

# Petone Swimming Pool

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## Discussion Paper

Prepared for Hutt City Council  
Working Group

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## **1. Introduction**

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This paper is an update of the discussion paper presented in February 2009 on site options for an aquatic facility in Petone. It is designed to facilitate discussion by the Working Group on the options shortlisted at the April meeting. The paper includes additional information on capital and operational costs and visitor numbers as requested by the working party. A draft assessment tool is also provided for discussion.

## **2. Development Scenarios**

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There are now two development scenarios under consideration. The first a rebuild of the community pool on the current site addressing deficiencies of the current design, and the second a destination spa sited at Hikoikoi Reserve based on the Ocean Spa Napier concept, incorporating a gym and café.

### **2.1. Rebuild Community Pool in Udy Street (current location)**

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Operational 22 weeks per year

Rebuild 25m by 15m lap pool (6 lanes)

New learners/toddlers pool

New spa pool (6 person)

New pumps and filters

Upgrade changing and entrance

Upgrade surrounds including a grass area with BBQ and picnic tables

Area provided for future spraypark development

### **2.2. Destination Pool at Hikoikoi Reserve**

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6 lane, 25m by 15m lap pool (only operational 24 weeks)

learners/toddlers pool (only operational 24 weeks)

3 x spa pools with varying temperatures (year round operation)

Large soak pool – mid range heated spa (year round operation)

350 sqm fitness gym (year round operation)

Cafe (leased year round operation)

### 3. Site Options

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#### 3.1. Upgraded Community Pool on the Existing Site

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- ⇧ Historical use of site as a pool would remove many barriers if expansion was considered.
- ⇧ The existing site could be enlarged by incorporating the adjacent former caretaker residence owned by Council to provide a larger land area for the swimming pool compound and/or parking.
- ⇧ The site has less of a wind problem than a foreshore site. It would be desirable to develop the ancillary facilities on the northern side of the site to provide wind shelter from the prevailing northerly. The east-west orientation of the current site would facilitate this.
- ⇧ Parking could be developed on the northern boundary of the site in Roxburgh Grove and possibly a small section of North Park). The parking could be shared with North Park and bowls club users. Access from parking would require a new entrance to the complex via a connecting walkway.
- ⇧ Within easy walking distance of most local schools and is centrally placed for residential use.
- ⇧ Within walking distance of central business area.
  
- ⇩ Rebuilding the swimming pool on the existing site has the disadvantage of causing an interruption in service for at least a significant part of a swimming season and possibly a whole season depending on the time needed for demolition and construction.
- ⇩ Another disadvantage is that the fee simple land would continue to be occupied by the swimming pool precluding the option to sell the land to help finance the replacement of the current pool on other Council owned land.
- ⇩ The site is not a desirable location for a destination pool or tourist attraction.
- ⇩ The pool is old and despite the remodeling would still have portions of the old facilities remaining. Life expectancy would be less than for a new pool (20-30 years instead of 50+years).

### 3.2. Hikoikoi Reserve on Petone Foreshore

#### Hutt City Council – Property Report



Aerial Image was last updated in February 2008.

Scale 1:1000

- ⇧ Good size site with expansion potential in future.
- ⇧ A raised pool site would provide an attractive vista across the harbour.
- ⇧ Site in quiet green space, reserve has a good 'feel' for a leisure spa relaxation experience.
- ⇧ Sale of current site could provide some capital for the development.
- ⇧ Close to children's playground and other children's activities.
- ⇧ Land owned by Council (fee simple) and designated as Recreation Reserve.
- ⇧ Good parking potential.
- ⇧ Potential for link to proposed future marae development.
- ⇧ Potential cross training by other users of reserve.
- ⇧ There is a major gas pipeline running the length of the foreshore which could be utilised for heating purposes.
  
- ⇩ On periphery of Petone. Would require busing of school students.
- ⇩ Low visibility from major arterial road (The Esplanade/ Waione Street)
- ⇩ Adjacent industrial area may detract from site.
- ⇩ Foreshore should be recognised as a challenging wind environment. An east-west orientation would minimise impact of wind.
- ⇩ Any building of pools will require elevation above peak ground water level (tide and flood).
- ⇩ There are likely to be significant geotechnical requirements due to proximity to beach.

## 4. Capital Costs

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The following are ballpark estimates only based on benchmark averages. Accurate costings can only be provided when detailed design plans are completed. Capital estimates do not include any proceeds from the sale of the existing site. The Council valuation of the site land value is \$290,000 and the adjoining caretaker house land value is \$190,000. Demolition costs will reduce the proceeds from any sale.

