

## Attachment C: Comparative Summary of Projected Operational Costs

### Wanaka Pool

#### Income

##### Casual Admission

This assumes that the starting figure is half the average Alpine Aqualand entry numbers with a 3% year on year growth. The average is taken over 6 years.

There are 4 categories taken from Alpine Aqualand:

Casual Type	Average participation over 6 years	Average revenue over 6 years	Rate per entry
Adult	25,224	\$155,655	\$8
Child	1,742	\$65,239	\$3
Senior/Beneficiary	13,658	\$6,994	\$4.50
Other (Toddler time, community rates, active age, etc)	3,751	\$74,504	\$6, \$2, \$4, etc

Each Category was halved and multiplied by 3% to incorporate a 3% year on year growth. They were added together as Casual Admission.

##### Memberships & Concessions

This assumes that the starting figure is half the average Alpine Aqualand entry numbers with a 3% year on year growth. The average is taken over 6 years.

Type	Average participation over 6 years	Average revenue over 6 years	Rate per entry
Memberships & Concessions	3751	\$173,383	See table below

Type	Adult	Senior/Beneficiary	Child	
10-Concession Swim	\$65	\$40	\$25	
Pre Pay Options	Adult	Senior/Beneficiary	Child	Family
12 month	\$329	\$169	\$139	\$659
6 month	\$219	\$109	\$89	\$399
3 month	\$129	\$59	\$49	n/a
Direct Debit Option	Adult	Senior/Beneficiary	Child	Family
12 Month	\$7	\$3.50	\$3	\$13.50
6 Month	\$9	\$5	\$4	\$16.50

##### Venue Hire – Pool Space

Based on external hire figures for the year 2014, Plantation road pool has a higher user group base than Alpine Aqualand. Assuming that all Plantation Road user groups will use the Three Parks pool, the figure should remain the same.

I would also assume that revenue for pool hire may increase due to having a new LTS pool, but the number of user group may not increase, therefore not needing as many hours as we may assume.

## Wanaka Pool

Wanaka Pool Space		Aqualand Pool Space	
Hours of use (External users)	3334 hrs (2014)	Hours of use (External users)	1947
Revenue	\$38,411	Revenue	\$27,271
Rate per hour – Lap Pool	\$10 (excl gst)	Rate per hour – lap pool	\$10 (excl gst)
		Rate per hour - swim club	\$5.38 (excl gst)
		Learners Pool (full hire)	\$30 (excl gst)
		Learners Pool (half hire)	\$15 (excl gst)

## Retail & Vending

Comparing Plantation Road and Aqualand swim school figures for the last few years, we can assume that figures for the Three Parks pool will increase close to the Aqualand figures. This would be due to the extra retail space allowed in the design of the foyer area. The current space in Plantation Road is not ideal for browsing, as all stock is currently behind the reception desk, whereas in Three parks, the retail space will allow for browsing.

Retails and vending should also increase due to an increase in participation in the pools and also the stadium.

Wanaka Retail		Alpine Aqualand Retail	
Average retail (over 6 years)	\$13,823	Average retail (over 6 years)	\$101,119
Vending (over 6 years)	\$18,822	Vending (over 6 years)	\$68,823
<b>Total</b>	<b>\$32645</b>	<b>Total</b>	<b>\$169,942</b>

The assumption of approximately \$70,000 in vending and \$70,000 in retail would be a fair figure assuming the new layout of the facility, an increase in participation for both the pool and swim school, and an increase in participation due to the stadium.

## Swim School

The swim school contribution is based on a quarter of Aqualand Swim School average capacity over the last 6 years and based on 8% year on year growth. Each term is approximately \$100 per child, varying only with public holidays, closures or late starters.

Wanaka Swim School		Aqualand Swim School	
Average term figure	220	Average Term Figure	900
Revenue for 2014	\$27,117	Revenue for 2014	\$237,250
Average over 6 years	\$31,207	Average over 6 years	\$187,876
Class rate	\$9.50 per class	Class rate	\$9.50 per class

Wanaka currently has another swim school which runs concurrently to our swim school. This swim school is about 75% more successful than our Wanaka Swim School, so depending on whether or not we decide to be the sole provider or whether we outsource our swim school, will greatly affect our revenue under this category. If we outsource, it will increase our Venue hire revenue, but then we will have no swim school revenue.

## **Direct Expenses & Overheads**

### **Depreciation**

The depreciation figure was provided by finance as an approximation, but will be correctly determined once the start date is set, and a more accurate figure of the value of the building can be determined.

