

Napier Aquatics Centre Business Case: Options for Expansion

Prepared for the

Napier City Council



June 2017

Contents

1	Purpose.....	3
1.1	<i>Purpose of document.....</i>	3
1.2	<i>Background.....</i>	3
2	Anchoring the business case.....	5
2.1	<i>Strategic alignment and outcomes.....</i>	5
2.2	<i>Community needs.....</i>	8
2.3	<i>Aquatic participation and trends.....</i>	9
2.4	<i>Current facility utilisation.....</i>	14
2.5	<i>Consultation with stakeholders.....</i>	14
2.6	<i>Working Group Prioritisation.....</i>	15
2.7	<i>Other community feedback.....</i>	16
3	Analysis of options.....	18
3.1	<i>Overview.....</i>	18
3.2	<i>Option 1: No frills replacement.....</i>	19
3.3	<i>Option 2: Ivan Wilson Pool – extension and expansion of existing provision.....</i>	22
3.4	<i>Option 3: New build pool complex (25m pool).....</i>	25
3.5	<i>Option 4: New build pool complex (50m pool).....</i>	29
3.6	<i>Summary of options.....</i>	33
3.7	<i>Impact on Rates.....</i>	34
4	Recommendation.....	37
4.1	<i>Factors for consideration.....</i>	37
4.2	<i>Options Summary.....</i>	38
4.3	<i>Recommendation.....</i>	39
Appendix A	Overview of current aquatic provision.....	40
Appendix B	Summary of New Zealand aquatic strategies and guidelines.....	42
Appendix C	Swimming Club Feedback.....	44
Appendix D	Napier Aquatic Centre Financial Model.....	45

1 Purpose

1.1 Purpose of document

The purpose of the document is to develop a business case for investment into expanding the Napier Aquatic Centre to meet current and future community needs.

The business case has identified and reviewed options for expansion based on current community needs and consideration of changes in future aquatic demand.

In considering the development of new or upgraded facilities, the project brief identified that the emphasis should be placed on meeting a wider range of aquatic participation opportunities through the provision of different depth pool spaces within one venue to suit various uses.

The report sets out to identify:

- How do we best meet the community's aquatic needs?
 - What is required now?
 - How will this change during the next 30 years?
 - How do we build in flexibility to accommodate change?
- What can we afford?
 - How much will it cost?
 - Where is this money coming from?
 - What impact does the capital expenditure have on ratepayers?
- How do we ensure efficient asset operation?
 - What are the ongoing operating implications?
 - How do we build in efficiencies?
 - How do we maximise revenue potential?

This report has been prepared in conjunction with CREATE Ltd. CREATE have been developing a wider master plan for the aquatic centre and the Onekawa Park. Also concept design and capital cost estimates included in this report are provided by CREATE.

1.2 Background

The current Napier Aquatic Centre located at Onekawa Park currently consists of:

- A 25m indoor pool constructed in the 1970s (Old Pool)
- The Flanders Avenue toddler learners' pool constructed in the 1960s
- The Ivan Wilson indoor facilities completed in 1998, with two hydroslides, two spa pools, a toddler's pool and a separate 15m learners' pool and a 25m lane swimming pool
- Outdoor splash pads, playground and picnic recreation area completed in December 2012
- A small pavilion used as a meeting and function space
- A gymnasium leased by the Hawke's Bay Rugby Union.

1.2.1 Current Facility Operation

The current facilities are meeting their targets in terms of visitor numbers and cost recovery. Utilisation has been at a consistent level for some time at approximately 200,000 visits per annum with the facility meeting its target of 40% cost recovery.

The current facilities are used to capacity during peak demand periods (after school to 7.00pm). The only users of the pools during these times are the learn to swim programmes and swimming clubs. During these peak times, these core user groups fully utilise all available lanes resulting in no access for casual swimmers at these peak times.

Both learn to swim and swimming clubs identify unmet demand for additional pool / lane time at these peak times. In addition, there is likely to be a significant transfer of demand for both learn to swim and club swimming following the closure of Greendale Pool that cannot be accommodated in the current facilities. There is currently uncertainty around the fate of the Greendale pool, though worst-case scenario is that it will not reopen.

While there is a high level of demand from these user groups, discussions with key stakeholders indicate that there is a significant and growing section of the community that are unable to access aquatic facilities at peak times due to the lack of available water space.

1.2.2 Facility Limitations

The current facility has developed over a period of time with the current pools fragmented across three buildings. The resultant layout has a number of implications including:

- Poor sight lines and multiple spaces increasing staffing levels (and costs)
- Multiple plant rooms increasing operating costs.

The buildings range in age from the 1950's through to the 1990's. These buildings are older, inefficient and not fully fit for purpose (e.g. the learner pool doesn't have access to showers, there is poor acoustic performance in the old pool, running hydroslide and the Ivan Wilson small pool off the same tank means that operation of the slide during winter reduces the temperature of the small pool).

Overall building access is limited with a small and poorly designed reception area. This is located within the 'wet' area with the reception staff having their back to the main entrance. This layout increases noise levels and it is difficult to control access to the facility. The outdoor splash park is in high demand for families in summer; however use is restricted by the limited range of activities and lack of shade.

The overall design of the facility restricts the range of activities that can be offered and reduces the number of services that can be offered and the potential income streams that could be developed to reduce the operational subsidy required. These include:

- Very limited on-site retail and catering
- Limited space for running school holiday programmes restricting the size to a maximum of 45 in each programme.
- The ability to meet new / growing activity areas including:
 - Water therapy (local physios hiring space)
 - Aqua programmes and group fitness.

The impact of these challenges is significant as these are key areas of potential net revenue that cannot be realised.

In addition, the holiday programmes, aqua programmes and water therapy are all growth areas coming from outside the traditional core user groups (learn to swim and swimming clubs).

2 Anchoring the business case

In considering the development of community facilities, an important starting point is to review the overall strategic and community need and alignment both at a local and national level.

2.1 Strategic alignment and outcomes

2.1.1 Council strategy and outcomes

The Napier City Council Long Term Plan and the Napier Aquatic Strategy are the two key documents to identify the key community needs and the role that facilities should take to meet those needs.

Napier City Council Long Term Plan (2015)

An essential starting point are the Community Outcomes as identified within the Napier City Council Long Term Plan (2015).

The outcomes most relevant to the development of aquatic facilities include:

- To provide infrastructure and services to support good health and well-being
- Safe and accessible recreational facilities
- Safe and secure communities
- Strong leadership that is connected to the community.

To provide infrastructure and services to support good health and well-being

Participation in both informal and formal aquatic activities have benefits to the physical and mental health of the individual and the well-being of the community as a whole. Aquatic facilities promote healthy social interaction and act as a centre for community activities.

Safe and accessible recreational facilities

All people who live in Napier have access to services and facilities that support recreation opportunities in a safe environment and that encourages positive social interaction.

High levels of participation in aquatic activity are encouraged to ensure the benefits are enjoyed by as many people as possible. This includes consideration of the diverse preferences and needs for aquatic facilities in Napier and wider Hawke's Bay region.

Safe and secure communities

The people of Napier work together to build an environment where everyone can live confidently in the knowledge that they are safe.

The current and future aquatic network (including natural environment opportunities) provide a safe environment to participate in aquatic activities. All pools will be certified 'Pool Safe' and meet New Zealand Water Quality Standards.

Additionally the promotion of water safety is intrinsic to aquatic facilities through the provision of learn to swim and other programmes.

Strong leadership that is connected to the community.

The Napier community is guided by strong leadership focused on achieving and maintaining economic, environmental, cultural and social well-being for its citizens. All people have the opportunity to participate in a democratic environment and achieve a sense of belonging.

The extent to which the potential solutions align with and contribute towards these outcomes should underpin the evaluation of all options.

Napier Aquatic Strategy (2015)

The Napier Aquatic Strategy was adopted in 2015 to set the direction for the provision of aquatic space to meet the Napier community's needs for the next 30 years. In addition to meeting the needs of the aquatic facility users, the strategy is strongly influenced by the Local Government Act, which requires that councils provide good quality local infrastructure and public services to achieve community well-being.

The Napier Aquatic Strategy 2015 identifies a vision of:

Napier City Council provides aquatic facilities and services that maximise year round use to enhance community benefit for Napier City and deliver water safety initiatives.

To achieve this the goals to be delivered through the Aquatic Strategy are:

- Inspire the Napier community to be safe in the water, engage in regular physical activity and develop strong community connections.
- Maximise opportunities for the Napier community to participate in aquatic recreation and sport.
- The current and future aquatic network (including natural environments) provides a safe environment to participate in aquatic activities.
- Aquatic facilities and services are financially sustainable. This includes consideration of cross boundary opportunities.
- Partnerships are entered into to maximise delivery of aquatic facilities and initiatives.

Hawke's Bay Regional Sport Facilities Plan (2015)

Key points raised in the Plan are:

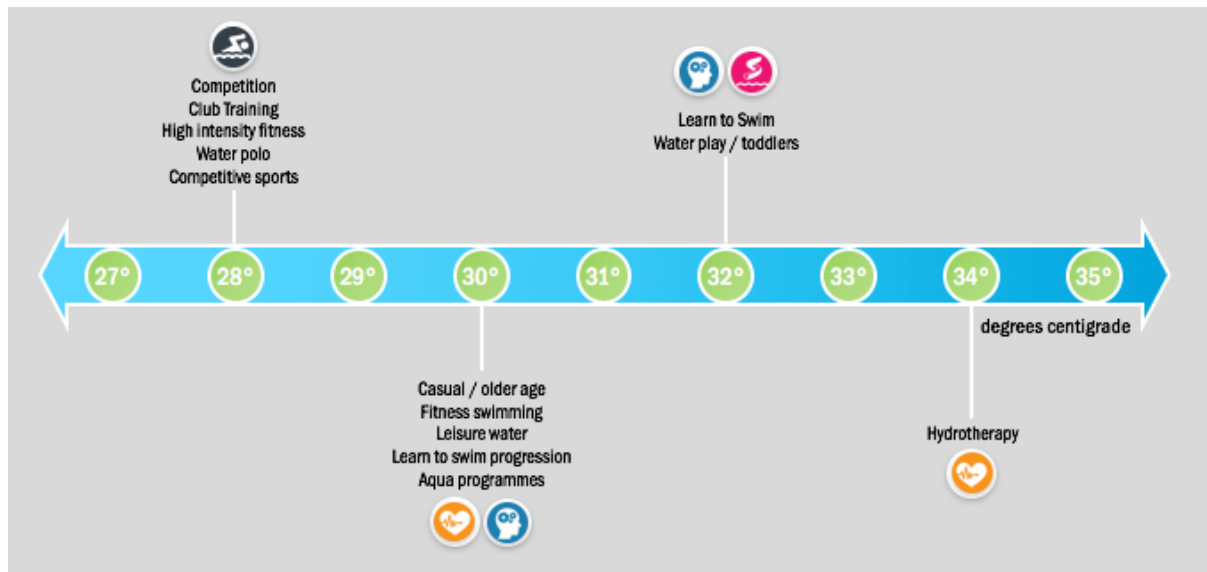
- Participation trends for aquatic sports in Hawke's Bay indicate increasing participation aligned with Sport NZ participation data.
- National sport facility plans indicate the need for a national competition standard pool.
- Planning for sport and recreation facilities has been fragmented across Hawke's Bay.
- Decisions about where sport facilities are located has been based on territorial authority boundaries, and the consequent lack of a regional approach. Future planning for sport facilities must include all of the providers of sport facilities i.e. TAs, schools, charitable trusts, sports clubs and private providers.

Further information around New Zealand Aquatic strategies and guidelines is contained in Appendix C.

2.1.3 Suitability of water temperatures continuum

Different water temperatures are more suitable to different types of water activity. While all of the different activities can operate within a range of temperatures an understanding of the needs of the different user groups ensures that pool temperatures are targeted to best meet demand.

Water temperature continuum



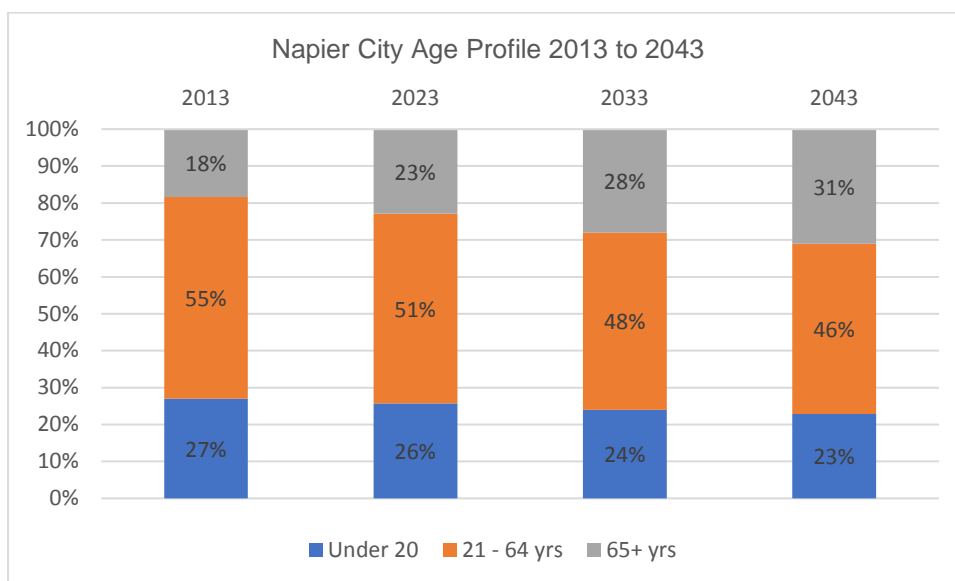
2.2 Community needs

2.2.1 The Hawke's Bay Community

The Napier City population was 60,000 in 2014. The median age was 41.6 years old compared to 40.6 for the Hawke's Bay region and 38.0 nationally. The median age is projected to increase to 47.7 years old by 2043.

The population is projected to increase slightly to 63,200 by 2033 and to 65,370 by 2043. The level of growth on its own is important and has an impact on the community services required.

The proportion of the population age under 20 is projected to decrease from 27% to 23% from 2013 to 2043 while the proportion of the population aged 65+ years is projected to increase from 18% to 31% over the same time period.



In considering the changing demographics, it is important to recognise that older age groups have different needs. Many of these needs can be met through providing lower intensity and impact activities.

2.2.2 Hawke's Bay Health Statistics

The Health Equity in Hawke's Bay Report, 2014 identified that Hawke's Bay's statistics for health and well-being are consider poor and are worse than the New Zealand average in multiple areas. The report highlighted that most frightening of all, the overall life expectancy of the Hawke's Bay population is lower than the rest of the country.

It has been identified that key factors that contribute towards the lower life expectancy include:

- One in three Hawke's Bay adults is obese
- 12% of our children (aged 2-14 years) are obese
- More of our people die at a younger age than is average
- We have more regular smokers
- Fewer of our people are physically active
- More people drink hazardously.

It is widely recognised that there is a strong link between participation in active recreation and sport, and improved health. Aquatic environments can be an ideal way to assist individuals that experiencing lifestyle related health issues to take that first step to being physically active. In addition, there is a strong linkage to community cohesion and social well-being from participation in sport.

It is identified that increasing participation in active recreation and sport is an effective and affordable way to improve the long-term health and social integration of the region.

