

3. WHARENUI SWIM CLUB - CONTINUATION OF LEASE RENTAL REDUCTION

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The purpose of this report is to present to the Committee an application by the Wharenui Swim Club for continuation of the rent reduction and contribution to maintenance which was granted in April 2002 to apply to 30 June 2002 for the Lease of the Wharenui Swimming Pool.

The club has continued to operate the facility at a satisfactory level since last reporting to the Committee. The Council has recently undertaken a CERMS Survey (Centre for Environmental and Recreation Management) which provided valuable information on the performance of the facility from a users point of view.

The following is a table of the Customer Service Quality Survey which identifies the difference between customers' expectations and performance. A comparison has been done with the CSQ gap with Jellie Park Aqualand, our other leased swim facility, which shows that Wharenui Swim Club operates this facility favourably.

Wharenui Pool CSQ Attributes	Expectations 2002	Performance 2002	CSQ Gap 2002	CSQ Gap Jellie Park
1. Parking safety and security	5.10	3.90	- 1.20	- 1.30
2. Centre Cleanliness	5.60	3.80	- 1.80	- 2.00
3. Information availability	5.00	4.20	- 0.80	- 1.00
4. Start Finish Times	4.80	4.00	- 0.80	- 0.70
5. Activity range	4.70	4.30	- 0.40	- 0.50
6. Organisation	5.30	4.40	- 0.90	- 1.00
7. Physical Comfort and Pleasantness	5.10	4.00	- 1.10	- 1.10
8. Value for money	5.30	4.50	- 0.80	- 1.10
9. Equipment Quality/maintenance	5.40	4.10	- 1.30	- 1.50
10. Food and drink Facilities	4.10	3.60	- 0.50	- 0.50
11. Child Minding	3.70	3.00	- 0.70	- 0.30
12. Staff Friendliness	5.30	4.70	- 0.60	- 1.00
13. Staff Responsiveness	5.30	4.60	- 0.70	- 1.00
14. Staff Presentation	5.10	4.30	- 0.80	- 0.70
15. Staff Experience/ knowledge	5.40	4.60	- 0.80	- 0.90
16. Tutors Experience/ knowledge	5.60	4.60	- 1.00	- 1.00
17. Pool water Temperature	5.00	4.20	- 0.80	- 1.20
18. Pool water cleanliness	5.80	4.30	- 1.50	- 1.60
19. Facilities Maintained	5.50	4.10	- 1.40	- 1.70
20. Parking Suitability	5.10	4.00	- 1.10	- 1.80

The scale used for this part of the questionnaire ranges from 1 (disagree) to 6 (very strongly agree)

The following is a comparison between Wharenui and the Council operated Centennial Leisure Centre in some areas of usage analysis.

	Wharenui Pool	Centennial
Gender		
Female	68%	53%
Male	32%	47%
Distance travelled		
5 km or less	47%	54%
over 5 to 10 km	33%	30%
more than 10 km	20%	16%
Income		
\$0 - \$30,000	28%	34%
\$30,000 - \$50,000	26%	30%
\$50,000 and above	47%	36%

Customer Relations	Wharenui Pool	Centennial
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Levels of recommendation

Strongly recommend	26%	37%
Recommend	65%	56%
Undecided	6%	4%
Not recommend	1%	3%

Casual Vs Programmed Use

	2001	2001
Casual	47,027	345,084
Programmed	143,330	63,807
Total	190,402	357,969

Problems Experienced and reported and solved

	Number	Number
Problems Experienced	87	113
Problems reported	45	53
Problems Solved	24	25

Overall Satisfaction Rating **5.78%** **5.91%**

Note: Scale used for these questions ranged from 1 'very dissatisfied' to 7 'very satisfied'

The overall satisfaction rate of 5.78 indicates that customers are, overall, satisfied with the Wharenui Indoor Swimming Pool and Recreation Centre. This rating is above the CERM Performance Indicator for Australian based mean for similar centres.

FINANCIAL PERFORMANCE

Wharenui Swim Club Financial Report

Pool Operating A/c	1998	1999	2000	2001	2002
Revenue					
Admissions	150,678	128,728	97,826	86,810	75,261
Caps and Goggles	28,190	27,849	18,233	20,699	16,053
Grants				12,000	12,000
Facility Hireage	10,699	7,616	10,538	14,071	11,596
Interest	634	32	-	-	-
Programme Revenue	277,871	294,710	303,260	303,158	323,559
School Learn to swim Scheme	31,012	42,085	45,749	44,872	40,293
Sundry Income	-	4,212			1,529
	499,084	505,232	475,606	481,610	480,291
Operating Expenditure	1998	1999	2000	2001	2002
Admin Costs & Misc	47,507	50,423	47,809	54,769	47,910
Advertising	17,592	24,972	31,237	26,090	25,511
Chemicals	25,251	26,341	27,196	21,799	20,903
Caps and Goggles	21,910	18,179	12,001	13,460	12,233
Cleaning	6,968	8,036	7,349	7,177	6,648
Depreciation	24,408	32,712	27,937	24,106	22,610
Electricity	60,712	62,146	57,853	53,071	65,409
Lease	10,870	8,193	2,850	-	-
Repairs & Maintenance	18,619	13,910	22,398	15,962	24,973
Wages & Salaries	232,397	262,462	269,105	261,728	300,942
	466,234	507,374	505,735	478,162	527,139
Surplus/ (Loss)	32,850	-\$2,142	-30,129	3,448	-46,848