### **Salaries & Wages**

The staff costs are based on the following table:

<b>Staff</b>	<b>Hours</b>	<b>Rate</b>	<b>Total</b>
FT Lifeguard 1	40	\$20	\$800
FT Lifeguard 2	40	\$20	\$800
FT Lifeguard 3	40	\$20	\$800
Reception 2	40	\$20	\$800
Reception 3	40	\$20	\$800
PT Lifeguard 1	15	\$18.50	\$277.50
PT Lifeguard 2	15	\$18.50	\$277.50
PT Lifeguard 3	15	\$18.50	\$277.50
PT Reception 1	15	\$18.50	\$277.50
PT Reception 2	15	\$18.50	\$277.50
PT Reception 3	15	\$18.50	\$277.50
Cleaning	20	\$18.50	\$370
<b>Total per week</b>	<b>470</b>	<b>N/A</b>	<b>\$9,875</b>
<b>Total per annum</b>	<b>24440</b>	<b>N/A</b>	<b>\$313,820</b>

With the increase in participation at the centre, the reception staff will need to increase. There would need to be a minimum of 2 lifeguards in the complex at all times, in order to cover breaks, carry out water quality tests, and plant room maintenance. Opening hours would need to be determined to get an exact figure for this.

The facility will already have a team leader, two senior crew, a receptionist and a part time cleaner due to the sports facility.

### **Sundry Expenses**

Sundry expenses are based on pool consumables throughout the year based on Alpine Aqualand. This would include items such as kick boards, noodles, and inflatable toys. Due to the nature of these items, they tend to have a short life span. The budget last year for these items at Aqualand Swim School and the programme department was \$5,000.

### **Interest on Borrowings**

The Finance department has worked out how much the building is likely to cost based on the expected construction costs. Looking into how much Council will receive in rates to re-pay this value, and interest rates each year.

## Wanaka Pool

The debt outstanding for the Plantation Road pool is \$88,960 (current loan figure) if we send the \$36,500 for equipment and plant. This will be paid by the end of next financial year.

The interest on borrowings will depend on whether Option A or B, or the status quo is chosen. See Gaynor's spreadsheet on interest costs and loan repayments.

### **Pool Chemicals**

Pool Chemicals are based on comparing the plant room size of Alpine Aqualand to the potential plant room size of the Three Parks. Three parks will have one 25m lap pool; one spa pool and one learn to swim pool. Because the Learn to Swim pool is nearly twice the size of Aqualand Swim School's pool, I would assume that plant room size will be two thirds the size of the Aqualand pool. The budget for pool chemicals at Alpine Aqualand is \$80,000 therefore we would assume that the Three Parks pool is approximately \$53,333.

### **Plant & Equipment Maintenance**

Alpine Aqualand is \$80,000 per year, so if we used the same reasoning as the pool chemicals, the figure would be \$53,333. There will potentially be less maintenance work needed to be carried out in the first year or two. Watershed has also provided a figure of \$52,000 based on maintenance and compliance in a similar sized pool.

### **Electricity**

Power for the facility is based on a figure that is approximately 2.5 times greater than the Plantation Road facility.

The wood burner costs for Plantation Road are about \$4600 per month, approximately \$55,200 per annum on wood chips. Plantation road spent \$72K last year on electricity.

Comparing the size of the new pool against the pool in Plantation Road and applying economies of scale, the finance department assume that electricity will be about \$164,000.

### **Internal Costs Allocated**

This figure is divided in the three various items, marketing, insurance and cleaning.

The yearly marketing budget is \$20,000, which is met each year. Marketing for QEC is \$40,000, which would have about twice the amount of marketing the Wanaka Pool would have, due to the pool, gym and programmes.

Insurance is an estimated figure based on the current insurance of Alpine Aqualand, which is approximately \$43,000. As Wanaka pool will be approximately three quarters the size of Alpine Aqualand, the figure would be approximately \$35,000. This assumption is backed up by the finance department.

## Wanaka Pool

Cleaning is approximately \$30,000 which is based on approximately one third of the current costs at Queenstown Events Centre (\$92,000). Assuming the size of the Three Parks pool is quite close to the size of Alpine Aqualand, it can be assumed that the cleaning costs will be similar.