2.3 Aquatic participation and trends

2.3.1 Society, sport and recreation participation trends

There are many trends affecting sport, recreation and open space provision that have meaning in the context of this project. Those of particular importance are summarised as follows:

Society

- Increasing popularity of abridged pay-to-play and casual activities especially for young adult participants examples – Indoor netball,
- Sport and cultural events popularity increasing rather than through traditional clubs e.g. Iron Maori, Tremains Triathlon

Sport and recreation

- Quality of facilities and land linked more closely to quality of experiences
- Diversity of packaging of programmes, (multi-sport packages) (sport specific packages with greater range of services)
- Willingness to travel to participate
- Emphasis on facility and space activation for sport and recreation, rather than a build it and they will come approach. An evidence based approach.

Aquatic participation

A review of the Active NZ Survey for Hawke's Bay identifies the following key sport and recreation participation characteristics:

- Almost all participants (99%) took part in their chosen sport/activity casually, either on their own or with others, followed by 28% that took part in regular club competition.
- Almost nine out of 10 participants (86%) each say that fitness and health is the key reason for taking part in activities. A similar proportion of participants (84%) say they take part in activities for enjoyment.
- Swimming is identified as the fourth most popular sport and recreation activity participated in over 12 months in the Hawke's Bay with 26,600 individuals participating.
- 14.5% of adults in Hawke's Bay used an indoor pool or aquatics centre in the last 12 months compared to 18.3% nationally.

Most adults in Hawke's Bay (66%) are interested in either trying a new sport /activity or doing more of an existing one. When the individual activities are considered, nationally, it can be seen that swimming is the highest activity of the aquatic codes. While Sport NZ recognise that these statistics are based on a small sample size, they clearly indicate the potential level of demand for each activity within the community.

Potential Aquatic Activities for People in Hawke's Bay

	Activities that people would like to try:	Activities that people would do more of:
Canoe polo	<1%	0%
Diving	<1%	0%
Swimming	6.6%	7.6%
Underwater hockey	<1%	0%
Water polo	<1%	<1%

Aquatic trends

Swimming participation is the very high level of involvement by younger people, and a drop off in participation with age. The Sport New Zealand Youth Survey (2012) found that swimming was usually ranked first among the top 20 activities undertaken by youth (of all age groups) over the previous 12 months. It was also highest for all ethnicities among youth, with the exception of Pacific boys.

The participation levels were highest for the youngest age groups, including 88% of those aged 5-10, 81% aged 11-14, and 72% aged 15-18. Among older adult age groups surveyed in the Active New Zealand Survey (2007-08) the participation level declined more significantly, with only 34% of all-aged adults (over 15 years) indicating they had participated in swimming once over the last 12 months.

The decline in participation level was notably more apparent among older age groups. In the Active New Zealand Survey, the proportion declined from around 48% of those aged 15-24, through to around 20% of those aged 50+. While there is a clear decline in participation, it is worth emphasising that with the exception of walking, swimming is the next most significant active physical pursuit sustained into older age.

Given the projections for aging populations and the health benefits of physical activity, it may be anticipated that swimming may become an even more significant physical activity in the future.

Key trends facing aquatic provision include:

- Declining club and competitive participation
- Increasing demand for facilities from older users – the “time-active elders”
- The trend towards unstructured recreation and fewer team or group activities
- The increasing need to separate lane swimmers from recreational swimmers
- Falling numbers are participating in structured sport
- There is increased participation in unstructured sport and “one-off” events
- There is increased participation in individual activities and events
- There is a move towards “pay as you play” activity over club membership.

2.3.2 Swimming NZ Membership Trends

Membership of Swimming NZ has shown a slight increase in participation over the last 2 years however this is set within a longer term downwards trend. National membership has decreased by 10% (2,116) from 2010/11 to 2015/16. Over the same period, the population of New Zealand has increased by 5.4%.

However, over the same period membership of the Hawke’s Bay Poverty Bay Region has increased by 13% (95) against the long-term national trend.

Swimming New Zealand Membership 2010 to 2016

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Hawke’s Bay Poverty Bay	721	604	610	646	781	816
Swimming NZ	21,144	21,879	18,200	17,350	18,029	19,028

It is important to consider the makeup of the regional participation. While the overall membership of the Hawke's Bay Poverty Bay region has increased, the figures show:

- Competitive swimmers have decreased by 19% (79)
- Club swimmers have increased by 81% (150)
- Other members (officials, coaches, administrators) have increased by 121% (67)

Hawke's Bay Poverty Bay Region Membership 2013 to 2016

	2013/14	2014/15	2015/16
Competitive Swimmers	406	402	327
Club Swimmers	185	230	335
Learn to swim	0	38	32
Other (officials)	55	111	122

2.3.3 Motivations and outcomes for aquatic participation

Key Customer Outcome Areas

For the purposes of this business case, we have grouped aquatic usage into four categories that are based on the outcomes the customer is seeking through the specific activity.

In considering these aquatics outcomes, it is important to highlight that many of the aquatic activities can contribute to one or more of these. What is required is a clear understanding of the relative priority of each of the aquatic activities to form the basis for selection of future facility development options.

Sports Development Activities in which the customer is primarily pursuing sporting outcomes	<ul style="list-style-type: none"> • Aquatic club training • Competition (Inter club) • Competition (Regional / National).
Health and Fitness Activities in which the customer is primarily pursuing health and fitness outcomes	<ul style="list-style-type: none"> • Casual fitness swimming / training (lane swimming) • Aqua fitness classes / programmes • Health and rehabilitation.
Physical Literacy Activities in which the customer is primarily pursuing learning and development outcomes	<ul style="list-style-type: none"> • Learn to swim.
Leisure and Play Activities in which the customer is primarily pursuing leisure and play outcomes	<ul style="list-style-type: none"> • Family fun (summer outdoor activities). • Casual recreational / fun swimming

The motivations for participating in the various aquatic activities vary significantly within different sections of the community. The National Facility Strategy for Aquatic Sports identifies two major categories of demand. These are:

- Competitive Demand: Sport and competition based activity including training and competitive events (Sport Development outcome).
- Community Demand: Recreational activity which includes swimming, school activity programmes, learn to swim and a range of facility based activities such as hydro-slides and wave pools (Health and Fitness, Physical Literacy and Leisure and Play outcomes).

To provide additional clarity, the strategy identifies Competitive Demand to include:

- National Sports Organisations (NSO), Regional Sports Organisations (RSO) and club-based organised activities
- Training for the above groups
- Competitions for the above groups.

This group specifically excludes aquatic users who participate on a casual basis (e.g. lap swimmers) who have no affiliations with the organised activities.


Community demand includes:


- Casual users and participants in all facility organised activities / programmes.


The strategy further identifies the motivations of participation in aquatic activity and identifies that a key feature is that the combination of 'youth' (commonly learn to swim), 'relaxation' and 'social' equates with 74% of the motivation for participation in aquatic activity.

The remaining major component of fitness, which represents 23% of the total motivation drivers are, associated with healthy lifestyle choices as much as sport training. Therefore, assuming half the participation for 'fitness' is a part of training for competitive sports, the competition demand is in the range of 10-20% of total demand for facilities, with 80%-90% of demand for facilities being community-based non-competitive recreation.

Motivation	Percentage of Participants	Customer Outcome Area
Fitness	23%	Health and fitness
Competition	3%	Sport development
Relaxation	25%	Leisure and play
Social	13%	Leisure and play
Youth	36%	Physical literacy
Total	100%	


 **Sport development**

 **11%** of current visitors

 **5751 hours booked per year**

4th most popular recreation activity in Hawke's Bay

816 swimming club members (Hawke's Bay and Poverty Bay)

 Delivers health and participation benefits for small section of the community.

 **Health and fitness**


 **26%** of current visitors


 **800 hours booked per year** (bootcamps and aquaerobics)

86% participate for Health and Fitness reasons


 Delivers health and wellbeing outcomes for a larger section of the community

 **Physical literacy**

 **37%** of current visitors

 **4800 hours booked per year**

21,798 Hawke's Bay children under 10

 Delivers on community safety and supports lifelong health and wellbeing for children

 **Leisure and play**

 **26%** of current visitors

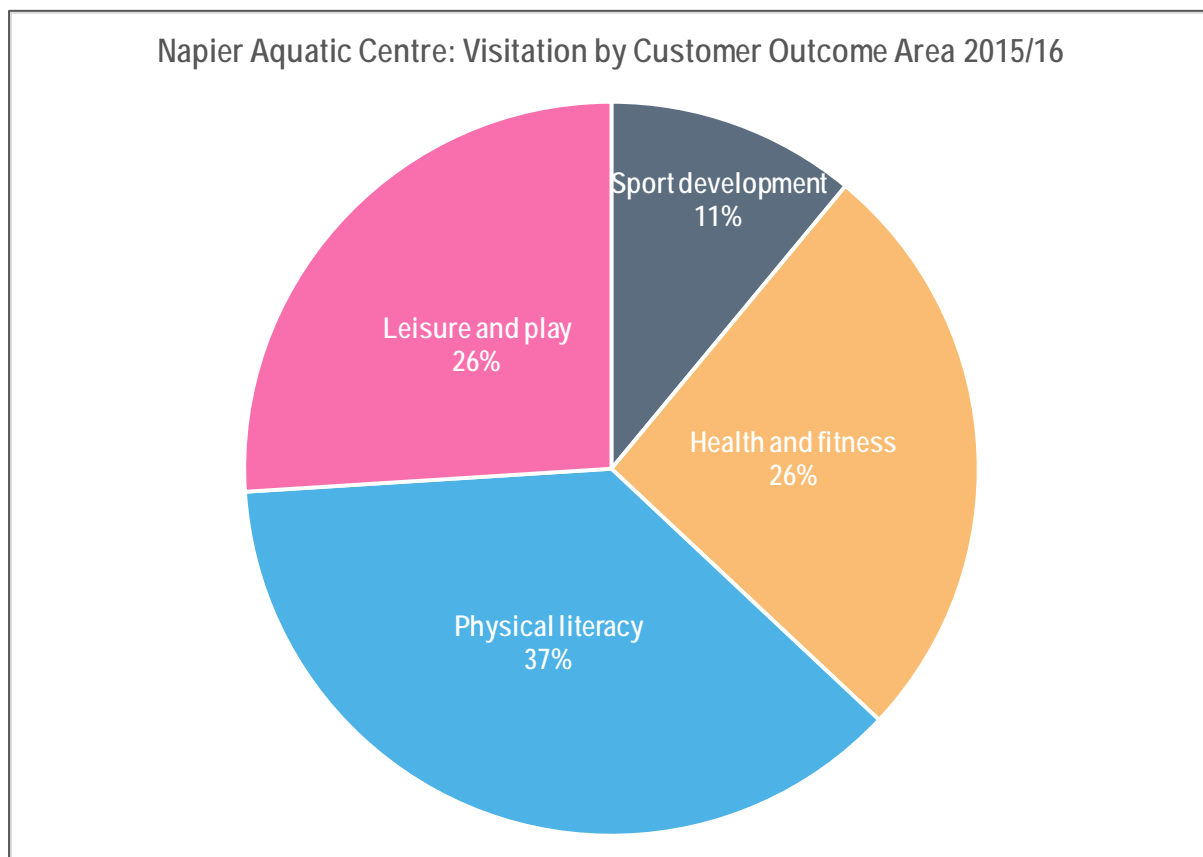
19,014 Hawke's Bay families with one or more dependent children

 Delivers health and social cohesion outcomes for a large section of the community

2.4 Current facility utilisation

In considering the current utilisation of the aquatic provision in Napier, analysis of the customer outcomes of each visitor category shows the proportion of total visitors weighted heavily towards the health and fitness, physical literacy and leisure and play outcomes. Peak times in the facility are unavailable for health and fitness and leisure and play usage due to swim club and Learn to Swim bookings, resulting in a significant section of community based non-competitive needs not being met.

While the limitations of the current facilities affect the ability to meet this demand, a significant factor is the current programming, which enables the competitive demand (10 – 20%) of total demand to occupy a significant proportion of peak time.



2.5 Consultation with stakeholders

Aquatics Club

All aquatic clubs were surveyed and meetings were held with representatives of a number of clubs. Feedback included:

- Pressures on lane swimming for training with no additional capacity between 3:30pm and 7:30pm
- No opportunities for casual / public swimming before 7:30pm, Monday to Friday.
- Access to pool space is considered a major barrier and to be restricting membership growth by some clubs.
- The majority of clubs would like to access a 50m pool (to provide for 2 x 25m) to provide the pool capacity meet demand. This was also seen as having potential to host events and long distance training.

Napier Aquatic Centre management and programme staff

- There is a high level of support for aquatic facilities however the current facilities focus on learn to swim and swimming club needs. The current facilities are identified as being in high demand at peak times with limited ability to provide for casual swimmers
- There is growth in demand for other activities including holiday programmes, water therapy (local physios hiring space), aqua programmes and group fitness.
- The priority is providing additional water space through flexible bodies of water rather than a 50m pool with the bulkhead. The reasons include:
 - The very few instances in which the pool would be used as a 50m
 - The greater revenue potential of different bodies of water with different temperatures
 - The fact that the 50m pool would need to set to training temperatures for a small section of their customer base, meaning that the water is too cold and therefore doesn't cater for smaller kids, rehab, those users commencing physical activity in response to health conditions and users that aren't competitive swimming or intensive lane swimming focused.

Sport Hawke's Bay

Sport Hawke's Bay identified support for all opportunities to increase physical activity in Napier. It was identified that the current aquatic facilities were well used however that access was dominated by clubs making it difficult for other community users to access the facilities.

In considering the range of potential opportunities for the future it was identified that:

- There is a demand for additional water space.
- The priority is to meet wider community demand
- A focus on competitive facilities, e.g. dive pool or 50m pool could be provided but they are targeted at a very small section of the community.
- Plans are ongoing for additional facilities at the Hawke's Bay Regional Sports Park that potentially include a 50m in stage 2.

