

7. WHARENUI SWIMMING CLUB – APPLICATION FOR LEASE RENTAL REDUCTION FOR WHARENUI POOL

Officer responsible Leisure Manager	Author Lyall Matchett
Corporate Plan Output: Swimming Pools – Leased: Wharenuui Swimming Pool	

The purpose of this report is to present, on behalf of the lessees of the Wharenuui Swimming Pool, an application for a rent reduction and possible financial assistance towards operating the pool. Since the opening of the Council operated Pioneer and Centennial Leisure Centres there has been reduction in casual swimmers, with a corresponding decline in income.

The application, which was received in February 2000, states:

The Committee has discussed over the last few months concerns regarding a decline in revenue especially in admissions and Learn To Swim and also to a lesser degree other areas i.e. sales of goggles, sunbed and sauna usage.

With the September/April period normally providing the club with revenue to cover the winter season and to do maintenance and improvements to the building, we consider these issues now have to be addressed.

The club really appreciates the improvements the Council have made in recent times such as the re-roofing in 1994 and the recent installation of the heat pump, improvements in filtration and air conditioning.

Over the last forty years we have based the club at the Coronation Pool but have also managed a very good community facility with a variety of programmes. We have put back profit into the building, for example:

- New pools \$120,000*
- Old weightroom (now offices) \$15,000*
- Equipment in new weightroom \$90,000*
- New dressing sheds – Grant was obtained and club paid an extra \$30,000*
- Roofed pool in 1961*
- Continuing maintenance & improvements.*

We have also been proud of the fact that we have been made largely self-sufficient over the 40 year span but now our main concerns are:

- Pioneer Pool being our main competition – previously a large catchment area for us.*
- Population – we acknowledge that the new pools and publicity will have increased usage but feel for the size of our city, two new pools have disbursed the numbers swimming, especially regular users.*
- Over the last year there have been problems with the air conditioning and pool temperatures. This was while the recent improvements were carried out – these problems have also contributed to a loss of patronage.*
- Winter months – if the present trend continues, we consider we will struggle financially.*

Steps we have taken to improve our financial situation.

- ❑ *Constructive restructuring*
- ❑ *Decrease in employees hours in some areas*
- ❑ *A Review of advertising/staffing/programmes*

We would appreciate your consideration in looking at some financial assistance for the operation of the Coronation Pool.

Recommendations to Council:

- ❑ *Removal of lease payments i.e. \$10,000 p.a.*
- ❑ *Plant and General Maintenance grant per annum.*
- ❑ *Financial assistance for advertising and/or wages to pool staff.*

Enclosed are figures showing a loss of revenue and comparing the last three years revenue in the areas mainly concerning us in October/November/December period. Note: We were closed for 9 weeks in 1998.”

A similar application was received from the operators of Jellie Park Aqualand (Recreation Management Services) and it was proposed that both applications be considered by the Subcommittee set up to review the operation of the lease at Jellie Park Aqualand. The intervening introduction of the SAP accounting system over the period February to July 2000 has resulted in this matter not being prepared for consideration till now. This has, however, enabled the impact of the new pools on both Wharenui and Jellie Park to be more fully established and last year's operating accounts to be analysed.

In the meantime we have been in contact with both operators to ensure that their financial situation has not deteriorated to a serious level in the interim.

HISTORY

The Wharenui Swimming Club has been based at the Coronation Pool/Wharenui Swimming Pool since 1960. Prior to amalgamation, the facility was held under a separate deed with the former Riccarton Borough Council and an annual grant was made towards its operation and maintenance. The Recreation Centre was built by the Riccarton Borough Council in 1989 and the operation of both facilities was tendered out by the Christchurch City Council in 1994, with the Wharenui Swimming Club being the successful tenderer. The term of the lease is seven years, plus two right of renewals of seven years to 4 November 2015. No rental is paid on the Recreation Centre and the current rent for the swimming pool is \$11,400 pa. The facility has undergone two major upgrades over the past 7 years.

1994 – Pool was reroofed and new air handling system installed

1994 – 33 metre pool converted to 25 metre pool plus training pool and toddlers' pool

1998 – New plant room built and filtration system installed

1998 – Relocation of weight training area

1999 – Heating and air handling system upgraded.

The club has approximately 300 members at present consisting of an equal number of competitive and technique (club) swimmers. Since the expansion of the gym, membership has remained constant at approximately 350 members.

FINANCIAL OPERATION OF FACILITY AND CLUB

The following is a summary of the last three financial years operations of the club and highlights the financial impact on admissions.

