

1. WHARENUI SWIM CLUB - CONTINUATION OF LEASE RENTAL REDUCTION

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The purpose of this report is to present to the Council an application by the Wharenuui 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 Wharenuui 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 user's point of view.

A Customer Service Quality Survey (CSQ) was completed which identified the difference between customers' expectations and performance. A comparison has been done with the CSQ gap with Jellie Park Aqualand, the Council's other leased swim facility, which shows that Wharenuui Swim Club operates this facility favourably.

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

A table provided at the Committee meeting identified that the operation of the pool resulted in 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 casual use. The club has 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 anticipated.

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 for 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 Wharenuui Pool by the Wharenuui 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 Wharenuui 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 Wharenuui Pool and Recreation Centre requires a subsidy from the Council as does all other Council pools.

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