Hawke's Bay DHB

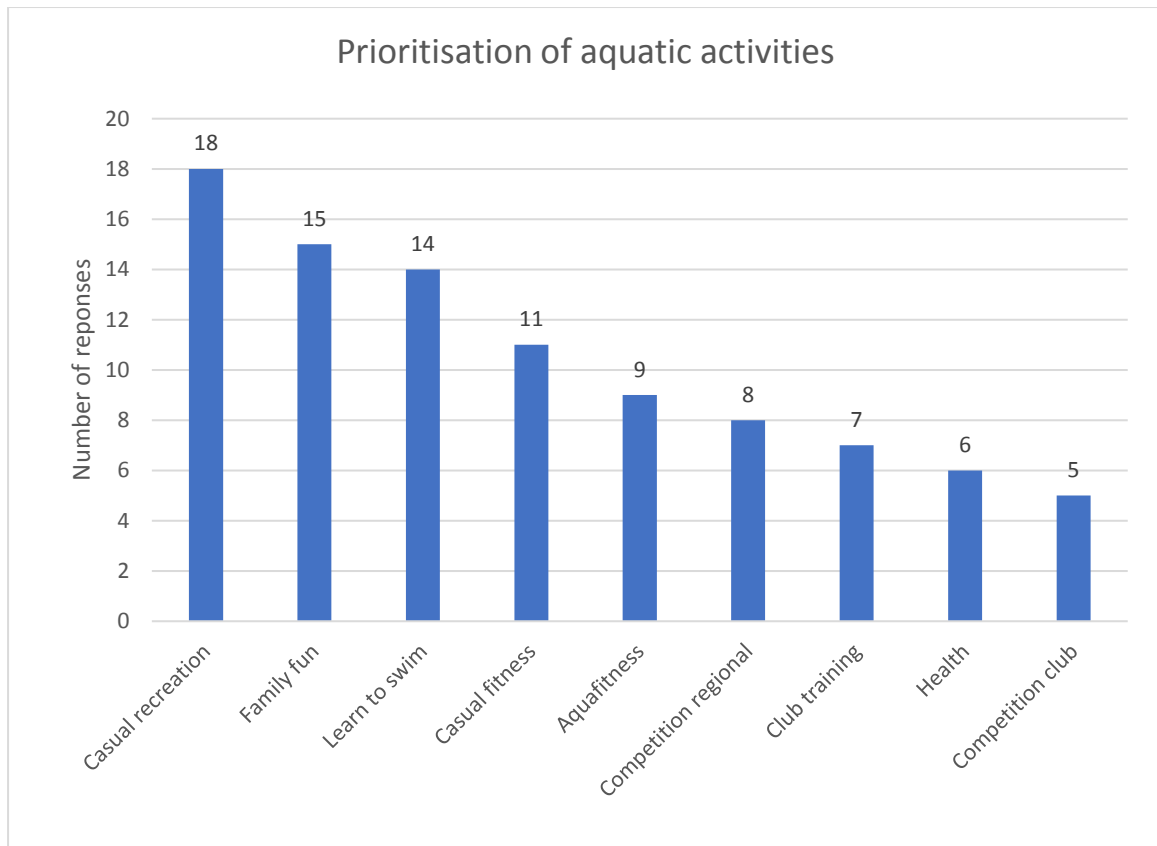
The HBDHB identified that they would be supportive of opportunities to increase physical activity to promote health and well-being in the community. The priorities for the DHB, in relation to aquatic provision include:

- Ensuring all residents have the opportunity to learn to swim.
- Providing opportunities to tackle obesity and improve the health of the population
- Ensuring facilities are affordable and accessible.
- Ensuring a range of activities are provided to support and enable easy entry into physical activity, particularly for adults.
- Providing for a range of family focused activities with a range of facilities to engage with sections of the community that don't currently participate.

It was identified that there is a hydrotherapy pool available within the DHB that currently is not being utilised to its full potential. As such, there is no current demand for a hydrotherapy pool in the region however, demand may be increased over time as Hawke's Bay's population ages.

2.6 Working Group Prioritisation

The working group including Napier City Council elected members and officers undertook an informal prioritisation of the key aquatic areas identified in section 2.2. Based on the results of this it can be seen that meeting the needs for the community type activities was considered a higher priority than the competitive type activities.



Working group prioritisation – Word cloud

The figure below identifies the different activity levels with the larger font indicating the high priority.



2.7 Other community feedback

A large proportion of the engagement and feedback through the process has been through organisations and the organised aquatic clubs as these users have an existing relationship with the facilities, are well organised and keen to be consulted with. It is important to consider the wider community feedback as analysis of aquatic participation, trends and motivations indicate that these clubs and organisations only represent between 10 – 20% of the population.

While not considered representative of the wider population, feedback has been received from the Future in Motion Consultation, November 2016.

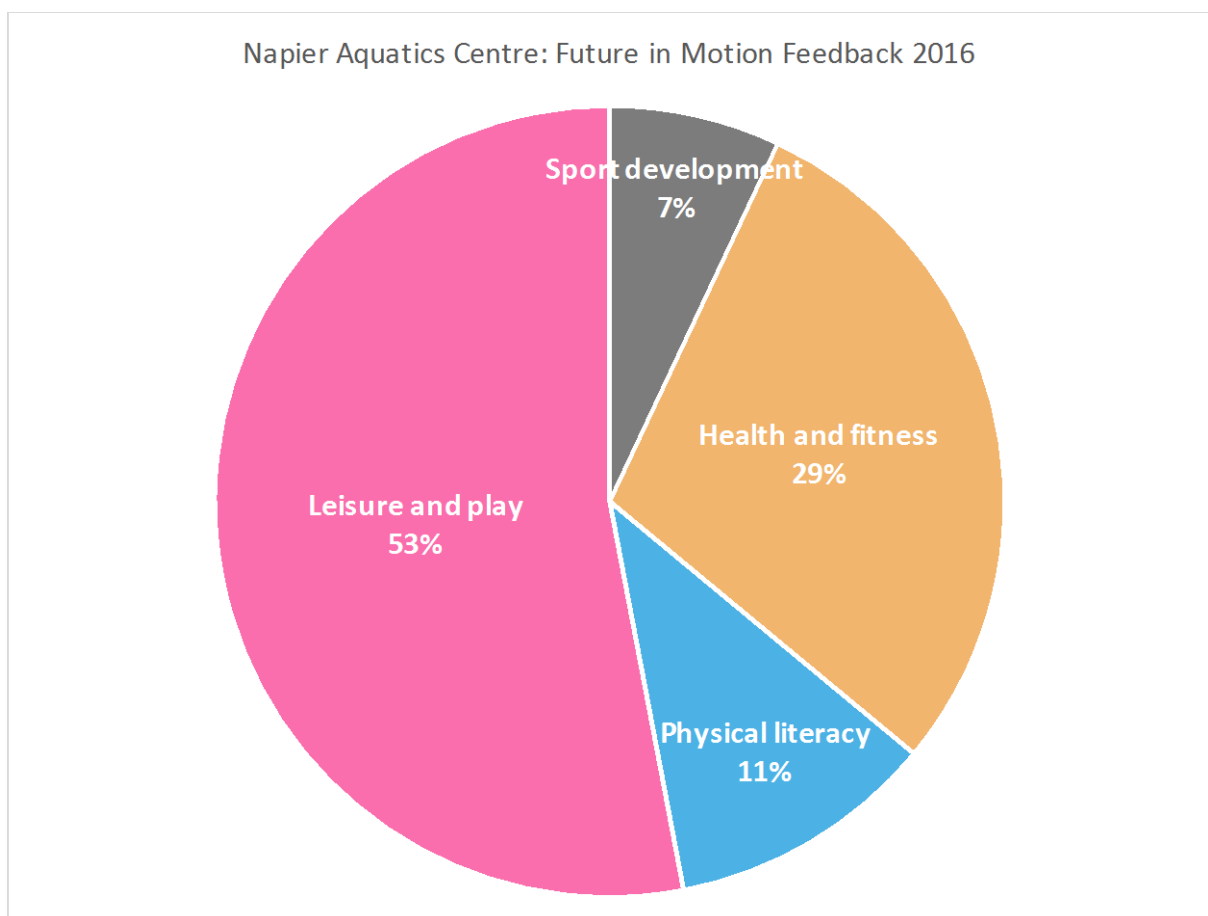
Future in Motion

The Future in Motion consultation at the Pettigrew Green Area in November 2016 highlighted the potential development of aquatic facilities in Napier and asked the community for their views on the types of activities they would like to see.

In total 520 responses were received and categorised into outcome areas as:

- Leisure and play: Outdoor water play, bomb pool, indoor water play leisure, new hydrosides, flow-rider
- Physical literacy: Learn to swim classes
- Health and fitness: Aqua fitness / jogging, hydro spin, health and rehab, casual lane swimming.
- Sport development: Swimming clubs.

Analysis of the responses highlighted that 82% of all activities identified fall into the leisure and play, and health and fitness categories.



3 Analysis of options

3.1 Overview

A wide range of potential options have been considered to meet the identified needs. Following discussions with the Working Group and through Council seminars, these have been refined to four main options for detailed consideration. These include:

- 1 No frills replacement
- 2 Expand Ivan Wilson Pool
- 3 New build 25m
- 4 New build 50m

Pool Occupancy Assumptions

The current facility attracts on average 200,000 residents or just over 3 visits per resident. The Sport NZ report on facility guidance¹ suggests that for a large facility a target of 5-7 visits per head of population needs to be achieved to support financial sustainability. Assuming a base population of 60,000 it could be assumed that all of the options could realistically achieve visitor numbers of between 300,000-420,000 per annum.

Key considerations on occupancy assumptions are:

- Visitor projections should be conservative e.g. 10% in addition to current levels due to relatively static projection in population. With Sport NZ guidelines recommending that “good practice” in operation generally achieves between 5-7 visits per head of population. Therefore, it would be prudent to assume that in time six visits per head of population could be achieved or 360,000 visits².
- The level of success of the café and retail shop will be directly related to increased facility patronage. By providing the public with a “wider facility mix” and positioning the facility, as a destination to potential visitors to “stay and play” should increase the financial revenue opportunities.

Concept design Assumptions

- The concept designs have been developed to identify the facilities required to meet the range of needs identified. These are at an early stage in development to support the decision making process in terms of scale of the facility and the key water areas required.
- Each pool area has been developed to maximise the flexibility of the pool to meet a wide range of users. Once a preferred concept has been agreed, further detailed development is required which is likely to result in changes to the overall concept in terms of factors such as pool depth and the configuration of areas is optimised to maximised space utilisation and minimise noise transfer between activity areas.

¹ Sport NZ Community Sport & Recreation Facility Development Guide 2016

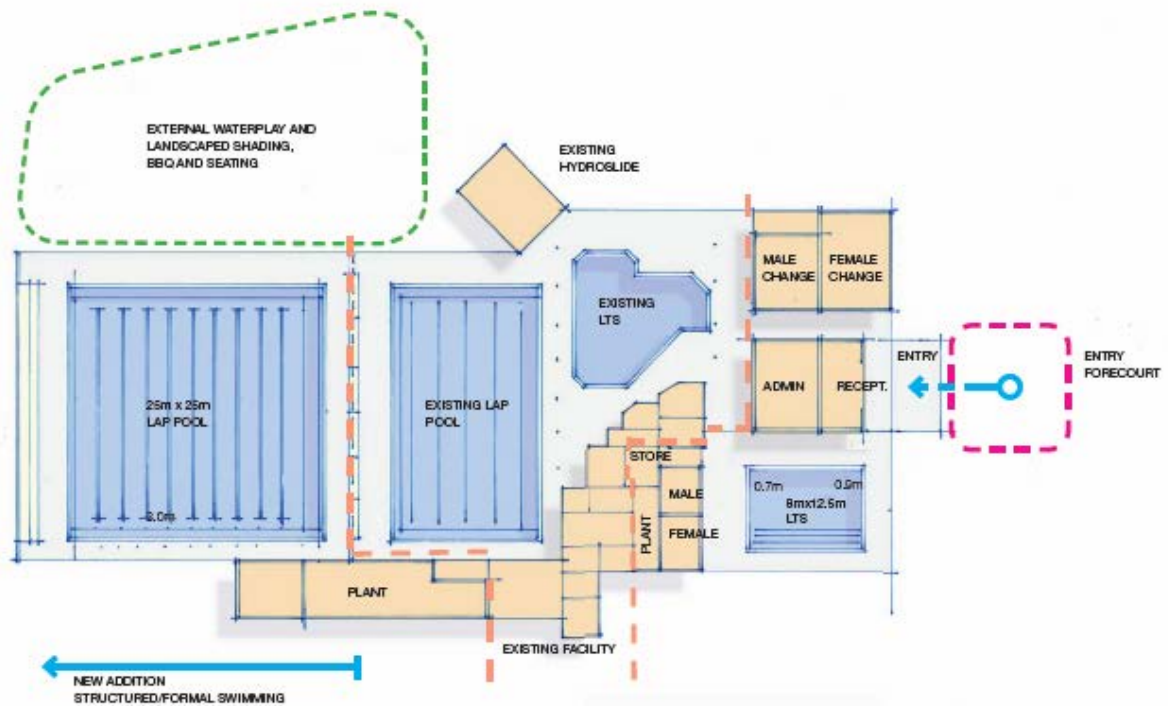
² NZRA Recommends more realistic use on average is 5.5 per capita per annum

3.2 Option 1: No frills replacement

This option is based on the existing Ivan Wilson Pool Complex and includes the following:

- Retention of the existing Ivan Wilson Pool (6 lane 25m by 12m), learner pool, hydrosides and spa pools.
- New changing facilities
- New 25 x 25m (10 lane pool to replace existing 5 lane old pool and loss of Greendale facility)
- New learn to swim pool (12 x 8m to replace Flanders Ave Learners' Pool)
- Modified reception area and changing.

Option 1 No frills replacement



The rationale behind this option is to make the most economic use of the current facility in terms of capital expenditure by adding the minimum required water area to replace the existing provision onto the existing facility.

CAPEX

- Total facility: 3,700m² with 1,600m² of existing facility.
- Construction cost estimate: \$13 – 14 Million
- Overall Project value: \$15 – 16 Million

OPEX

	Yr1	Yr2	Yr 3	Yr 4	Yr 5
Income					
Aquatic					
Admissions	280,000	332,500	350,000	367,500	385,875
Membership Concessions	112,000	133,000	140,000	147,000	154,350
Membership AquaFit	20,000	23,750	25,000	26,250	27,563
Swim School	235,200	279,300	294,000	308,700	324,135

Lane Hire	160,000	190,000	200,000	210,000	220,500
Programmes	40,000	47,500	50,000	52,500	55,125
Equipment Hire	16,000	19,000	20,000	21,000	22,050
Waterslide	38,400	45,600	48,000	50,400	52,920
Fitness					
Membership	-	-	-	-	-
Rental					
Café rental	-	-	-	-	-
Physio rental	-	-	-	-	-
Total income	901,600	1,070,650	1,127,000	1,183,350	1,242,518
Expenditure					
Cost of staff & overheads	1,080,150	1,102,890	1,137,000	1,171,110	1,206,243
Maintenance and operation	714,400	729,440	752,000	774,560	797,797
Administration and marketing	122,550	125,130	129,000	132,870	136,856
Supplies & services	97,850	99,910	103,000	106,090	109,273
Total expenditure	2,014,950	2,057,370	2,121,000	2,184,630	2,250,169
Net (Surplus / Loss) Subsidy	-1,113,350	-986,720	-994,000	-1,001,280	-1,007,651
Depreciation	533,333	533,333	533,333	533,333	533,333
Net (Surplus / loss) including depreciation	-1,646,683	-1,520,053	-1,527,333	-1,534,613	-1,540,985

Whole of Life Cost³

The indicative whole of life (30 year) cost of option 1 is \$84,001,600m.

- Limited potential for earning revenue
- Interest and principal repayments on loan capital increase with capital costs

Ratepayer impact

Financial metric	Value
Increase in rates	6.04
Cost per household per year	113.13
Cost per household per week	2.18
Operational cost recovery (ex depreciation)	52%

Pool area increase

³ An estimate of the 30-year cost provides an indicative cost for comparison between options. It has been based on the capital cost of the option plus 30 times annual operating subsidy. No account has been taken of the higher lifecycles costings associated with option 1 and 2 or the current value of the existing Ivan Wilson facility.

This option provides an overall increase in pool area of 51% over the existing Napier Aquatic Centre (not taking into consideration Greendale Pool).