### 4.1. Rebuild Community Pool in Udy Street (current location)

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<b>Community Pool</b>			
<b>Description</b>	<b>Length (m)</b>	<b>Width (m)</b>	<b>Area (sqm)</b>
Lap Pool	25	16	400
Children's Pool	14	10	140
Spa Pool	3	2	6
Pool Buildings	10	5	50
Landscape	10	5	50
<b>Capital Costing factors</b>			
Outdoor Pool	(\$/sqm)		2000
Buildings	(\$/sqm)		2000
Landscaping	(\$/sqm)		1000
Contingency and Fees			10%
<b>Total Capital Cost</b>			<b>\$ 1,366,200</b>

### 4.2. Destination Pool at Hiokoikoi Reserve

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<b>Destination Pool and Gym</b>			
<b>Description</b>	<b>Length (m)</b>	<b>Width (m)</b>	<b>Area (sqm)</b>
Lap Pool	25	16	400
Children's Pool	16	10	160
Soak Pool	16	10	160
Spa Pools	10	10	100
Pool Buildings	65	10	650
Gym	35	10	350
Café	30	10	300
Landscaping	50	30	1500
<b>Capital Costing factors</b>			
Outdoor Pool	(\$/sqm)		2000
Buildings	(\$/sqm)		2500
Landscaping	(\$/sqm)		1000
Contingency and Fees			10%
<b>Total Capital Cost</b>			<b>\$ 7,029,000</b>

## 5. Financial Projections

Notes about the following summary tables:

- Cost of capital is based on 100% of capital loan financed over 20 years at 5.5 %.
- Net operational cost is based on year one cashflow forecast with future years inflation adjusted. Year one forecast does not include any consideration of time for the new facilities to build a customer base.
- The Hutt City Council funding policy for swimming pools is 65% rates funded and 35% user pays.

### 5.1. Rebuild Community Pool in Udy Street (current location)

#### Community Pool

	Y 1	Y 20	Cumulative	Average
<b>CASH RECEIPTS</b>				
<b>Existing receipts</b>				
Entry Fees	68,000	108,708	1,737,037	86,852
Sales	4,000	6,395	102,179	5,109
Other User Charges	12,000	19,184	306,536	15,327
<b>TOTAL CASH RECEIPTS</b>	<b>84,000</b>	<b>134,287</b>	<b>2,145,751</b>	<b>107,288</b>

	Y 1	Y 20	Cumulative	Average
<b>CASH PAID OUT</b>				
<b>Existing payments</b>				
Staff Costs	91,639	146,499	2,340,887	117,044
Energy	55,000	87,926	1,404,956	70,248
Water and chemicals	22,000	35,170	561,982	28,099
Other Operating Costs	15,000	23,980	383,170	19,158
Admin & Marketing	2,000	3,197	51,089	2,554
Maintenance	20,000	31,973	510,893	25,545
<b>SUBTOTAL</b>	<b>205,639</b>	<b>328,745</b>	<b>5,252,978</b>	<b>262,649</b>
Capital purchase				
Loan principal payment	36,727	104,181	1,300,000	65,000
Loan interest payment	70,583	3,130	846,208	42,310
<b>TOTAL CASH PAID OUT</b>	<b>312,949</b>	<b>436,055</b>	<b>7,399,186</b>	<b>369,959</b>
<b>Cash Position (end of year)</b>	<b>-228,949</b>	<b>-301,769</b>	<b>-5,253,435</b>	<b>-262,672</b>

TOTAL CASH RECEIPTS	84,000	134,287	2,145,751	107,288
OPERATIONAL EXP	205,639	328,745	5,252,978	262,649
CAPITAL EXP	107,310	107,310	2,146,208	107,310
<b>End Cash Position</b>	<b>-228,949</b>	<b>-301,769</b>	<b>-5,253,435</b>	<b>-262,672</b>
<b>Cumulative</b>	<b>-228,949</b>	<b>-5,253,435</b>		

discount rate **5.50%**

- Loan Funding is based on capital cost of \$1.3m.
- Average annual operating loss of \$155,361 with no opportunity for capital loan to be repaid.
- Receipts are based on attracting 30,000 visits per season. Current average usage of McKenzie Pool is 25,000 per annum.

## 5.2. Destination Pool at Hikoikoi Reserve

The following table calculates the receipts and attendances required for the destination pool to fully pay back a capital loan of \$7m by year 20.

