

STAFF REPORT

TO: Mayor and Councillors
FROM: Corporate Services Manager, David Ward
DATE: 28 April 2006
SUBJECT: Motueka Community Swimming Pool

PURPOSE

At the Council meeting of 20 April 2006, a report detailing options for the proposed Motueka community swimming pool was considered. The meeting requested additional information specific to operating and debt servicing cost impact on ratepayers within a defined area and requested that these be reported back to today's meeting.

BACKGROUND

I have taken the liberty of attaching the paper dated 10 April 2006 which details those options identified in independent feasibility studies. These options are used as the basis for funding impact calculations.

ASSUMPTIONS

a) Rating Area

Attached to this report is a copy of the proposed rating area map that was circulated at the Council meeting on 20 April 2006. The red line identifies the Motueka electoral ward. Those areas of the Moutere/Waimea Ward that are shaded in blue form a boundary with the area currently rated for the ASB Bank Aquatic Centre in Richmond – in other words there is no overlap.

There are a total of 5,977 rateable properties within the blue shaded area. Of these, 5,012 are single property owners.

For the purposes of calculations in this report, we have used a base figure of 5,977 rateable properties.

b) Location

The independent consultant report dated 6 October 2005 has been prepared on the basis that the proposed Motueka community swimming pool would be constructed at the Motueka Recreation Centre.

For the purposes of calculations in this report, we have based construction costs on location at the Motueka Recreation Centre. It is expected that other locations will incur similar costs, although the need to shift the drain and add to an existing building may add some costs which are likely to be offset by savings in annual operating costs.

c) Operating Expenses

i) Fully Covered Pool

The independent consultant report dated 4 April 2006 identifies the following indicative operating costs of between \$350,000 and \$480,000 for a fully insulated pool operating 365 days per year.

	Low \$	High \$
Staffing (incl ACC, uniforms etc)	170,000	240,000
Energy	70,000	90,000
Chemicals and water	40,000	50,000
Maintenance and cleaning	30,000	40,000
Insurance	10,000	15,000
Administration	10,000	15,000
Marketing (incl features, promos etc)	20,000	30,000
Totals	350,000	480,000

These figures are GST exclusive.

ii) Translucent Covered Pool

The same report indicates that a translucent covered building operating for seven months of the year would have operating costs of between \$190,000 and \$270,000.

iii) Outdoor Pool

Outdoor pools are harder to provide annual operating costs for, however it has been suggested that because of weather conditions the pool would be open for an average of 100 days per year, unless the pool was heated, but the cost of this is never justified by extra patronage. Indicative operating costs of between \$70,000 and \$100,000 are anticipated.

Based on recent experiences with a number of facilities rate-funded projects, we would anticipate that the consultants figures for administration and marketing may be on the light side, certainly for the first 12 to 18 months of operation. We also note that in accordance with Council Policy, we are not proposing to fund depreciation on this facility.

d) Capital Cost

For each of the pool proposals identified in this report, the capital cost has been sourced from the independent consultant reports dated 6 October 2005 and 4 April 2006.

In keeping with the requirements of Council's Project Management Strategy, staff have, in calculating the rating impact on the District Facilities Rate, increased the suggested capital cost by 20% to cover contingencies.

e) Pool Patronage and Operating Revenue

The independent consultant report dated 6 October 2005 (page 18) uses a national assessment standard for estimating the number of patrons who will use fully covered pools annually. The national standard assumes ten swims per head per year. Based on a population of 12,000 people within the pool servicing area, the total annual patronage is calculated to be 120,000.

Based on usage at other outdoor pools a reasonable patronage for Motueka would be 6,000 to 10,000 swims per annum.

FUNDING

In preparing financial estimates we have assumed that the Motueka community swimming pool will be funded under the criteria for Community Facilities Projects and on a similar basis to the funding formula used for the ASB Bank Aquatic Centre.

Accordingly, 80% of the project cost will be loan funded, with the remaining 20% required to be raised by the public. Interest rates of 8% have been applied to loan funds.

The staff report dated 10 April 2006 suggested partial funding from Motueka Reserve DILs of up to \$400,000. Whilst additional funding could be considered from Moutere/ Waimea DILs, this has not been included in the assumptions.

RATING IMPACTS

It is proposed that the operating deficit for the Motueka community swimming pool will be covered by a targeted rate across those 5,977 individual rateable properties identified in the attached rating area map.

It is proposed that the capital cost associated with the construction of the Motueka community swimming pool will be an addition to the District Facilities Rate, the impact of which will be met by all rateable properties within Tasman District.

POOL OPTIONS AND COSTINGS

In the staff report dated 10 April 2006, three options for the proposed Motueka community swimming pool were identified. These are now examined in depth, with the identified assumptions applied in each case to provide an indicative rating impact on both properties within the defined rating area and across Tasman District at large.

a) Fully Covered Pool

It is estimated that the capital cost for such a complex would be in the vicinity of \$4.0 million to \$4.5 million.

Based on the assumptions identified in the opening section of this report, and the consultants report, it is estimated that the operating costs for such a complex for a 12 month period would be in the vicinity of \$350,000 to \$480,000 excluding GST.

Revenue based on estimated usage by 120,000 patrons over the 12 month period would be in the vicinity of \$250,000 to \$400,000.