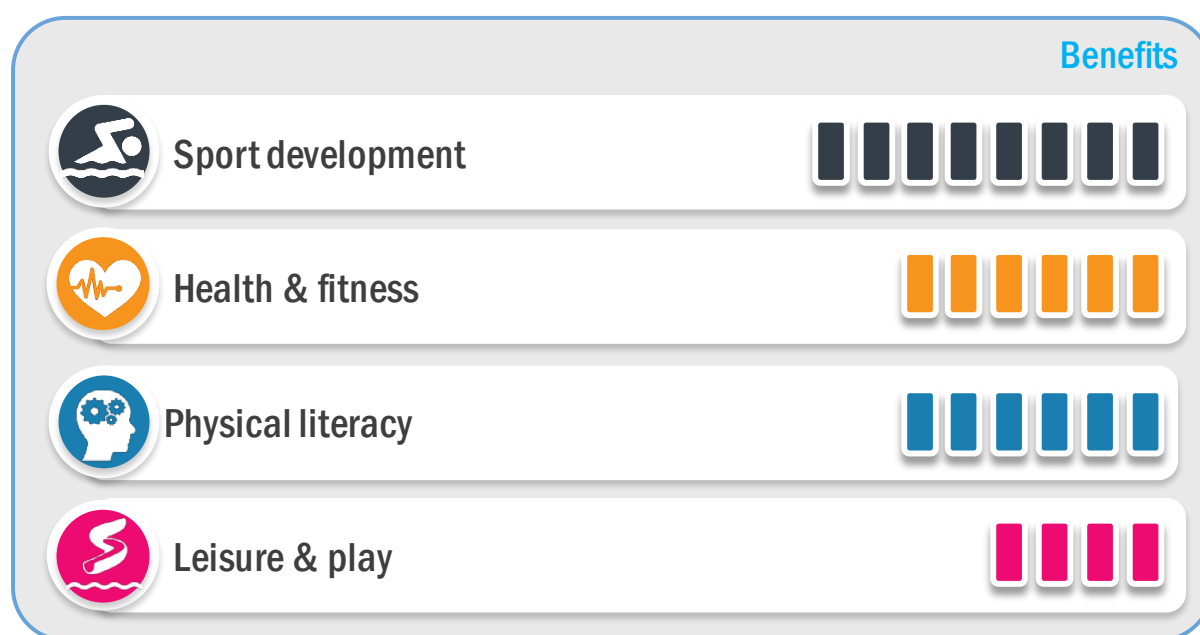
	Napier Aquatic Centre (m ²)	Napier Aquatic Centre and Greendale Pool (m ²)
Current pool area	743	998
Proposed pool area	1,127	1,127
Increase in pool area	+51%	+14%

Flexibility

Option 1 has **low** adaptability to cater for current and future demand

- Limited ability to meet changing needs

Benefits



Summary of Option 1

Options 1 provides the lowest capital costs estimated to be \$15 – 16m, maximises the use of the existing Ivan Wilson pool while providing for sufficient pool area to meet the current user needs.

While the costs are kept to a minimum this option is focused on replacing the existing facilities and provides little in the way of additional flexibility, capacity or suitability in terms of meeting a wider range of community needs and the needs of an aging population.

Developing the facility as an extension to the Ivan Wilson pool does however place some limitations on the potential operational efficiencies impact on the overall operational sustainability of the facility. There are limited options to develop a wider range of activities and generate additional income streams over and above the current provision.

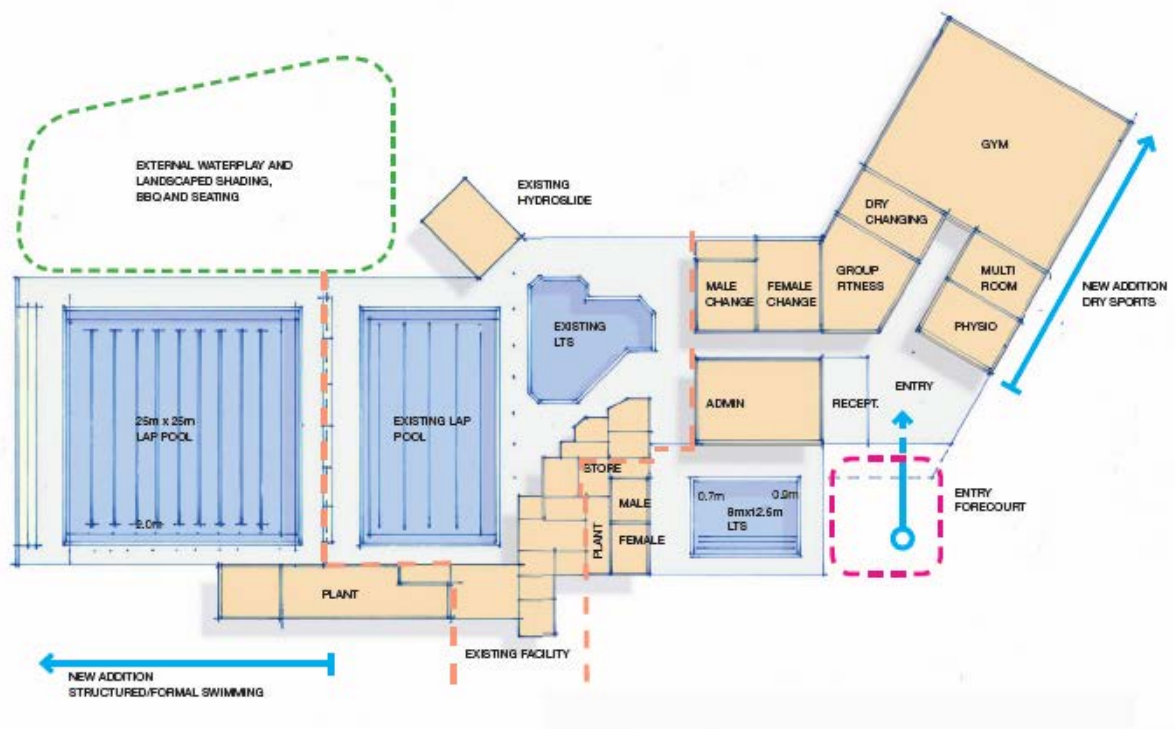
While the capital costs are reduced, the limited flexibility results in the requirement for a higher operational subsidy.

3.3 Option 2: Ivan Wilson Pool – extension and expansion of existing provision.

This option is based on the existing Ivan Wilson Pool Complex and includes the following:

- Retention of the existing Ivan Wilson Pool (6 lane 25m by 12m), learner pool, hydroslides and spa pools.
- New 25 x 25m (10 lane pool to replace existing 5 lane old pool and loss of Greendale facility)
- New learn to swim pool (12 x 8m to replace Flanders Ave Learners' Pool)
- New dry facilities (group fitness, gym, meeting / function room, physio room.
- Modified reception area and changing.

Option 2 Extension and Expansion of Existing Provision



As with Option 1, the rationale behind this option is to make the most economic use of the current facility in terms of capital expenditure by adding the minimum required water area to replace the existing provision by building onto the existing facility. This also provides for an expanded range of health and fitness activities to meet community needs and enhance income-generating activities.

CAPEX

- Total facility: 4,700m² with 1,600m² of existing facility.
- Construction cost estimate: \$16 - 17.5 Million
- Overall Project value: \$18 – 19.5 Million

OPEX

	Yr1	Yr2	Yr 3	Yr 4	Yr 5
Income					
Aquatic					
Admissions	280,000	332,500	350,000	367,500	385,875
Membership Concessions	112,000	133,000	140,000	147,000	154,350

Membership AquaFit	20,000	23,750	25,000	26,250	27,563
Swim School	235,200	279,300	294,000	308,700	324,135
Lane Hire	160,000	190,000	200,000	210,000	220,500
Programmes	40,000	47,500	50,000	52,500	55,125
Equipment Hire	16,000	19,000	20,000	21,000	22,050
Waterslide	38,400	45,600	48,000	50,400	52,920
Fitness					
Membership	302,400	359,100	378,000	396,900	416,745
Rental					
Café rental					
Physio rental	12,000	12,000	12,000	13,200	13,200
Total income	1,216,000	1,441,750	1,517,000	1,593,450	1,672,463
Expenditure					
Cost of staff & overheads	1,242,600	1,268,760	1,308,000	1,347,240	1,387,657
Maintenance and operation	761,900	777,940	802,000	826,060	850,842
Administration and marketing	122,550	125,130	129,000	132,870	136,856
Supplies & services	97,850	99,910	103,000	106,090	109,273
Total expenditure	2,224,900	2,271,740	2,342,000	2,412,260	2,484,628
Net (Surplus/Loss) Subsidy	-1,008,900	-829,990	-825,000	-818,810	-812,165
Depreciation	650,000	650,000	650,000	650,000	650,000
Net (Surplus/loss) including depreciation	-1,658,900	-1,479,990	-1,475,000	-1,468,810	-1,462,165

Whole of Life Cost⁴

The indicative whole of life (30 year) cost of option 2 is \$91,199,700

- Dry facilities increase revenue potential
- Cost savings limited by retaining existing pool
- Interest and principal repayments on loan capital increase with capital costs

Ratepayer impact

Financial metric	Value
Increase in rates	7.12
Cost per household per year	133.26

⁴ An estimate of the 30-year cost provides an indicative cost for comparison between options. It has been based on the capital cost of the option plus 30 times annual operating subsidy. No account has been taken of the higher lifecycles costings associated with option 1 and 2 or the current value of the existing Ivan Wilson facility.

Cost per household per week	2.56
Operational cost recovery (ex depreciation)	63%

Pool area increase

This option provides an overall increase in pool area of 51% over the existing Napier Aquatic Centre (not taking into consideration Greendale Pool).

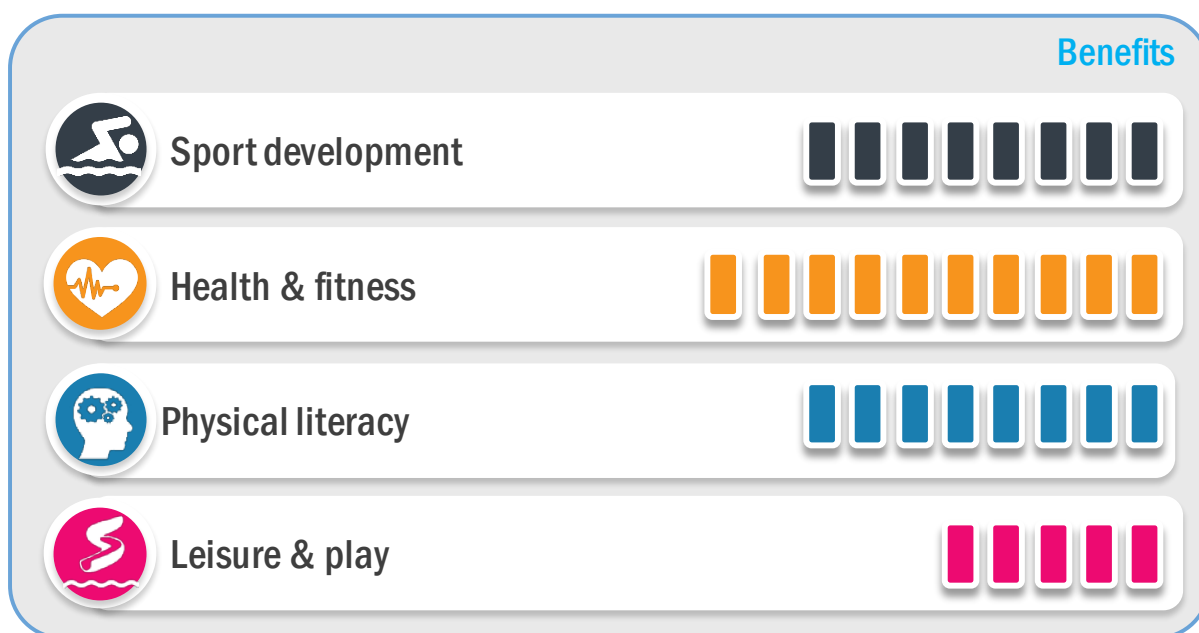
	Napier Aquatic Centre (m ²)	Napier Aquatic Centre and Greendale Pool (m ²)
Current pool area	743	998
Proposed pool area	1,127	1,127
Increase in pool area	+51%	+14%

Flexibility

Option 2 has **medium** adaptability to cater for current and future demand

- Increased adaptability to cater for future changes in demand
- Increased ability to meet some health and fitness and leisure and play demand.

Benefits



Summary of Option 2

Option 2 has a higher estimated capital cost at \$18 – 19.5m, due to the addition of a range of ‘dry’ sporting and recreational facilities. While this option does not provide for any additional flexibility in terms of aquatic provision over and above option 1, it does enable a wider range of supporting activities to be undertaken.

These additional activities e.g. gym, function room, physio, shop provide additional revenue generating opportunities to reduce the overall operational subsidy required. Again, the working group has clearly identified the aspirational nature of the project and an important factor in the development of potential options. This is more difficult to achieve within this option given the retention of the old facilities.

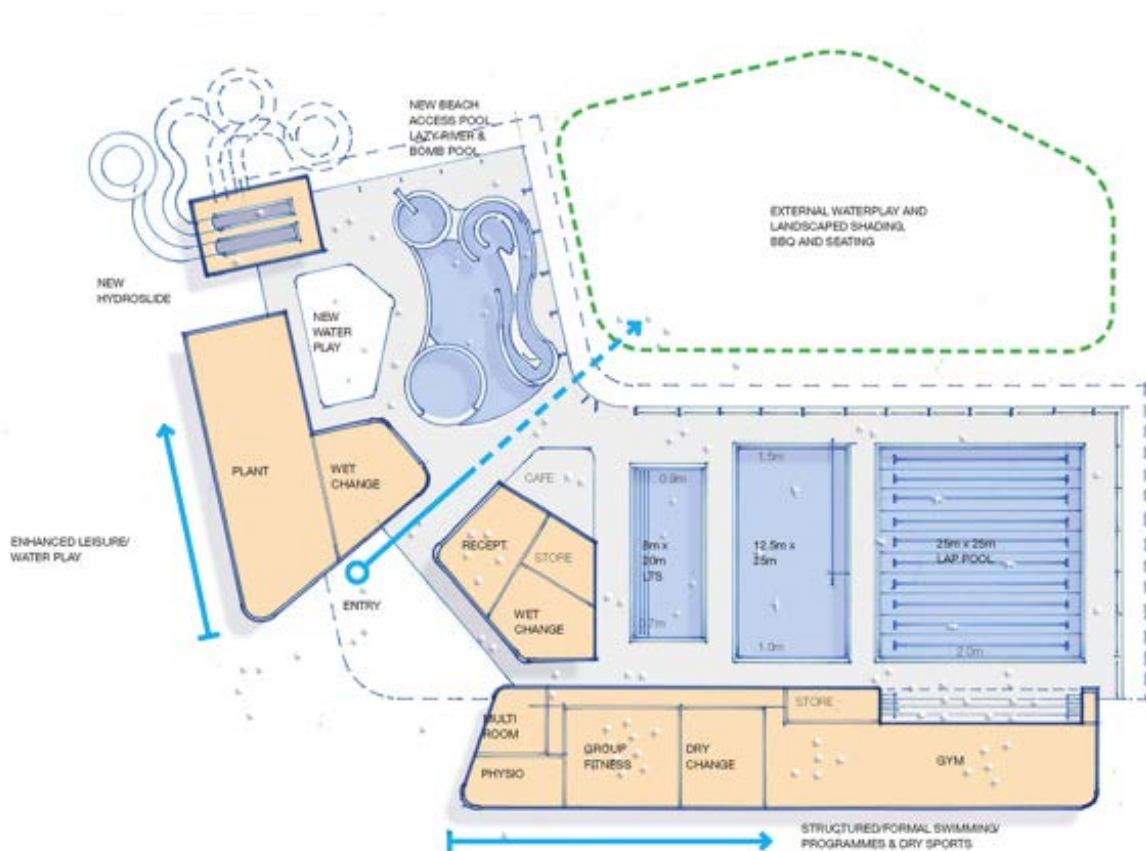
3.4 Option 3: New build pool complex (25m pool)

This option is based on replacing all the current facilities on site to develop a new pool complex incorporating:

- New 25 x 25m (10 lane pool)
- New leisure facility (beach access pool, lazy river, bomb pool, water play and hydrosides)
- New learn to swim pool
- New programme pool (25m x 12.5m)
- New dry facilities (group fitness, gym, meeting / function room, physio room)
- Modified reception area and changing.