Recreation Centre	1998	1999	2000	2001	2002
Income					
Facility Hireage	24,171	17,056	14,998	12,771	16,603
Gym Casual	9,468	11,100	10,333	8,137	10,572
Sauna Revenue	10,294	8,625	6,388	4,405	2,908
Sunbed revenue	13,664	15,448	11,384	12,570	12,059
Programme Revenue	5,772	5,461	10,869	14,955	14,317
	63,369	57,690	53,972	52,838	56,459
Expenditure					
Electricity	15,621	15,536	11,812	10,370	8,462
Wages & Salaries	27,418	27,135	24,946	23,953	25,078
Miscellaneous	18,598	16,992	15,700	19,731	20,277
	61,637	59,663	52,458	54,054	53,817
Surplus/(Loss)	1,732	-1,973	1,514	-1,216	2,642
Swim Club					
	1998	1999	2000	2001	2002
Revenue	216,566	213,718	248,216	278,356	242,221
Expenditure	197,703	214,287	249,507	289,614	271,851
Surplus/(Loss)	\$18,863	-\$569	-\$1,291	-\$11,258	-\$29,630
Overall Net Cost	53,445	- 4,684	- 29,906	- 9,026	73,836

The above table identifies that the operation of the pool suffered a loss of \$46,848 in the last financial year and the club an overall loss of \$73,836. The pool income has remained steady at the level of two years ago with increases in programme revenue but reduction in the casual use. The club have concentrated on improving programmes to offset the drop in casual swimming numbers, which they attribute to the Council's new leisure pools which are ideal for families.

Operating costs have increased in the areas of plant maintenance and wages and salaries. The heating plant and equipment installed in 1999/2000 is significantly more sophisticated than that operated in earlier years, requiring a higher level of monitoring and maintenance. Electricity costs have risen due to increasing the air flows through the pool building resulting in the need for more heat. The club's electricity contract is due to expire and a further increase in electricity charges of 28% is estimated.

The casual admission charges for this facility are currently:

Adults	\$3.50
Secondary School	\$2.00
Primary School children	\$1.50
Pre Schoolers/ Parent	\$1.00
Golden Oldies	\$2.00
Beneficiaries	\$2.50

The club has also requested in its application assistance with the insurance payment which is made to the Council in accordance with the lease. Last year the insurance bill was \$6,039. It is anticipated that there will also be a significant increase in the 2002 premium due to the September 11 World Trade Centre disaster. The opportunity exists to enable the club to increase charges by .50 cents across all categories to enable the club to cover cost increases.

They may not wish to increase charges at this time. However it would give their management the flexibility to undertake these increases when they feel necessary.

CONCLUSION

The financial operation of the Wharenui Pool by the Wharenui Swim Club has continued to operate at a similar level to that experienced after the opening of the Council's Leisure Centres. Payment of the rental as per the lease agreement of \$11,400 would place strain on the club's finances and would reduce the amount of operational maintenance undertaken by the club on the facility resulting in a deterioration of the standard of the facility. The contribution of \$12,000 towards the operation is necessary to ensure that the facility is maintained at a level required by the Council.

NATURAL + PEOPLE + ECONOMIC STEP ASSESSMENT

#	CONDITION:	Meets condition ✓✓0*	HOW IT HELPS MEET CONDITION:
The Natural Step			
N1	Reduce non-renewable resource use	✓	Use of heat pumps is an efficient use of electricity.
N2	Eliminate emission of harmful substances	✓	Technology improvement enable reduced use of chemicals.
N3	Protect and restore biodiversity and ecosystems	0	
N4	People needs met fairly and efficiently	NA	NA - See People Step + Economic Step
The People Step			
P1	Basic needs met	✓✓	Facility provides for recreation and fitness activities
P2	Full potential developed	✓✓	The site is fully developed for swimming and other recreational activities
P3	Social capital enhanced	✓✓	Provides for Learn To Swim and opportunities for social activities
P4	Culture and identity protected	✓	Facilities available to all groups
P5	Governance and participatory democracy strengthened	0	
The Economic Step			
E1	Effective and efficient use of all resources	✓✓	Operation of Wharenui Pool on Leased land provides necessary service to local community.
E2	Job rich local economy	✓	Creates employment, especially for students during summer
E3	Financial sustainability	✓	The operation of Wharenui Pool and recreation Centre requires a subsidy from the Council as does all other Council Pools.

Staff

- Recommendation:**
1. That the Community and Leisure Committee support the application by the Wharenui Swimming Club for assistance towards the operating of the Wharenui Pool and Recreation Centre and approve the following:
 2. That rental for the Wharenui Swimming Pool remain at nil for the period 1 July 2002 to 30 June 2004.
 3. That a contribution of \$12,000 per annum plus GST be made to the Wharenui Swimming Club, to provide assistance with operating and maintenance costs for the pool and recreation centre. This contribution to apply to July 2002.
 4. That the Wharenui Swim Club be authorised to increase all casual admission charges by .50 cents.

Chairman's

Recommendation: That the above recommendation be adopted.