Updated operating model

Plantation Road Pool		Vs	Three Parks Pool		Alpine Aqualand
<b>Operating Income</b>	<b>\$</b>		<b>Operating Income</b>	<b>\$</b>	
Venue hire - commercial	25,000		Venue hire - commercial	35,000	
Casual Admission	47,001		Casual Admission	160,451	
Memberships & Concessions	76,513		Memberships & Concessions	91,998	
Retail & Vending	32,645		Retail & Vending	140,000	
Swim School	34,207		Swim School	54,893	
<b>Subtotal</b>	<b>215,366</b>		<b>Subtotal</b>	<b>482,341</b>	<b>\$611,000</b>
<b>Direct Expenses &amp; Overheads</b>	<b>\$</b>		<b>Direct Expenses &amp; Overheads</b>	<b>\$</b>	
Depreciation	61,105		Depreciation	155,200	
Salaries & Wages - permanent	283,006		Salaries & Wages - permanent	457,278	
Electricity	87,030		Electricity	164,000	
Sundry expenses	3,677		Sundry expenses	5,000	
Plant & equipment maintenance	12,736		Plant & equipment maintenance	41,111	
Pool chemicals	9,552		Pool chemicals	53,333	
Interest - borrowings	0		Interest - borrowings	513,618	
Internal costs allocated	85,000		Internal costs allocated	85,000	
<b>Subtotal</b>	<b>542,107</b>		<b>Subtotal</b>	<b>1,474,540</b>	<b>\$2,586,465</b>
<b>Deficit</b>	<b>-326,741</b>		<b>Deficit</b>	<b>-992,199</b>	<b>-\$1,975,465</b>

## Plantation Road 2017-2019

Plantation Road	2017	2018	2019	Expected Major Capex from 2016 - 2018		
<b>Operating Income</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	Pool Overhaul	Retiling the pool, big grouting job needs to be done next at Planation Rd	\$20,000
Venue hire - commercial	25,000	25,000	25,000		Plant room upkeep	
Casual Admission	45,619	46,987	48,397	Seismic Strengthening works (2017 - 2018)	Removing the pool roof	
Memberships & Concessions	74,263	76,491	78,786		Painting steel with specialised paint to protect the steel beams from corrosion	\$200,000
Retail & Vending	32,645	32,645	32,645	Plant Room	New Chlorine dosing system	\$8,000
Swim School	31,611	34,139	36,871		UV Upgrade	\$40,000
<b>Subtotal</b>	<b>209,137</b>	<b>215,263</b>	<b>221,698</b>	Pool Covers	Will need to be replaced in the next 3 years, due to freying	25,000
				Lane Ropes	Will need to be replaced soon	\$6,000
<b>Direct Expenses &amp; Overheads</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>			
Depreciation	61,105	61,105	61,105			
Salaries & Wages - permanent	277,421	282,969	288,628			
Electricity	85,313	87,019	88,759			
Sundry expenses	3,605	3,677	3,750			
Plant & equipment maintenance	12,485	12,734	12,989			
Pool chemicals	9,364	9,551	9,742			
Interest - borrowings	0	0	0			
Internal costs allocated	85,000	85,000	85,000			
<b>Subtotal</b>	<b>534,292</b>	<b>542,055</b>	<b>549,974</b>			
<b>Deficit</b>	<b>-325,154</b>	<b>-326,793</b>	<b>-328,276</b>	Potential Capex projects in the next 10 years		
				Heating System:	Upgrade the woodchip burner	

Three Parks 2017-2019

<b>Three Parks Pool</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Operating Income</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Venue hire - commercial	35,000	35,000	35,000
Casual Admission	155,732	160,404	165,216
Memberships & Concessions	89,292	91,971	94,730
Retail & Vending	140,000	140,000	140,000
Swim School	50,726	54,785	59,167
<b>Subtotal</b>	<b>470,750</b>	<b>482,160</b>	<b>494,113</b>
<b>Direct Expenses &amp; Overheads</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Depreciation	155,200	155,200	155,200
Salaries & Wages - permanent	313,820	523,770	534,245
Electricity	164,000	164,000	164,000
Sundry expenses	5,000	5,000	5,000
Plant & equipment maintenance	53,333	35,000	35,000
Pool chemicals	53,333	53,333	53,333
Interest - borrowings	532,078	512,218	496,558
Internal costs allocated	85,000	85,000	85,000
<b>Subtotal</b>	<b>1,361,764</b>	<b>1,533,521</b>	<b>1,528,336</b>
<b>Deficit</b>	<b>-891,014</b>	<b>-</b> <b>1,051,361</b>	<b>-</b> <b>1,034,223</b>