This option provides for an aspirational development and a complete rebuild of the aquatic complex. This enables a new build facility to provide a flexible range of aquatic facilities and water temperatures within an efficient environmentally sustainable design to help reduce on-going operational costs.

Option 3 New build pool complex (25m pool)



CAPEX

- Total facility: 5,700m²
- Construction cost estimate: \$31 - 32 Million
- Overall Project value: \$36 – 37 Million

OPEX

	Yr1	Yr2	Yr 3	Yr 4	Yr 5
Income					
Aquatic					
Admissions	304,000	361,000	380,000	399,000	418,950
Membership Concessions	112,000	133,000	140,000	147,000	154,350
Membership AquaFit	40,000	47,500	50,000	52,500	55,125
Swim School	336,000	399,000	420,000	441,000	463,050
Lane Hire	160,000	190,000	200,000	210,000	220,500
Programmes	112,000	133,000	140,000	147,000	154,350
Equipment Hire	32,000	38,000	40,000	42,000	44,100
Waterslide	65,600	77,900	82,000	86,100	90,405
Fitness					
Membership	302,400	359,100	378,000	396,900	416,745
Rental					
Café rental	12,000	12,000	12,000	13,200	13,200
Physio rental	12,000	12,000	12,000	13,200	13,200
Total income	1,488,000	1,762,500	1,854,000	1,947,900	2,043,975
Expenditure					
Cost of staff & overheads	1,226,450	1,252,270	1,291,000	1,329,730	1,369,622
Maintenance and operation	714,400	729,440	752,000	774,560	797,797
Administration and marketing	122,550	125,130	129,000	132,870	136,856
Supplies & services	97,850	99,910	103,000	106,090	109,273
Total expenditure	2,161,250	2,206,750	2,275,000	2,343,250	2,413,548
Net (Surplus / Loss) Subsidy	-673,250	-444,250	-421,000	-395,350	-369,573
Depreciation	1,233,333	1,233,333	1,233,333	1,233,333	1,233,333
Net (Surplus / loss) including depreciation	-1,906,583	-1,677,583	-1,654,333	-1,628,683	-1,602,906

Whole of Life Cost⁵

The indicative whole of life (30 year) cost of option 3 is \$139,127,500m

- Dry facilities increase revenue potential
- Increased revenue from programmable space and flexibility

⁵ An estimate of the 30-year cost provides an indicative cost for comparison between options. It has been based on the capital cost of the option plus 30 times annual operating subsidy. No account has been taken of the higher lifecycles costings associated with option 1 and 2 or the current value of the existing Ivan Wilson facility.

- Cost efficiencies from total new build
- Interest and principal repayments on loan capital increase with capital costs

Ratepayer impact

Financial metric	Value
Increase in rates	13.31
Cost per household per year	249.13
Cost per household per week	4.79
Operational cost recovery (ex depreciation)	80%

Pool area increase

This option provides an overall increase in pool area of 88% over the existing Napier Aquatic Centre.

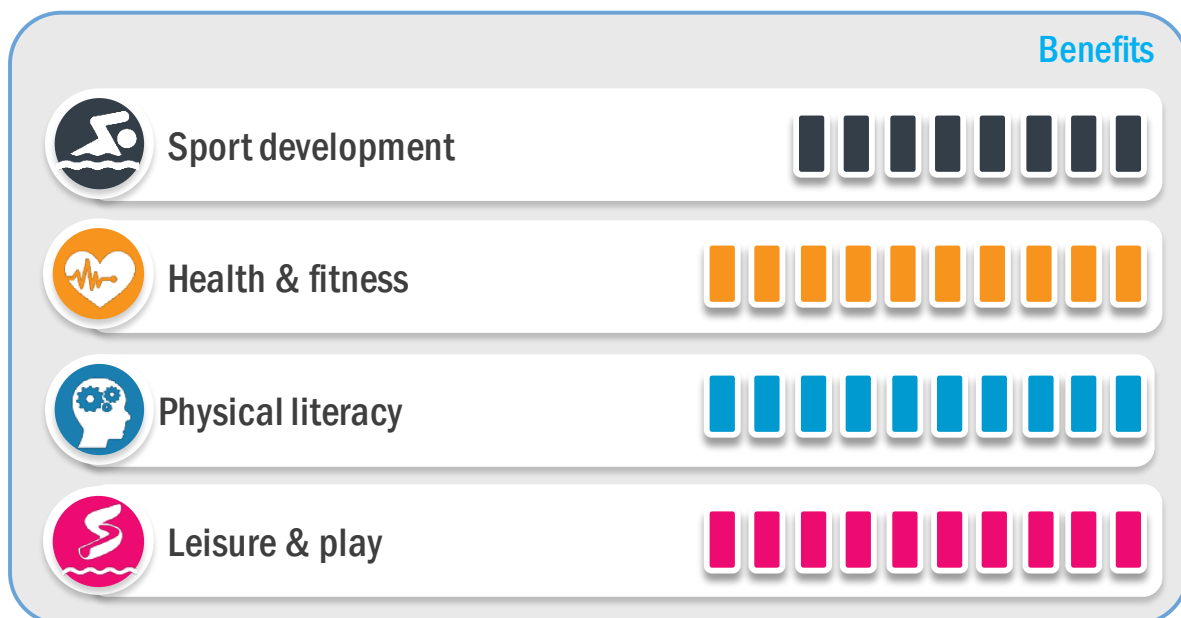
	Napier Aquatic Centre (m ²)	Napier Aquatic Centre and Greendale Pool (m ²)
Current pool area	743	998
Proposed pool area	1,400	1,400
Increase in pool area	+88%	+42%

Flexibility

Option 3 has **high** adaptability to cater for current and future demand

- Adaptability maximised with wider range of potential water temperatures to meet wide range of community demand
- Meets sport development needs for increased pool area.

Benefits



Summary of Option 3

Options 3 provides for an aspirational development to meet all of the community aquatic needs identified. Given the complete replacement of the facility, the capital costs are estimated to be \$36 – 37m. This provides for an efficient and sustainable designed facility to reduce future operating costs.

While the capital cost of option 3 is higher, it provides for the greatest flexibility in terms of pool areas and temperatures to meet the needs of a wide range of community users at the same time. Given some of the health challenges faced within the region and the aging of the population over the next 20-30 years the requirement for flexible pool area, temperatures and spaces will be key to meeting these challenges.

While the capital costs are higher, the improved efficiencies in building design help to reduce operating costs and the greater flexibility of spaces increase revenue generating opportunities.

3.5 Option 4: New build pool complex (50m pool)

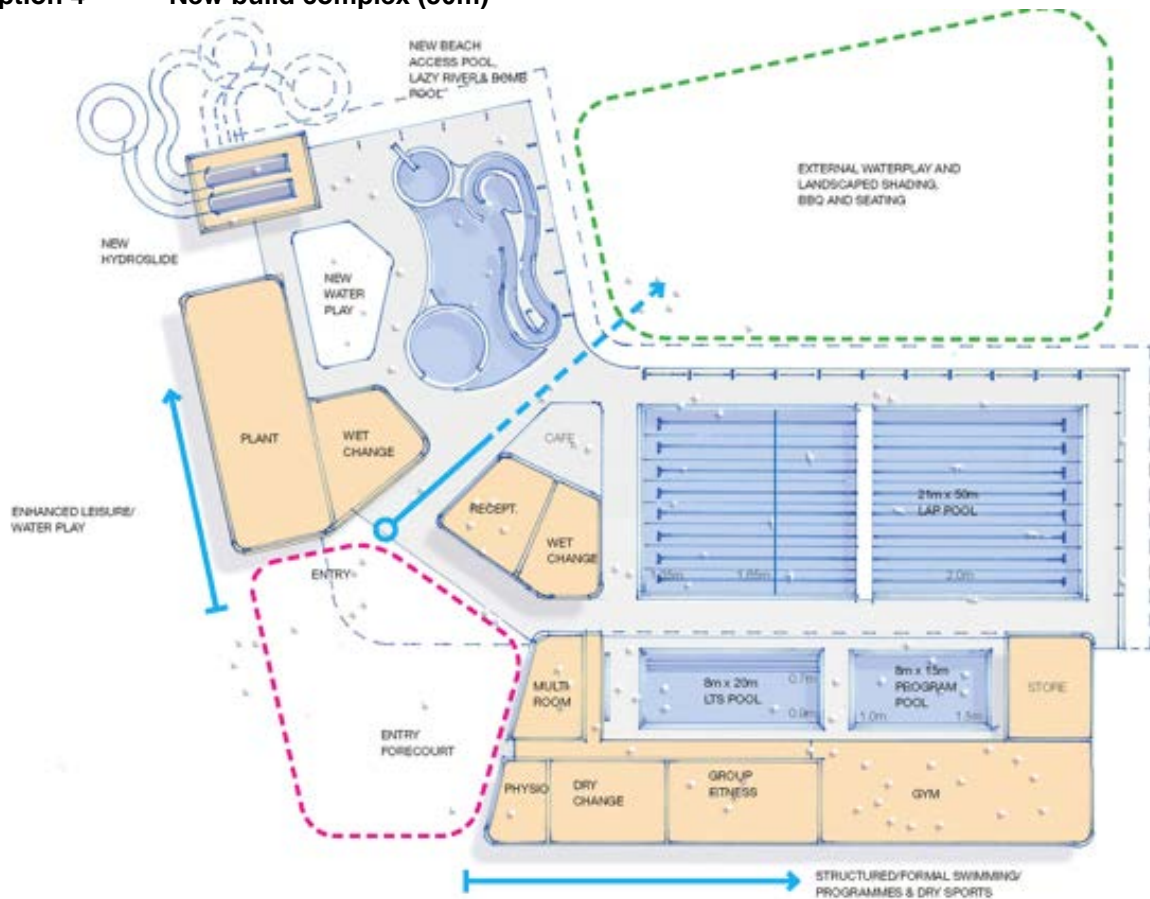
This option is based on replacing all the current facilities on site to develop a new pool complex incorporating:

- New 50 x 21 m (8 lane pool) with movable bulkhead (approx. 52m long including bulkhead)
- New leisure facility (beach access pool, lazy river, bomb pool, water play and hydrosides)
- New learn to swim pool
- New programme pool (15 x 8m)
- New dry facilities (group fitness, gym, meeting / function room, physio room).
- Modified reception area and changing.

This option provides for an aspirational development and a complete rebuild of the aquatic complex. This enables a new build facility to provide a flexible range of aquatic facilities within an efficient environmentally sustainable design to help reduce on-going operational costs.

This option provides an overall increase in pool area of 65% over the existing provision (including Greendale Pool).

Option 4 New build complex (50m)



CAPEX

- Total facility: 5,800m²
- Construction cost estimate: \$32 - 33 Million
- Overall Project value: \$37 – 38 Million

OPEX

	Yr1	Yr2	Yr 3	Yr 4	Yr 5
Income					
Aquatic					
Admissions	304,000	361,000	380,000	399,000	418,950
Membership Concessions	112,000	133,000	140,000	147,000	154,350
Membership AquaFit	20,000	23,750	25,000	26,250	27,563
Swim School	235,200	279,300	294,000	308,700	324,135
Lane Hire	160,000	190,000	200,000	210,000	220,500
Programmes	56,000	66,500	70,000	73,500	77,175
Equipment Hire	22,400	26,600	28,000	29,400	30,870
Waterslide	43,200	51,300	54,000	56,700	59,535
Fitness					
Membership	302,400	359,100	378,000	396,900	416,745
Rental					
Café rental	12,000	12,000	12,000	13,200	13,200
Physio rental	12,000	12,000	12,000	13,200	13,200
Total income	1,279,200	1,514,550	1,593,000	1,673,850	1,756,223
Expenditure					
Cost of staff & overheads	1,226,450	1,252,270	1,291,000	1,329,730	1,369,622
Maintenance and operation	714,400	729,440	752,000	774,560	797,797
Administration and marketing	122,550	125,130	129,000	132,870	136,856
Supplies & services	97,850	99,910	103,000	106,090	109,273
Total expenditure	2,161,250	2,206,750	2,275,000	2,343,250	2,413,548
Net (Surplus / Loss) Subsidy	-882,050	-692,200	-682,000	-669,400	-657,325
Depreciation	1,266,667	1,266,667	1,266,667	1,266,667	1,266,667
Net (Surplus / loss) including depreciation	-2,148,717	-1,958,867	-1,948,667	-1,936,067	-1,923,992

Whole of Life Cost⁶

The indicative whole of life (30 year) cost of option 4 is \$149,996,000m

- Dry facilities increase revenue potential
- 'Wet' revenue reduced by decreased flexibility and programme space

⁶ An estimate of the 30-year cost provides an indicative cost for comparison between options. It has been based on the capital cost of the option plus 30 times annual operating subsidy. No account has been taken of the higher lifecycles costings associated with option 1 and 2 or the current value of the existing Ivan Wilson facility.

- Cost efficiencies from total new build.
- Interest and principal repayments on loan capital increase with capital costs

Ratepayer impact

Financial metric	Value
Increase in rates	14.25
Cost per household per year	266.78
Cost per household per week	5.13
Operational cost recovery (ex depreciation)	69%

Pool area increase

This option provides an overall increase in pool area of 119% over the existing Napier Aquatic Centre.

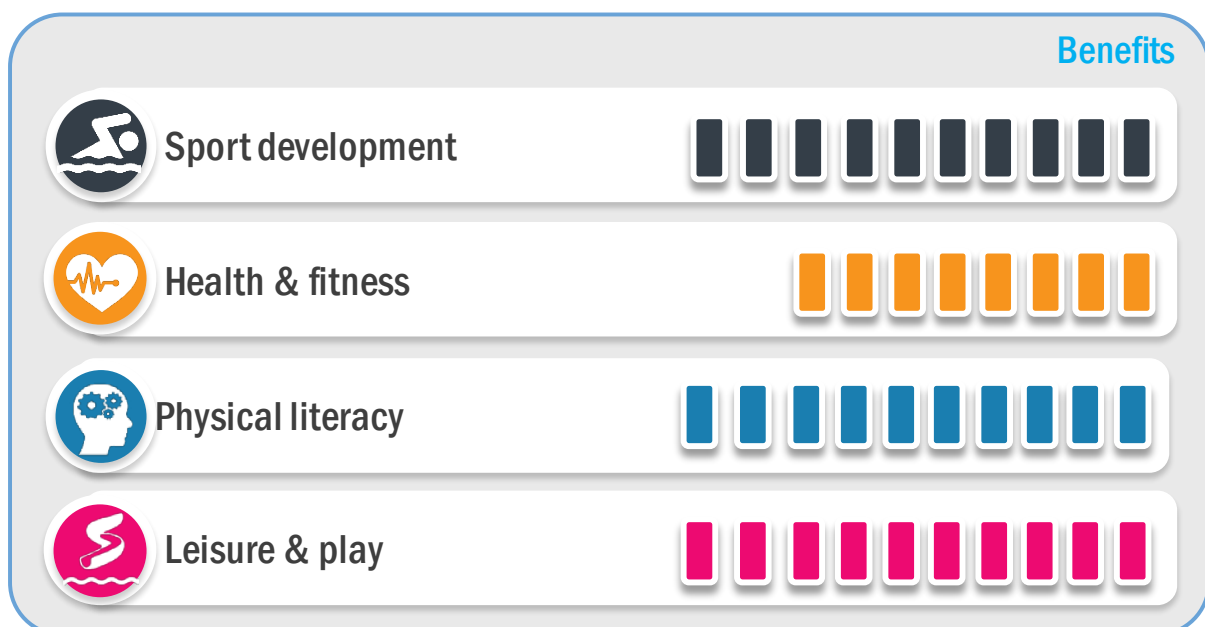
	Napier Aquatic Centre (m ²)	Napier Aquatic Centre and Greendale Pool (m ²)
Current pool area	743	998
Proposed pool area	1,630	1,630
Increase in pool area	+119%	+65%

Flexibility

Option 4 has **medium-high** adaptability to cater for current and future demand

- Flexible pool areas through multipurpose 50m pool
- Flexibility over different pool temperatures at the same time reduced.
- Provides improved facilities for club / code activities.