The community pool operating rate payable by those 5,977 ratepayers within the defined area is estimated to be between \$15.05 and \$19.00 per annum (including GST), based on the assumptions detailed previously in this report and in the independent consultant report.

It is proposed that the cost of such a facility would be funded as follows:

- Motueka DILs account up to \$400,000
- Community fundraising up to \$880,000
- District Facilities Rate up to \$3.22 million

The impact on **all** ratepayers within Tasman District from the District Facilities Rate would equate to approximately \$19.00 per annum – this figure to be added to the proposed District Facilities Rate (2006/2007 LTCCP) of \$16.60.

b) Translucent Cover

It is estimated that construction cost for such a complex would be in the vicinity of \$3.0 million to \$3.4 million. Such a complex would provide all of the required facilities that a fully covered pool would be able to provide. The limitation with this complex is that it would have a season of approximately seven months.

The operating cost for such a complex would be between \$190,000 to \$270,000 excluding GST.

Revenue based on estimated usage would be in the vicinity of \$100,000 to \$150,000.

The community pool operating rate payable by those 5,977 ratepayers within the defined area are estimated to be between \$17.00 and \$22.50 per annum including GST.

It is proposed that the cost of such a facility would be funded as follows:

- Motueka DILs account up to \$400,000
- Community fundraising up to \$680,000
- District Facilities Rate up to \$2.32 million

The impact on **all** ratepayers within Tasman District from the District Facilities Rate would equate to approximately \$14.00 per annum – this figure to be added to the proposed District Facilities Rate (2006/2007 LTCCP) of \$16.60.

c) Outdoor Pool

It is estimated that the construction cost for such a complex will range from \$1.5 million to \$2.0 million, albeit depending on the facilities contained within the complex. At this point we acknowledge that such a complex would not be able to meet the needs of those wanting a hydrotherapy pool. An option to enclose an outdoor facility in the future has not been considered as it is deemed to be more expensive than constructing a fully covered pool from the outset.

This complex would be operational for a maximum of five months per year, and operating costs would be anticipated to be in the vicinity of \$70,000 to \$100,000 excluding GST. Revenue sources for the period would be in the vicinity of \$10,000 to \$15,000 – this is based on a patronage of 6,000 to 10,000 over the five month period.

The community pool operating rate payable by those 5,977 ratepayers within the defined area are estimated to be between \$11.30 and \$16.00 per annum including GST.

It is proposed that the cost of such a facility would be funded as follows:

- Motueka DILs account up to \$400,000
- Community fundraising up to \$400,000
- District Facilities Rate up to \$1.2 million

The impact on **all** ratepayers within Tasman District from the District Facilities Rate would equate to approximately \$6.80 per annum – this figure to be added to the proposed District Facilities Rate (2006/2007 LTCCP) of \$16.60.

The costs and revenues that are identified for each of the pool options deal with operations only and make no allowance for any additional infrastructural work that may be required to be capitalised as part of the facility complex.

POLL OF RATING AREA

Council has previously resolved that it wishes to undertake a poll within the rating area to determine preference for any of the pool options identified or indeed support for a pool complex in principle.

At today's meeting we will consider a number of issues including:

- who will be polled
- those questions that Council wishes responses to in order to gain clarity for a proposed pathway forward for this project

a) Who will be Polled?

At the start of this paper we identified there are 5,977 rateable properties within the proposed rating area. We assume that Council is satisfied with the proposed rating area boundaries.

If the poll is to be taken over ratepayers of the District, then one voting paper will be issued per rateable property.

b) Questions to be Considered

There are a number of questions that Council could conceivably ask in a poll on the proposed pool project encompassing subjects such as preferred location, affordability and facilities contained within the pool complex.

Council, along with the Motueka Pool Committee also need to decide whether and outdoor pool is an option that should be considered or whether it is just more of the same and would not meet the perceived requirements of the community.

It is proposed that accompanying each voting paper there will be an information pamphlet detailing many of the costs and options contained within this report, together with supplementary information extracted from the two independent consultant reports.

However, under the Community Facilities Rate criteria, the second point that Council is required to consider is whether it is satisfied that the community of interest supports the project and is able to contribute at least 20% of the project cost. In my view, this is the issue that any poll should concentrate on and other information will simply be provided to allow each voting ratepayer to make reasonable judgement on whether to support a complex or not.

Therefore I would propose that each voting paper contains the following questions:

- Do you support in principle the establishment of a community pool in Motueka?
- If you have answered "yes", would your preference be for:
 - o An outdoor pool costing up to \$2 million
 - o A translucent-covered pool costing up to \$3.4 million
 - o A fully-covered pool costing up to \$4.5 million
- Are you prepared to contribute to community fundraising efforts to achieve 20% of the project cost?
- Are you prepared to pay an annual operating rate of up to \$22.50 per annum, based on information presented to you, to financially support the operation of the project?
- Are you prepared to pay an additional District Facilities Rate of up to \$19 per annum?

RECOMMENDATION

- a) That the Corporate Services Committee reaffirms on behalf of Council, its intention to conduct a poll of rateable properties within the area defined in the attached rating map to determine support for a Motueka pool complex;
- b) That consideration be given to whether the outdoor pool is in fact a viable option and be included in the poll.
- c) That the poll contain those questions identified in this report;
- d) That a poll be completed by 31 August 2006.

D G Ward
Corporate Services Manager

Lloyd Kennedy
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