### Destination Pool and Gym

	Y 1	Y 20	Cumulative	Average
<b>CASH RECEIPTS</b>				
<b>Existing receipts</b>				
Entry Fees	721,000	1,152,627	18,417,698	920,885
Gym Fees	460,000	735,379	11,750,543	587,527
Café	24,000	38,368	613,072	30,654
<b>TOTAL CASH RECEIPTS</b>	<b>1,205,000</b>	<b>1,926,373</b>	<b>30,781,312</b>	<b>1,539,066</b>

<b>CASH PAID OUT</b>				
<b>Existing payments</b>				
Staff Costs	560,532	896,095	14,318,604	715,930
Energy	95,000	151,872	2,426,742	121,337
Water and chemicals	26,000	41,565	664,161	33,208
Other Operating Costs	25,000	39,966	638,616	31,931
Admin & Marketing	20,000	31,973	510,893	25,545
Maintenance	5,000	53,796	685,618	34,281
<b>SUBTOTAL</b>	<b>731,532</b>	<b>1,215,266</b>	<b>19,244,635</b>	<b>962,232</b>
Capital purchase				
Loan principal payment	197,761	560,973	7,000,000	350,000
Loan interest payment	380,064	16,852	4,556,507	227,825
<b>TOTAL CASH PAID OUT</b>	<b>1,309,358</b>	<b>1,793,092</b>	<b>30,801,142</b>	<b>1,540,057</b>
<b>Cash Position (end of year)</b>	<b>-104,358</b>	<b>133,282</b>	<b>-19,829</b>	<b>-991</b>

TOTAL CASH RECEIPTS	1,205,000	1,926,373	30,781,312	1,539,066
OPERATIONAL EXP	731,532	1,215,266	19,244,635	962,232
CAPITAL EXP	577,825	577,825	11,556,507	577,825
<b>End Cash Position</b>	<b>-104,358</b>	<b>133,282</b>	<b>-19,829</b>	<b>-991</b>
<b>Cummulative</b>	<b>-104,358</b>	<b>-19,829</b>		
discount rate	5.50%			

- Pool receipts are based on an average charge of \$5 per visit. This is an average of differential pricing for regulars of \$3 and visitors of \$8.
- To achieve break even after 20 years the following targets would need to be met;
  - Average annual cash receipts of \$1.5m.
  - Pool visits of 150,000 annually.
  - An average of 600 gym members.
- In comparison; the Naenae Pool Gym currently has 600 members, Huia Pool attracts 300,000 visits annually and Wainuiomata Pool attracts 70,000 visits annually.
- Due to the locality of the proposed development it is unlikely that the target number of 150,000 would be achieved.
- A more conservative attendance target of 120,000 annually would result in an outstanding loan balance of \$3.1m after 20 years which would be paid off over a longer term.

## 6. Other Considerations

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The following information is provided for consideration as requested by the working party.

### 6.1. Alternative Foreshore Sites

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The positioning of the destination pool at Hikoikoi Reserve has raised concerns regarding the ability of the site to attract the required visitor numbers. David Hancock the Hutt City Visitor Manager states;

“Spreading a major tourist attraction into an industrial area does not make sense as an entry, feel, primary purpose or secondary purpose. I have had resistance from some tour operators and media in regards to Stansborough because of its location in an industrial area (despite it being an industrial attraction). Similarly I have had resistance to go to the eastern bays because of having to take people through an industrial area. Hiding a spa complex in an industrial area is going to have marketing, use, access and perception barriers. Located in Hikoikoi would further disjoint the city's attractions and demand people drive to this and other facilities.”

“Petone generally and Jackson Street specifically are currently the key to tourism in Hutt City. The foreshore and Te Puna Wai Ora tie perfectly with the aquatic theme. The beachfront is essential and between Cuba Street and West would be perfect as it is then within walking distance of the tourism strengths. Petone Settlers would be my number one choice. Then second would be down the Western end for general visibility.”

Other foreshore sites have been previously suggested, investigated and discounted. The best of these from a visitor and positioning perspective was the Settlers Museum site. Problems with this site including traffic issues, narrowness of the site and likely consent issues due to blocking of views and building on an iconic site. The museum is likely to now expand its operations on this site therefore eliminating it as an option.

Another site suggested at the last working group meeting was the land adjacent to the Petone Wharf. This is not in line of site from residential areas and therefore would have less consent issues. It is also closer to the Petone CBD and schools. The site however is still narrow being a little over 20 metres in width limiting the size of any development. In comparison the Ocean Spa site in Napier is 40 metres wide and covers an area of 5,200sqm. To achieve the same scale the Petone complex would need to stretch 260 metres along the foreshore.