Benefits



Summary of Option 4

Like option 3, this option provides for an aspirational development to meet all of the community aquatic needs identified. Given the complete replacement of the facility, the capital costs are estimated to be \$37 – 38m. This provides for an efficient and sustainable designed facility to reduce future operating costs.

While the capital cost of option 4 is higher, it provides for a flexible 50m pool with a movable boom to provide for a range of flexible spaces. However while the pool areas are flexible it is not able to provide for multiple pool temperatures to be operated at the same time. Given some of the health challenges faced within the region and the aging of the population over the next 20 - 30 years this option is not considered to be able to provide the flexibility required to best meet these challenges.

While the capital costs are higher, the improved efficiencies in building design help to reduce operating costs; however the reduced ability to meet the wider range of community needs restricts income-generating opportunities compared to option 3.

Option 4b: New build 50m x 25m

Option 4 as detailed above is based on pool dimensions of 50m x 21m. A more typical 50m x 25m pool was considered but discounted due the additional capital costs associated.

The 50m x 25m pool would incur additional capital costs of \$1.3 million and additional operational costs of \$200,000 per annum.

Potential benefits include being able to configure the pool across the width providing 25m, however for a casual health and fitness swimmer the additional 4m does not make a great difference.

This size 50m pool would provide potential for hosting major events, however this is limited by the seating capacity given the community focus of the facility.

Overall, it is considered that there is limited additional revenue generating potential over and above the 8 lane pool in option 4.

All of the above figures are based on benchmarks and provide a ball park only for comparison between options.

3.6 Summary of options

It is clearly identified that there is a need for additional pool area to meet the identified needs.

Pool Area (m ²)	Existing	Option 1	Option 2	Option 3	Option 4
Pool Area (structured)	859	937	937	940	1050
Learn to swim	129	190	190	160	280
Leisure				300	300
Total	988	1127	1127	1,400	1,630

It can be seen that all options provide for an increase in pool area over the current provision.

Increase in Pool Areas

	Compared to Napier Aquatics Centre	Compared to Napier Aquatics Centre and Greendale Pool
Option 1	51%	14%
Option 2	51%	14%
Option 3	88%	42%
Option 4	119%	65%

3.7 Impact on Rates

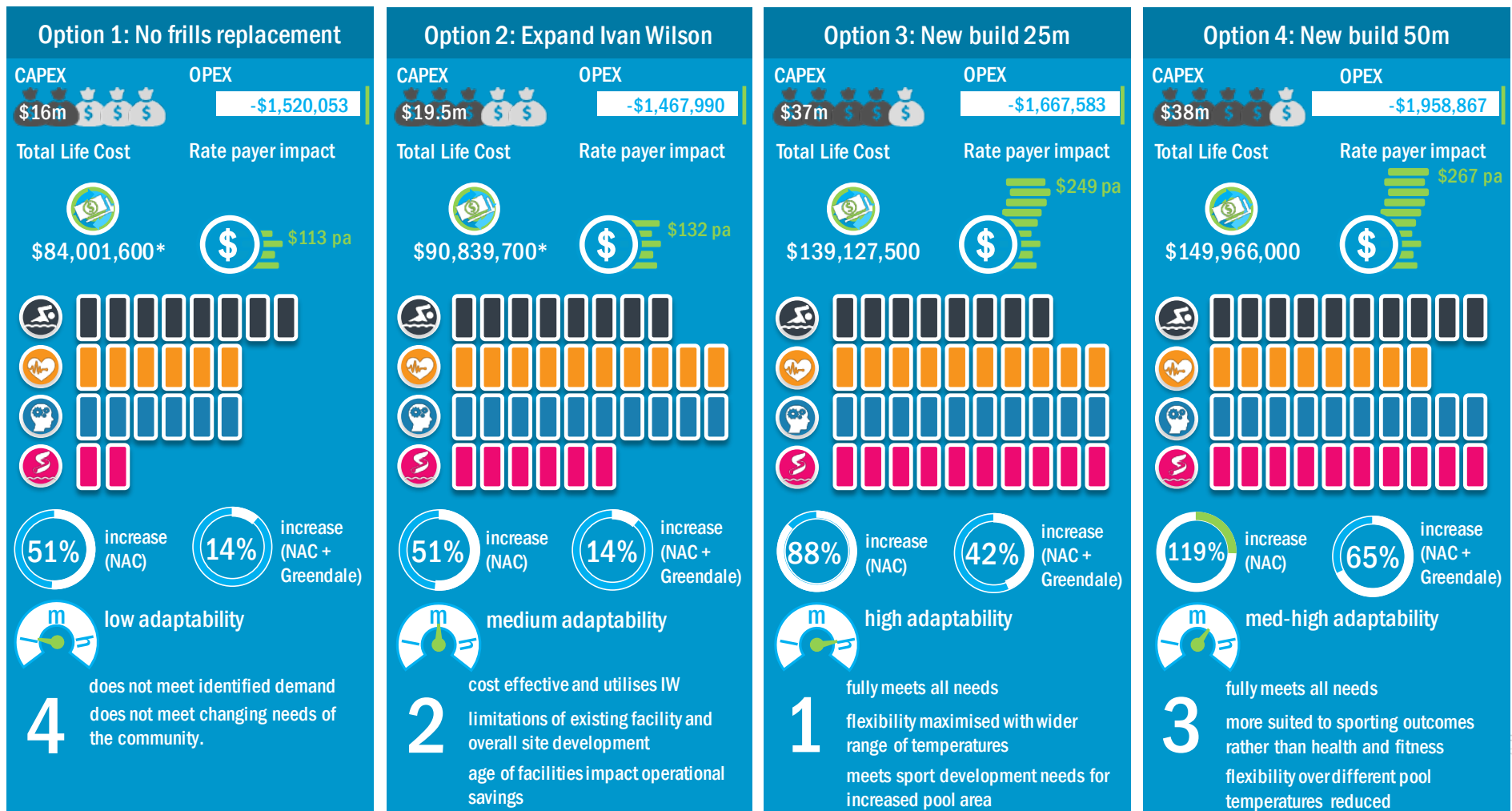
In considering the impact of the cost of the proposed options, Napier City Council has identified that the capital cost of the development would be funded through borrowing over a 30-year period.

It is estimated that Option 1 represents a 6.06% increase in rates, equivalent to \$2.18 per household per week. Option 4 represents a 14.2% increase in rates, equivalent to \$5.08 per household per week.

	Option 1 No frills replacement	Option 2 Ivan Wilson expansion	Option 3 New build 25m	Option 4 New build 50m
Capital costs (new build)	16,000,000	19,500,000	37,000,000	38,000,000
TOTAL CAPITAL	16,000,000	19,500,000	37,000,000	38,000,000
Revenue (per annum)	1,070,650	1,453,750	1,762,500	1,514,550
Expenditure (per annum)	2,057,370	2,271,740	2,206,750	2,206,750
Operational cost (per annum)	--986,720	-817,990	-444,250	-692,200
Annual repayment (interest and principal)(per annum)	1,280,000	1,560,000	2,960,000	3,040,000
Depreciation (new build)	533,333	633,333	1,233,333	1,266,667
Depreciation (Ivan Wilson)	117,666	117,666		
Depreciation total	650,999	750,999	1,233,333	1,266,667
Annual operational cost (including depreciation and repayments)	2,917,719	3,128,989	4,637,583	4,998,867
Baseline Operational position	1,369,414	1,369,414	1,369,414	1,369,414
Operational savings off baseline	1,548,305	1,759,575	3,268,169	3,629,453
Net impact (p.a.)	2,828,305	3,319,575	6,228,169	6,669,453
Whole of Life Cost (including annual repayments)	84,001,600	90,839,700	139,127,500	149,966,000
% increase in rates	6.04	7.09	13.31	14.25
Cost per household per year	113.13	132.78	249.13	266.78
Cost per household per week	2.18	2.55	4.79	5.13
Operational cost recovery (incl depreciation)	52%	64%	80%	69%

Assumptions

1. Interest rate (per annum) including interest and principal is 8%
2. Loan period and asset life is 30 years applied to depreciation
3. Rate payers (no. of households) = 25,000
4. 1% increase in rates = \$468,000
5. Baseline operational costs (NAC) are based on the 2015/16 financial year
6. All CAPEX costs are loan funded
7. Operational savings include depreciation expense
8. Depreciation on Ivan Wilson for Options 1 and 2 is based on half the depreciations costs incurred in 2015/16



4 Recommendation

4.1 Factors for consideration

In summary, all options meet the identified needs of the community. The key challenge is to ensure that the strategic needs and aspirations of the community are met in a cost-effective way.

Facility Development Trends as identified by New Zealand Recreation Association (NZRA)⁷ recognised in their study that traditionally many aquatic facilities have been built for small target markets (i.e. competitive aquatic sports). This market of competitive/ training/ fitness in findings accounts for approximately 20-30% of the total users. Whereas the combined leisure, recreation and health users account for between 70%-80% of the market. Given the identified strategic needs and the ageing population of Napier, the following are identified as key points for consideration:

- The adaption of facilities will be critical to ensuring increased participation among the elderly.
- The aging population profile provides an opportunity to increase utilisation in some facilities during non-peak times and therefore address (in part) some of the cost issues associated with operating aquatic facilities.
- The older (50+) age groups in the demographic profile are the major growth area and they have different expectations for aquatic facilities, being warmer temperature, access, covered and variable water depths.
- A programme pool due to its higher temperatures and shallower water will offer increased accessibility to allow structured programmes targeting the elderly and young children with Learn to Swim (LTS).
- LTS is an area that continues to grow, particularly with schools deciding to close their own pools and look to other providers. Therefore, providing good teaching facilities is financially astute with LTS providing a good source of income.

Flexibility of spaces and pool temperatures

Generally, it is agreed within the aquatics industry that the main income areas for a facility are more likely to be structured programmes including LTS, Aqua Fitness and other group exercises classes. When this is combined with the aging population, providing a range of different pool areas capable of operating at different temperatures at the same time enables greater revenue to be generated from the same water area. Providing separate water also areas enables greater flexibility and continuity of provision should one pool be closed for any reason.

Demand for lane swimming

The current provision allows for 859m² of pool area dedicated to lane swimming at the Napier Aquatic Centre and the Greendale Pool. This is currently allocated to provide for 16 lanes. All options identified provide for an increase in pool area suitable for lane swimming.

In considering how this need will be met, it is important to consider a number of factors including:

- Current lanes operate between 1.8m – 2.25m reducing the capacity of the lanes.
- A significant amount of lane swimming at both Napier Aquatic Centre and Greendale Pool is utilised for learn to swim and progression classes.
- Flexibility of programming can reduce demand for lane swimming at peak times.

Balance between code specific requirements and recreational swimming

In considering the potential mix of facilities there is a balance to be made between meeting the needs of aquatic codes and the needs of casual, recreational users. While it is recognised that flexible pool design can go a long way to address this balance careful consideration is required over the priority

⁷ NZRA Aquatic Facility Guidelines (Section 8) Facility Development 2015

given to aquatic codes (specific depth, pool profile) or the casual, recreational users. For example, while it does not fully meet national and international specifications, regional swimming and water polo competition can be held in a 25m pool with a variable depth floor.

It is considered that should compromises have to be made regarding the overall size and mix of facilities that the priority is given to the casual / recreational user.

The impact of the planned 50m pool as part of the Hawke's Bay Regional Sports Park also needs to be considered. One 50m pool within the region will more than cope with competitive swimming and high performance athlete development demand.

Impacts of other provision.

It has recently been reported that a 50m training aquatic pool focused on meeting the regional needs for aquatic codes is proposed at the Hawke's Bay Regional Sports Park. While this is identified as a later stage in the development and no funding has been identified, should this facility be developed it is likely it will result in a significant over-supply of aquatic provision in the region.

Should this be developed it is likely to have a significant negative impact on the business case as identified and consideration is there recommended over the mix of facilities and the overall water area provided to ensure a focus on meeting community needs.

Opportunity Cost

Consideration should be given to the opportunity cost between the options both in terms of the capital required and the operational subsidy required. Excluding depreciation, the operational model identifies almost \$400,000 per annum difference in the operational subsidy required across the four options. When this is considered over the life of the facility this represents a significant potential opportunity cost.

4.2 Options Summary

Options 1 provides the lowest capital costs to replace the existing facilities while maximising the use of the Ivan Wilson pool. However there are a number of limitations with extending the existing Ivan Wilson Pool, which need to be taken into account which limit the potential to maximise the operational efficiencies through an efficient, sustainable facility design. In addition, the future operational and maintenance costs are likely to be higher as the existing part of the building ages. The working group has clearly identified the aspirational nature of the project, which are more difficult to achieve within this option given the retention of the old facilities.

Option 2 provides the lowest capital costs to replace the existing facilities while maximising the use of the Ivan Wilson pool and expanding the range of activities that can be provided. While the same limitations as Option 1 remain there is potential to generate additional income streams to lower the operational subsidy required. Again, the working group has clearly identified the aspirational nature of the project, which is difficult to achieve within this option. It does however, provide a cost effective solution to meet the identified needs.

Option 3 provides a mix of water areas and temperatures to be able to meet the needs of multiple user groups at the same time. It provide greater flexibility of pool temperatures to meet a greater range of community needs and flexibility to adapt to future needs.

Option 4 can be delivered for a similar capital cost to Option 3 and is identified as having similar operational costs to Option 3 (refer to master plan information provided by CREATE). This option provide an additional 230m² water space with a flexible 50m, 8 lane pool with a moveable bulkhead enabling multiple activities to be held at the same time.

While different pool areas and spaces can be provided in the main pool, it is not considered to provide the same flexibility to meet current and future community demand compared to Option 3 due to the

limited ability to have different water temperatures at the same time resulting in higher operational subsidy.

4.3 Recommendation

While all options meet the identified needs, Option 2 and Option 3 are the recommended options for public consultation.

The business case identifies Option 3 as the preferred option. This option is considered to provide;

- The ability to meet the identified needs while delivering an aspirational facility
- The greatest flexibility and adaptability of pool spaces and temperatures
- The ability to maximise income streams.
- Provide strong alignment to strategic priorities and industry best practice.

Option 2 is also recommended for consultation. While it does not provide for the same flexibility or range of leisure water as Option 3 it provides a cost effective solution to meet community needs utilising the existing Ivan Wilson pool.

There has been a lot of mention via social media of the need for a 50m pool. Much of this online discussion has stemmed from the Napier community's 'memory' of the outdoor Olympic pool located at Onekawa Park that was decommissioned in 2006 due to aging and failing infrastructure, underutilisation, and the preference for indoor facilities. The need for a 50m pool has not been identified in either regional or national facilities plans, however for the purposes of public consultation, it is recommended that this option has been considered and discounted for the reasons outlined in the business case.

