
YRCC EXPENDITURE - TENNIS	2,659	688	1,689	14,486	10,870
	169,625	329,058	352,494	397,629	345,070
GROSS PROFIT	5,072	36,217	94,784	49,472	57,817

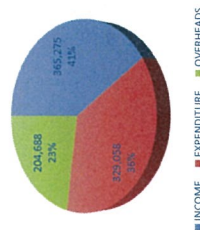
CENTRE COSTS					
FORREST OVAL CONVENTION CENTRE	113,824	137,445	144,686	132,370	111,713
YRCC MARKETING & PROMOTIONS	1,568	1,716	136	909	1,500
RECREATION - SALARIES	68,274	40,330	25,459	42,545	45,568
RECREATION - SUPERANNUATION	16,709	25,197	24,207	26,714	30,529
YRCC OPERATIONAL & MARKETING PLAN	4,920	0	970	7,500	5,919
	205,294	204,688	195,458	210,038	195,230
PROFIT/(LOSS)	(200,223)	(168,471)	(100,674)	(160,566)	(137,413)



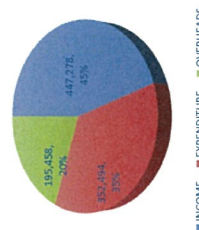
YRCC OPERATIONS 12/13



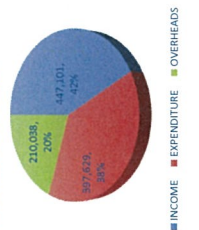
YRCC OPERATIONS 13/14



YRCC OPERATIONS 14/15



YRCC OPERATIONS 15/16



YRCC OPERATIONS 16/17