The only other site on the foreshore which is large enough for this scale of development apart from Hikoikoi Reserve is at the western end called the Korokoro Gateway. This site has been discussed previously and was discounted due to shading concerns and the site having an industrial outlook.

## 6.2. Visitor Statistics

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The destination pool is mooted as a tourist attraction and the viability of the development is reliant on attracting significant visitors. The following statistics are Statistics New Zealand figures for accommodation guest arrivals. Tauranga City figures are provided to compare attendance targets of the Petone Pool with those achieved by Mount Maunganui Hot Pools which is a similar development.

### Total Guest Arrivals

	Lower Hutt	Wellington	Tauranga	Mount Pools
2007	113,663	985,569	328,887	315,281
2008	115,058	1,074,501	328,883	255,558
Average	114,361	1,030,035	328,885	285,420

There is not enough reliable data to be able to predict the number of visitors who may be attracted to a destination spa in Petone. However it is likely that a significant number of these would need to be attracted from wider Wellington regional visitors. The greatest source of these visitors is likely to come from the visiting friends and relatives category which makes up a large proportion of visitation to Hutt City. The following is sourced from the Ministry of Tourism's International Visitor Survey and Domestic Travel Survey (YE Sep 08).

Visiting Friends and Relatives (VFR) is the largest traveller group after the Holiday market. In the year to September 2008, all VFR travellers spent a total of \$3.5 billion in New Zealand. Of this, \$2.3 billion was spent by domestic travellers and \$1.2 billion by international. Over the same period, Holiday travellers spent \$6.4 billion (\$3.3 billion international and \$3.1 billion domestic).\*

In terms of international arrivals, VFR travellers have performed well lately, being up 4.2% in the year to December 2008. Compare this with Business arrivals which fell by 5.0% and Holiday arrivals which fell by 2.2% over the same period.

VFR travellers have a higher than average length of stay. For instance, international VFR respondents to the RVM stayed an average of 14.4 days in the region compared to 6.8 days for those on Holiday.

VFR travellers are, for the most part, just as likely to seek out and experience all that New Zealand has to offer. They are more likely to explore wine and food, but less likely to experience sightseeing, adventure activities or Maori tourism. They also encourage their hosts to get out and about, further stimulating the economy.

In the current economic environment, the VFR market holds good prospects for New Zealand tourism. VFR arrivals are holding up well compared to other traveller types, and may be easier to attract during this time. Often the decision to visit friends and family is not entirely discretionary so is less likely to be postponed than a holiday.

## 7. Assessment Tool

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The following is a multi criteria analysis tool which can be refined by the working party to assess the relative merits of each proposal.

### Sites: Weightings and scoring table

Attribute/ Criteria	Weighting	Udy Street		Hikoikoi Reserve	
		Score	Weighted Score	Score	Weighted Score
Capital cost of proposal	0		0		0
Operational cost to ratepayer of new facility	0		0		0
Potential to attract external funding	0		0		0
Implementation difficulties through regulatory, planning and consent issues	0		0		0
Usable land area to fit the necessary configuration	0		0		0
Economic development potential - visitors, revenue generation, secondary spend in the city	0		0		0
Attractiveness/ visibility of site	0		0		0
Linkage to other recreation assets near site	0		0		0
Linkages to major retail and commercial centre	0		0		0
Linkages to the transportation network (access) and parking	0		0		0
Residential Accessibility	0		0		0
Accessibility/linkage to schools in area	0		0		0
Fit with local environmental values	0		0		0
Fit with heritage values/ traditional use of site	0		0		0
Site safety	0		0		0
Other attribute? (unique to proposal)	0		0		0
Other attribute? (unique to proposal)	0		0		0
<b>TOTALS</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>

#### Weighting

How important is this attribute/criterion to the overall success of the project.

Scale is 1 to 3 = low importance, 4 to 7 = moderate importance and 8 to 10 = high importance

#### Relative weighting of attributes

The weighting is the degree of importance of the attribute. The system used has only one attribute as the most important, therefore only one attribute will have a weighting score of 10 for importance as the benchmark with the relative weighting of the balance of attributes measured against it.

#### Score

The degree to which the project is suitable for the desired purpose in relation to the attribute/criterion.

Scale is 1 to 3 = low degree of suitability, 4 to 7 = moderate and 8 to 10 = high degree of suitability

#### Relative scoring of sites

The score is based on rationale that one project will be the most suitable for each attribute and will therefore score a 10 as the benchmark for the other project to be measured against.