Appendix A Overview of current aquatic provision

The current aquatic provision includes:

	Lanes (25m)	Approximate Water Area (m ²)
NAC - Ivan Wilson Pool (25 x 13.25m)	6	332
NAC - Old Pool (25 x 12m)	5	297
NAC - Learners pool		90
NAC – Learner pool (old)		24
Greendale – main pool (25 x 9.1m)	5	230
Greendale – Learner pool		15
Total	16	988

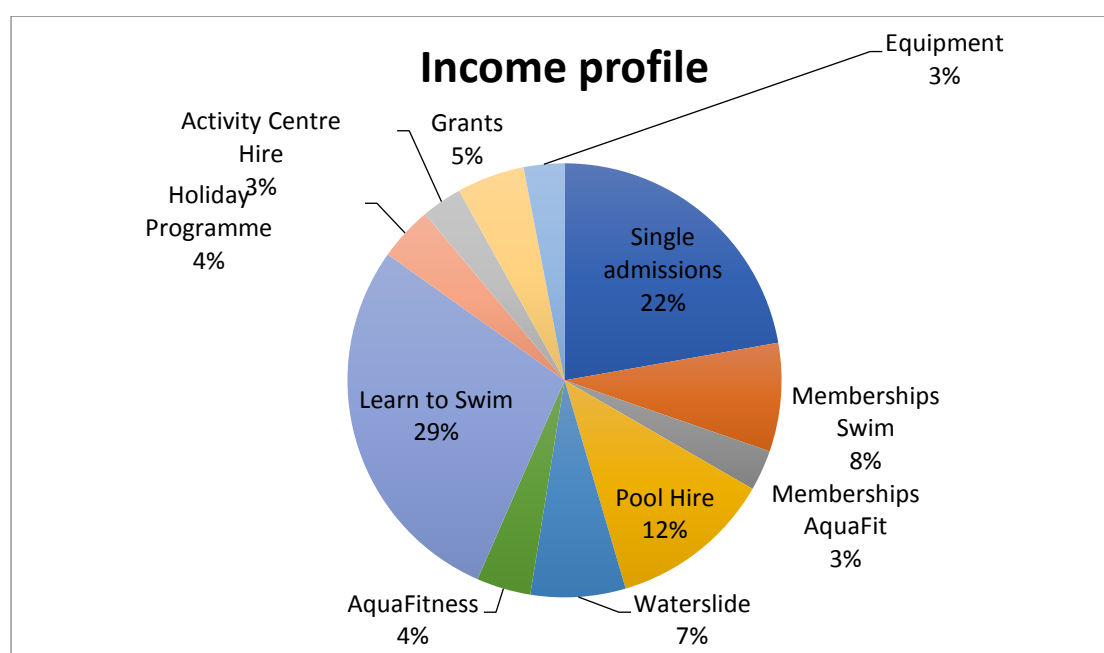
The current aquatic provision provides for a total of 859m² of water area for lane swimming based on the assumption that Greendale Club will reinstate the pool facility at Taradale School. While this currently provides for a total of 16 lanes, the existing lanes are narrow and do not meet current width requirements for competition.

In addition to the current lane swimming there is 129m² of dedicated learn to swim water.

Current financial profile

Trends in the aquatic industry largely indicate that the majority of community indoor pools operate at a financial loss. It is the decision of the asset owner to determine what levels of subsidy it is willing to support over the facilities lifecycle. Historically many local authority aquatic facilities have been built for a specialist or limited segment of the market, which has led to significant operational losses. More recently there is a trend in developing more functional pool space e.g. programme pools that can positively affect the cost recovery levels and financial sustainability now and in the future.

The chart below summarises financial information provided by NCC for its annual plan forecast for the 2017/18 operational year. The chart identifies that there are three key income streams of single admissions, LTS and pool hire that account for nearly two thirds of all income.



Summary of current financial profile

- A fully programmed facility can positively impact usage particularly during “off-peak” periods. Currently income from targeted programmes e.g. aqua fitness, holiday programmes, etc achieves at the lower level of industry expectation (11%). A well-programmed aquatic facility would be expected to generate additional income streams from programmes excluding LTS of between 15-20% of total income
- Learn to Swim although achieving the highest level of income (29%) for the facility is low in comparison to other aquatic facilities where 40-45% of total income is being achieved
- Pool hire (12%) is higher than comparable facilities where this is usually 5% of total income. The facility hire is mainly from club users and indicates the high level of access the clubs currently have
- Membership concessions (8%) are subsidised heavily and in some cases the user pays only 25% of the “true cost” of entry.

Current management practices

It is important to consider the impact of the higher level of use by heavily subsidised user groups. This is especially important given the high level of use at peak times. While these groups are developing a higher proportion of income compared to similar facilities, this affects the operation in two critical ways:

- A large proportion of available pool times are used by heavily subsidised users
- Other casual users are excluded at peak times resulting in a lower overall income level.

Generally, most aquatic facilities in New Zealand operate at a loss and the asset owner (generally local authorities) is providing a subsidy. Not all users pay the true cost of providing the service.

How a facility financially performs can be influenced greatly by the efficiency and effectiveness of operation. If there is greater control of overheads coupled with high utilisation levels of pools with realistic pricing strategies then the level of subsidy will be minimised.

The current operation meets the needs of a range of established users and has set an expectation in terms of access and cost of use. However, the current operation is using the potential high income / high demand water times to meet the needs of a highly subsidised user group. Should this approach continue in a new facility then a reliance on a high subsidy will be required whatever the scale of the facility.

Potential impact of management practices:

- Additional income for the pool spaces alone could achieve between 28%-61% higher levels than current financial performance.
- Highly subsidised user groups (e.g. clubs) adversely influence the operational net surplus / loss of the facility.
- A more traditional / historical management and operational approach impacts on the long-term financial sustainability of the facility increasing the reliance on subsidies and grants.

Appendix B Summary of New Zealand aquatic strategies and guidelines

National Facilities Strategy for Aquatic Sports (2013)

Key findings are:

- Indoor water area of 1,500m² (equivalent to three additional standard 25m by 20m 8 lane pools) are required in Hawke's Bay to address the current shortage of facilities.
- Most aquatic facilities operate at a loss and the asset owner provides a subsidy.
- Users do not pay the true cost of providing the service.
- There is an increasing conflict between competitive sport requiring access for training and competition events and the community requiring recreational access.
- Under most local authority funding frameworks competitive sports use is likely to remain at between 20-40% of total usage. It is uneconomic for asset owners to subsidise competitive sports to a greater percentage of total usage. It should be noted this usage is generated by a relatively small number of residents using the pools on a frequent basis. The annual subsidy per individual competitive swimmer is substantial due to this heavy usage.
- A majority of aquatic facilities are under-utilised for a large proportion of the day.
- The older (50+) age groups are the major growth area and they have different expectations for aquatic facilities, being warmer temperature, access, covered and water depth. There is a need to adapt and refurbish existing facilities to meet the needs of an aging population, which can also include the provision of more tailored programmes within existing facilities.

Aquatic Guidelines for Community Pools, NZRA

The table below is a summary of the recent review undertaken into aquatic facilities by NZRA. The review findings have culminated in the production of a set of guidelines to provide the sector with "best practice" when designing and building aquatic facilities.

Facility Component	Depth	Area (m ²)
Main Pool (25mx25m)	1.35m to 1.8m or 2.0m	500
Leisure Pool	0.0m-1.2m	120 -150m
Toddlers Pool	0.3m-0.4m	25m-30m (min)
Teaching	0.7m-0.8m	60m
Hydrotherapy Pool	1.4m	40m
Spa Pool	Variable	10m

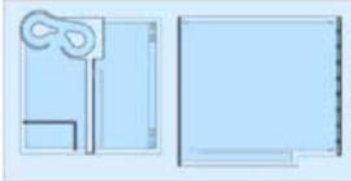
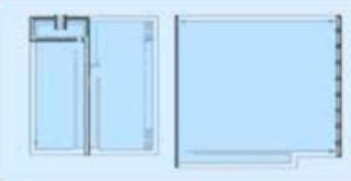

Another major design consideration is the water temperatures that pools should aim to achieve to maximise the users experience. The table below identifies what are to be considered as accepted water temperatures of differing pools and their associated activities. These are industry guidelines as identified by work undertaken by the New Zealand Recreation Association (NZRA)

Industry accepted water temperatures for the different pool types

Pool type	Water temperatures
Main pool	27 °C (± 2 °C)
Leisure pool	32 °C (± 2 °C)
Teaching/Hydrotherapy pool	34 °C (± 2 °C)
Toddlers pool	33 °C (± 2 °C)
Spa pool	38 °C (± 2 °C)

Community Sport and Recreation Facility Development Guide: Sport NZ 2016

Identify the Target Markets (Who Will be the Predominant Users?)

MOSTLY FAMILIES	MOSTLY RETIREES	MOSTLY ELITE ATHLETES
<p>Brief Scenario A</p> <ul style="list-style-type: none"> • 25m lap pool (8-lane) • LTS pool • Leisure water • Toddlers' pool 	<p>Brief Scenario B</p> <ul style="list-style-type: none"> • 25m lap pool (8-lane) • LTS pool • Warm water pool • Separate spa pool 	<p>Brief Scenario C</p> <ul style="list-style-type: none"> • 50m lap pool (8-lane) • Movable floor to cater to LTS
		
<p>Typical future expansion (in order of typical priority):</p> <ol style="list-style-type: none"> 1. Spa pool 2. Warm water pool 3. Hydroslides 	<p>Typical future expansion (in order of typical priority):</p> <ol style="list-style-type: none"> 1. Leisure 	<p>Typical future expansion (in order of typical priority):</p> <ol style="list-style-type: none"> 1. Dedicated LTS pool 2. Leisure water 3. Warm water pool

Appendix C Swimming Club Feedback

Greendale Swimming Club

- Concerns expressed over the closure of Greendale Pool and the impact on local swimming opportunities.
- Getting access to pool area within Napier is a significant concern.
- Priority needs are lane space and providing shallow water to enable progression.
- Priority is water space to enable clubs to train locally. Competitive swimmers can travel to access a 50m pool.

Hawke's Bay Canoe Polo

- Canoe polo has a membership that varies between 650 – 900 and currently use Frimley pool and Pandora Pond.
- Canoe polo requires access to an area 35m x 23m court for adult competition.
- There is demand for a number of events and potential to host national competitions, to meet requirements two courts would be required.
- It was identified that both nationally and internationally canoe polo is predominantly played on outdoor courts.
- Canoe polo would like access to indoor water for year round training.

Napier Aquahawks

- Napier Aquahawks have 245 members and use the Napier Aquatic Centre.
- They currently use:
 - The Old Pool 5 lanes Monday to Friday 5:30am till 7am
 - Ivan Wilson Pool 6 lanes 3:30pm until 7:30pm and Saturday 7am until 9am.
- The club identify that access to lane space is restricting their ability to increase membership.
- The club identify that 50m pool is required to enable events to be held in the region and long distance training for club members.

Napier Masters

- Napier Masters currently have 30 members and are based at the Napier Aquatic Centre.
- They currently use two lanes, 4 times a week and identify that access to pool times is considered an issue.
- Limited area to meet and socialise at the pool.
- It was noted that if you were not part of a swim club you were unable to swim Monday to Friday before 7pm.
- Securing increased pool time was a priority and it was identified that a 50m by 10-lane pool would be ideal as it could attract more members.

Triathlon Hawke's Bay

- Triathlon Hawke's Bay has approximately 300 members and currently use Flaxmere Waterworld and Ocean Spa for training however identify that more pool time is required.
- It was identified that during the summer most members swim outdoors in either Pandora Pond or the Ocean. Most competitions are currently held at Pandora Pond.
- Ideally, triathlon would like to see 50m pool which could be used for training and enable winter competitions to be held.

Westshore Surf Life Saving

- The club have 270 members and use the Ivan Wilson Pool. It was identified that the majority of the members are also members of other clubs such as Aquahawks.
- The club identify the need for improved seating to host events.
- The club identify that a 50m pool would be preferred as it could be used as 2 X 25m pools to meet demand

Appendix D Napier Aquatic Centre Financial Model

Caveats

The work undertaken by Global Leisure Group (GLG) has been carried out diligently and in good faith, based on the information available at this time. Whilst the financial forecasts and the sensitivity analysis portray a range of outcomes, GLG believes it is prudent given the work undertaken that the following caveats are recognised by readers of the report:

The budget forecasts are on the assumption that the operators of the facility will achieve the anticipated utilisation levels projected in the income projected. Lower than targeted income streams could adversely impact the operational net surplus / loss of the facility.

An insurance figure for the assets has been provided on current practice, but given the potential risk of “earthquake related events”, it would be prudent to seek further advice.

It is assumed over the 10-year forecast that the associated facilities will remain well maintained and at a standard to ensure repeat business is likely. If the facilities fall into a “no longer attractive” state to the user then this is highly likely to negatively impact on visitor numbers to the site, particularly by casual users.

The financial modelling has been made on the assumption that a very pro-active and more commercial approach to management and operations will be adopted. This should ensure that a more creative and entrepreneurial operational management ethos is adopted from commencement of operation of the new development. This should actively promote potential revenue streams and increase the chances of the facilities financial success. If a more traditional “not for profit” operational approach eventuates the long-term financial sustainability of the facility is likely to become more reliant on subsidies and grants.

Key facility components including fitness centre, retail space and café will be clearly focused on financial practices to achieve independence and financially sustainable outcomes for the overall business.

Business Case Assumptions

In order to estimate operational incomes and expenditures for the facility development a number of assumptions had to be made. These have been broken down in to three categories including operational, pricing and specific NCC assumptions. The assumptions are based on industry “best practice” and analysis of current operational performance by NCC of the Napier Aquatic Centre (NAC). The table below shows key assumptions used in our modelling to extend the opening times of the NAC to increase the availability of services to the public and optimise revenue opportunities.

Table 1 Availability of services to support financial modelling

Days of operation	Hours of operation	Total Daily Operational hours	Total Weekly Operational hours
Monday-Friday	5.30am-9.00pm	15.5	97.5
Saturday	8.00am-6.00pm	10	
Sunday	8.00am-6.00pm	10	
Public Holidays	10.00am-6.00pm	8	
Anzac Day	Open from 1pm		
Planned maintenance @ 2 weeks per annum			
Total operational hours @ 50 weeks			4,875

Initially, the main facility components e.g. fitness centre and pools will be available to the general public at the times shown above with the exception of the café. It is assumed that a contracted commercial operator will operate the café. This operator may choose to vary opening times in order to service their identified markets. For the fitness centre it is recommended that the design phase considers “future proofing” this component so that it can become open 24/7 if it is identified as a need by the general public in the coming years of operation.

- Operational hours will be approximately 4,875 hours per annum over 50 weeks of operation
- Two weeks per year will be set aside to ensure planned maintenance requirements are undertaken to limit future business disruption of pool closures in particular.
- The planned maintenance and repair is also to ensure that the overall facility components maintain their levels of “attractiveness” to customers, and optimises repeat business in meeting customer expectations levels.

Pricing and occupancy assumptions to support financial modelling

Pricing assumptions have been based on current entry and hire rates for aquatics. With the development of fitness centre there will be increased opportunity for “gym and swim” type memberships. Initially the gym memberships will be priced compared to the local market rates in order to be competitive. Pricing for the retail shop and the café will be based on local expectation for these products and services in order to attract a strong “start-up” customer base to support financial sustainability.

- Income and expenditure expectation will increase by a minimum of 3% annually to support inflationary costs and any increased cost of operation.