Swimming Club Operating A/c	1998	1999	2000
Revenue			
Admissions	150,678	128,728	97,826
Caps and Goggles	28,190	27,849	18,233
Facility Hireage	10,699	7,616	10,538
Interest	634	32	-
Programme Revenue	277,871	294,710	303,260
School Learn to swim Scheme	31,012	42,085	45,749
Sundry Income	-	4,212	
	499,084	505,232	475,606
Operating Expenditure			
Admin Costs & Misc	47,507	50,423	47,809
Advertising	17,592	24,972	31,237
Chemicals	25,251	26,341	27,196
Caps and Goggles	21,910	18,179	12,001
Cleaning	6,968	8,036	7,349
Depreciation	24,408	32,712	27,937
Electricity	60,712	62,146	57,853
Lease	10,870	8,193	2,850
Repairs & Maintenance	18,619	13,910	22,398
Wages & Salaries	232,397	262,462	269,105
	466,234	507,374	505,735
Surplus/(Loss)	32,850	-\$2,142	-30,129
Recreation Centre			
Income			
Facility Hireage	24,171	17,056	14,998
Gym Casual	9,468	11,100	10,333
Sauna Revenue	10,294	8,625	6,388
Sunbed revenue	13,664	15,448	11,384
Programme Revenue	5,772	5,461	10,869
	63,369	57,690	53,972

Swimming Club Operating A/c	1998	1999	2000
Expenditure			
Electricity	15,621	15,536	11,812
Wages & Salaries	27,418	27,135	24,946
Miscellaneous	18,598	16,992	15,700
	61,637	59,663	52,458
Surplus/(Loss)	1,732	-1,973	1,514
Swim Club			
Revenue	216,566	213,718	248,216
Expenditure	197,703	214,287	249,507
Surplus/(Loss)	\$18,863	-\$569	-\$1,291
Overall Net Cost	53,445	-4,684	-29,906

The following table lists the attendance numbers over the past 10 months in comparison to previous years which confirms the drop in casual swimmers by 32%.

Pool Admission Statistics (Revenue)	1997/98	1998/99	1999/2000
October	\$10,754	\$15,415	\$7,255
November	\$11,136	\$10,401	\$7,383
December	\$9,738	\$10,250	\$5,346
January	\$15,899	\$14,453	\$8,642
February	\$12,175	\$12,683	\$9,068
March	\$14,557	\$7,993	\$7,993
April	\$8,927	\$11,614	\$7,666
May	\$4,238	\$10,595	\$7,692
June	\$19,556	\$7,393	\$6,370
July	\$9,667	\$7,512	\$6,232
	\$116,657	\$108,309	\$73,647
			- 32%

In the last financial year the club made an operating loss of \$29,906 which represents closely the drop in income from general pool admissions (\$30,902). The introduction of regular maintenance checks and subsequent follow on maintenance of plant & equipment has lead to an increase in expenditure by the club on these items. The long term benefit is that this maintenance will lead to a reduction in the need for capital replacements which are the Council's responsibility.

The operating loss also does not include rent for three quarters of the year or payment of insurances to the Council. These payments have been held by the club pending consideration of its application and amounted to just under \$12,000 (excl of GST) at the 30 June 2000.

At the final round of annual plan meetings for 2000/2001 the Leisure budget was adjusted by \$50,000 to enable consideration of this report, and also the report for Jellie Park, and to provide some financial relief to the operators without effecting the unit's budget for the year.

The Wharenuī Swimming Club has a number of annual maintenance contracts for the pool and recreation centre.

Monthly Plant check	\$4,320
Fire alarm monitoring	\$1,575
Security System Monitoring	\$4,000
Pool Water Testing	\$10,125
Total	\$20,020

CONCLUSION

The opening of the two new Council Leisure Pools in June last year has impacted on the operation of the Wharenuī Pool in reducing the number of casual swimmers using the pool. The club has made alterations to rosters etc to reduce this impact. However, the club need financial assistance to ensure that the facility achieves the required levels of maintenance and provides service to its customers. It is therefore necessary that a rent reduction be applied and that an annual contribution to operating be made based on the above costs associated with ongoing maintenance and operating of the facilities. Provision was made in the 2000/2001 Financial Plan to accommodate up to \$25,000 assistance to the Wharenuī Swimming Club for this purpose.

Recommendation: That the Council support the application by the Wharenuī Swimming Club for assistance towards the operating of the Wharenuī Pool and Recreation Centre and approve the following:

1. That rental for the Wharenuī Swimming Pool be waived for the period 1 January 2000 to 30 June 2002.
2. That the billed rent for the period 1 January 2000 to 30 June 2000 amounting to \$6,412.36 (GST incl) be written off.
3. That, from 1 July 2000, a contribution of \$12,000 per annum plus GST be made to the Wharenuī Swimming Club to be paid quarterly, to assist with the operating and maintenance costs for the pool and recreation centre; this contribution to be subject to annual review by Leisure Unit staff following receipt of the club's annual accounts.

Chairman's

Recommendation: That the above recommendation be adopted.