Occupancy assumptions

In order to estimate the income the population numbers have been estimated on a base population of 60,000 residents. Currently the NAC attracts on average 200,000 residents or just over 3.3 visits per resident. The Sport NZ report on facility guidance⁸ identifies that a café will require visitor numbers in excess of 240,000-300,000 visits per annum to be profitable. It also suggests that for a large facility a target of 5-7 visits per head of population needs to be achieved to support financial sustainability. Assuming a base population of 60,000 it could be assumed that the developed NAC could realistically achieve visitor numbers of between 300,000-420,000 per annum. For the purpose of this report, modelling assumptions have assumed that 5 visits per head of population can be achieved and that the facility will need to achieve a minimum of 50% increase in patronage on its current levels. Given the current facility limitations this is considered achievable. Other key considerations on occupancy assumptions are:

- The level of success of the café and retail shop will be directly related to increased facility patronage. By providing the public with a “wider facility mix” and positioning the facility, as a destination to potential visitors to “stay and play” should increase the financial revenue opportunities.
- Visitor projections should be 50% in addition to current levels due to the restrictions in facility access and a relatively static projection in population. With Sport NZ guidelines recommending that “good practice” in operation generally achieves between 5-7 visits per head of population. Therefore, it would be prudent to assume that in time six visits per head of population could be achieved or 360,000 visits⁹.

Council specific assumptions to support financial modelling

Below are the assumptions used in the financial modeling that relate directly to Council.

- NCC will provide an annual operating grant.
- Council will meet the “start-up” costs of the fitness centre.

⁸ Sport NZ Community Sport & Recreation Facility Development Guide 2016

⁹ NZRA Recommends more realistic use on average is 5.5 per capita per annum

- Depreciation is calculated based on the life of the asset. If the asset has a useful life of 30 years, then (50) will be divided into the total capital value to calculate the annual charge. This amount has the potential to change every three years due to revaluation.

Projected revenue streams of structured water space

In order to estimate the projected income for an aquatic facility there are a number of assumptions that need to be factored including:

- Community expectations
- Local competition for sport and recreation activity
- Funding policy and pricing strategy
- Population numbers likely to produce facility users
- Arrangements with clubs and other hirers

Generally, it is agreed within the aquatics industry that the main income areas for a facility are more likely to be structured programmes including Learn to Swim (LTS), Aqua Fitness and other group exercises classes. The overall success of income levels for a facility is balancing the assumptions listed above with innovative programmes and pro-active management to ensure opportunities to attract and retain customers are maximised.

The following tables give an overview of the potential income streams of the structured pools. These pools have been assessed due to their revenue potential offering structured programmes including LTS and fitness.

As highlighted in the recent report completed by Sport NZ¹⁰ the average revenue is approximately \$750 per m² of water space. However, for programmed water space the expectation levels would be between \$1,500-\$2,400 per m².

Additional information to support programme pool

Facility Development Trends as identified by New Zealand Recreation Association (NZRA)¹¹ recognised in their study that traditionally many aquatic facilities have been built for small target markets (i.e. competitive aquatic sports). This market of competitive/ training/ fitness in findings accounts for approximately 20-30% of the total users. Whereas the combined leisure, recreation and health users account for between 70%-80% of the market.

Given the ageing population of Napier, the following points have been considered during modeling: -

- The adaption of facilities will be critical to ensuring increased participation among the elderly.
- The aging population profile provides an opportunity to increase utilisation in some facilities during non-peak times and therefore address (in part) some of the cost issues associated with operating aquatic facilities.
- There is a need to adapt and refurbish existing facilities to meet the needs of an aging population, which can also include the provision of more tailored programmes within existing facilities.
- The older (50+) age groups in the demographic profile are the major growth area and they have different expectations for aquatic facilities, being temperature, access, covered and water depth.
- A programme pool due to its higher temperatures (32°C) and shallower water will offer increased accessibility to allow structured programmes targeting the elderly and young children with Learn to Swim (LTS).
- Learn to Swim is an area that continues to grow, particularly with schools deciding to close their own pools and look to other providers. Therefore providing good teaching facilities is financially astute with LTS providing a good source of income.

¹⁰ Community Sport & Recreation Facility Development Guide 2016

¹¹ NZRA Aquatic Facility Guidelines (Section 8) Facility Development 2015

Income projection criteria for un-programmed water space

The table below outlines the summary income estimations based on the level of expectation. The level of success achieved by income attracted to the facility has the potential to increase or decrease largely dependent on the attractiveness of programmes and customer retention levels. Generally, the water spaces accessed that are un-programmed will have a lower specific income potential than that of the programmed water space that includes LTS, Aqua Fitness and other group sessions.

Expectation	(\$) Income per m ²
Low	250
Medium / High	750
High	1000+

Income projection criteria for programmed water space

Expectation	(\$) Income per m ²
Low	1500
Medium / High	1950
High	2400+

Appendix E Napier Aquatic Centre Income and Expenditure Projections

Summary of Options

		Yr1	Yr2	Yr 3	Yr 4	Yr 5
Option 1	Total income	901,600	1,070,650	1,127,000	1,183,350	1,242,518
	Total expenditure	2,014,950	2,057,370	2,121,000	2,184,630	2,250,169
	Depreciation	533,333	533,333	533,333	533,333	533,333
	Net (Surplus / loss) including depreciation	-1,646,683	-1,520,053	-1,527,333	-1,534,613	-1,540,985
	Cost recovery (including depreciation)	35%	41%	42%	44%	45%
Option 2	Total income	1,216,000	1,441,750	1,517,000	1,593,450	1,672,463
	Total expenditure	2,224,900	2,271,740	2,342,000	2,412,260	2,484,628
	Depreciation	650,000	650,000	650,000	650,000	650,000
	Net (Surplus / loss) including depreciation	-1,658,900	-1,479,990	-1,475,000	-1,468,810	-1,462,165
	Cost recovery (including depreciation)	42%	49%	51%	52%	53%
Option 3	Total income	1,488,000	1,762,500	1,854,000	1,947,900	2,043,975
	Total expenditure	2,161,250	2,206,750	2,275,000	2,343,250	2,413,548
	Depreciation	1,233,333	1,233,333	1,233,333	1,233,333	1,233,333
	Net (Surplus / loss) including depreciation	-1,906,583	-1,677,583	-1,654,333	-1,628,683	-1,602,906
	Cost recovery (including depreciation)	44%	51%	53%	54%	56%
Option 4	Total income	1,279,200	1,514,550	1,593,000	1,673,850	1,756,223
	Total expenditure	2,161,250	2,206,750	2,275,000	2,343,250	2,413,548
	Depreciation	1,266,667	1,266,667	1,266,667	1,266,667	1,266,667
	Net (Surplus / loss) including depreciation	-2,148,717	-1,958,867	-1,948,667	-1,936,067	-1,923,992
	Cost recovery (including depreciation)	37%	44%	45%	46%	48%

Option 1: No frills

	Yr1	Yr2	Yr 3	Yr 4	Yr 5
Facility Income					
Aquatic					
Admissions	280,000	332,500	350,000	367,500	385,875
Membership Concessions	112,000	133,000	140,000	147,000	154,350
Membership AquaFit	20,000	23,750	25,000	26,250	27,563
Swim School	235,200	279,300	294,000	308,700	324,135
Lane Hire	160,000	190,000	200,000	210,000	220,500
Programmes	40,000	47,500	50,000	52,500	55,125
Equipment Hire	16,000	19,000	20,000	21,000	22,050
Waterslide	38,400	45,600	48,000	50,400	52,920
Fitness					
Membership	-	-	-	-	-
Rental					
Café rental	-	-	-	-	-
Physio rental	-	-	-	-	-
Total income	901,600	1,070,650	1,127,000	1,183,350	1,242,518
Expenditure					
Cost of staff & overheads	1,080,150	1,102,890	1,137,000	1,171,110	1,206,243
Maintenance and operation	714,400	729,440	752,000	774,560	797,797
Administration and marketing	122,550	125,130	129,000	132,870	136,856
Supplies & services	97,850	99,910	103,000	106,090	109,273
Total expenditure	2,014,950	2,057,370	2,121,000	2,184,630	2,250,169
Net (Surplus / Loss) Subsidy	-1,113,350	-986,720	-994,000	-1,001,280	-1,007,651
Depreciation	533,333	533,333	533,333	533,333	533,333
Net (Surplus / loss) including depreciation	-1,646,683	-1,520,053	-1,527,333	-1,534,613	-1,540,985

Option 2: No frills

	Yr1	Yr2	Yr 3	Yr 4	Yr 5
Facility Income					
Aquatic					
Admissions	280,000	332,500	350,000	367,500	385,875
Membership Concessions	112,000	133,000	140,000	147,000	154,350
Membership AquaFit	20,000	23,750	25,000	26,250	27,563
Swim School	235,200	279,300	294,000	308,700	324,135
Lane Hire	160,000	190,000	200,000	210,000	220,500
Programmes	40,000	47,500	50,000	52,500	55,125
Equipment Hire	16,000	19,000	20,000	21,000	22,050
Waterslide	38,400	45,600	48,000	50,400	52,920
Fitness					
Membership	302,400	359,100	378,000	396,900	416,745
Rental					
Café rental					
Physio rental	12,000	12,000	12,000	13,200	13,200
Total income	1,216,000	1,441,750	1,517,000	1,593,450	1,672,463
Expenditure					
Cost of staff & overheads	1,242,600	1,268,760	1,308,000	1,347,240	1,387,657
Maintenance and operation	761,900	777,940	802,000	826,060	850,842
Administration and marketing	122,550	125,130	129,000	132,870	136,856
Supplies & services	97,850	99,910	103,000	106,090	109,273
Total expenditure	2,224,900	2,271,740	2,342,000	2,412,260	2,484,628
Net (Surplus / Loss) Subsidy	-1,008,900	-829,990	-825,000	-818,810	-812,165
Depreciation	650,000	650,000	650,000	650,000	650,000
Net (Surplus / loss) including depreciation	-1,658,900	-1,479,990	-1,475,000	-1,468,810	-1,462,165

Option 3: New build 25m

	Yr1	Yr2	Yr 3	Yr 4	Yr 5
Facility Income					
Aquatic					
Admissions	304,000	361,000	380,000	399,000	418,950
Membership Concessions	112,000	133,000	140,000	147,000	154,350
Membership AquaFit	40,000	47,500	50,000	52,500	55,125
Swim School	336,000	399,000	420,000	441,000	463,050
Lane Hire	160,000	190,000	200,000	210,000	220,500
Programmes	112,000	133,000	140,000	147,000	154,350
Equipment Hire	32,000	38,000	40,000	42,000	44,100
Waterslide	65,600	77,900	82,000	86,100	90,405
Fitness					
Membership	302,400	359,100	378,000	396,900	416,745
Rental					
Café rental	12,000	12,000	12,000	13,200	13,200
Physio rental	12,000	12,000	12,000	13,200	13,200
Total income	1,488,000	1,762,500	1,854,000	1,947,900	2,043,975
Expenditure					
Cost of staff & overheads	1,226,450	1,252,270	1,291,000	1,329,730	1,369,622
Maintenance and operation	714,400	729,440	752,000	774,560	797,797
Administration and marketing	122,550	125,130	129,000	132,870	136,856
Supplies & services	97,850	99,910	103,000	106,090	109,273
Total expenditure	2,161,250	2,206,750	2,275,000	2,343,250	2,413,548
Net (Surplus / Loss) Subsidy	-673,250	-444,250	-421,000	-395,350	-369,573
Depreciation	1,233,333	1,233,333	1,233,333	1,233,333	1,233,333
Net (Surplus / loss) including depreciation	-1,906,583	-1,677,583	-1,654,333	-1,628,683	-1,602,906

Option 4: New build 50m

	Yr1	Yr2	Yr 3	Yr 4	Yr 5
Facility Income					
Aquatic					
Admissions	304,000	361,000	380,000	399,000	418,950
Membership Concessions	112,000	133,000	140,000	147,000	154,350
Membership AquaFit	20,000	23,750	25,000	26,250	27,563
Swim School	235,200	279,300	294,000	308,700	324,135
Lane Hire	160,000	190,000	200,000	210,000	220,500
Programmes	56,000	66,500	70,000	73,500	77,175
Equipment Hire	22,400	26,600	28,000	29,400	30,870
Waterslide	43,200	51,300	54,000	56,700	59,535
Fitness					
Membership	302,400	359,100	378,000	396,900	416,745
Rental					
Café rental	12,000	12,000	12,000	13,200	13,200
Physio rental	12,000	12,000	12,000	13,200	13,200
Total income	1,279,200	1,514,550	1,593,000	1,673,850	1,756,223
Expenditure					
Cost of staff & overheads	1,226,450	1,252,270	1,291,000	1,329,730	1,369,622
Maintenance and operation	714,400	729,440	752,000	774,560	797,797
Administration and marketing	122,550	125,130	129,000	132,870	136,856
Supplies & services	97,850	99,910	103,000	106,090	109,273
Total expenditure	2,161,250	2,206,750	2,275,000	2,343,250	2,413,548
	-882,050	-692,200	-682,000	-669,400	-657,325
Net (Surplus / Loss) Subsidy	1,266,667	1,266,667	1,266,667	1,266,667	1,266,667
Depreciation	-2,148,717	-1,958,867	-1,948,667	-1,936,067	-1,923,992
Net (Surplus / loss) including depreciation	304,000	361,000	380,000	399,000	418,950

Detailed assumptions

Options 1, 2 and 4 are based off variations from Option 3.

Option 3

	Projected % of Income	Current Practice 2015/16 Actuals	Calculation Assumptions
Facility Income			All projections are based on a mature operating position being achieved in Year 3
Aquatic			
Admissions	20%	22%	Patronage income assumed to increase to achieve 5 visits per head of population being achieved
Membership Concessions	8%	8%	Memberships Swim Concessions based on increased visits being achieved.
Membership AquaFit	3%	3%	Membership Aquafit to increase by 50% to achieve base income target comparable with current levels
Swim School	23%	28%	To achieve 22% of total projected income Swim School will have to achieve increase in current revenue by 50%
Lane Hire	11%	12%	An increase of approximately \$100,000 income per annum will be required to sustain pool hire percentage income levels
Programmes	8%	7%	For programmes e.g. Holiday & Aqua to achieve comparable % of total income a further \$50,000 income per annum will need to be targeted for.
Equipment Hire	2%	3%	Projected to increase by 60% given increase in patronage but will achieve approximately same total income % as 2015/16
Waterslide	4%	7%	Projected increase in waterslide income set at 37% as assumption (H&S impact) with potentially reduced users and targeted toward young people
Fitness			
Membership	20%		Based on assumption of fitness centre provision of 450m2. Total fitness centre income should achieve 20% of total revenue of facility.
Rental			
Café rental	1%		Based on similar sized facilities and achieving projected targeted patronage
Physio rental	1%		Based on similar sized facilities and achieving projected targeted patronage
			5% increase in income projections per annum to service increased costs of operation

Total income	100%	90%	
Expenditure	Projected % of expenditure		
Cost of staff & overheads	57%		Based on good industry practice for large facility between 3,720m2-7,065m2
Maintenance and operation	33%		Based on good industry practice from Sport NZ & NZRA
Administration and marketing	6%		Based on good industry practice from Sport NZ & NZRA
Supplies & services	5%		Based on good industry practice from Sport NZ & NZRA
Total expenditure	100%		3% increase in income projections per annum to service increased costs of operation
	20%	22%	
Net (Surplus / Loss) Subsidy	8%	8%	
Depreciation	3%	3%	Based on new build costs of \$37million over 30 years straight line assumption
Net (Surplus / loss) including depreciation	23%	28%	