



# **STRATEGIC BUSINESS AND FINANCIAL PLAN**

**2004**

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## STRATEGIC CONTEXT

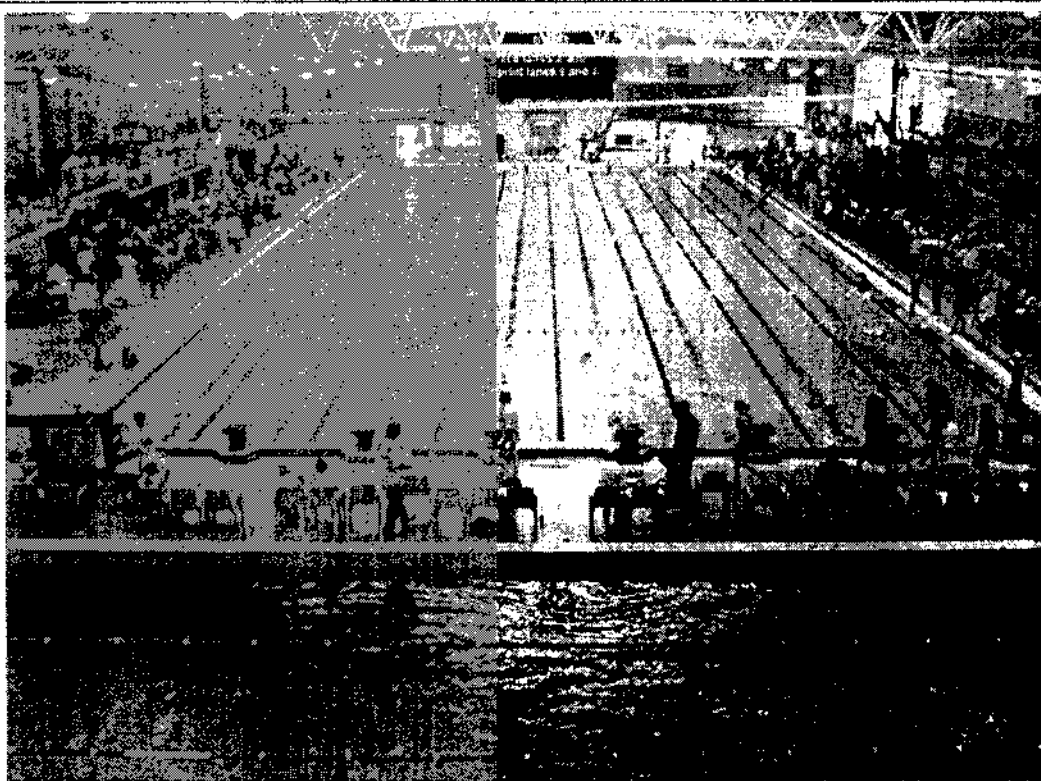
Leisure facilities and activities contribute to the well being of the City's residents by providing recreation opportunities that promote health and social cohesion.

Council's strategic objective for leisure is that a comprehensive range of leisure, recreation and sports services and facilities are provided.

West Wave Aquatic Centre is a public facility that provides a safe and enjoyable venue for people to relax and play, linking into two of Council's strategic platforms, namely Urban & Rural Villages and Strong Communities.

A key consideration for the facility is the level of use by the community. Maintaining a high level of safe community use will ensure that, via this facility, Council is also able to meet its commitments in respect of a number of other priorities, particularly around sustainable development (vibrant town centres); First Call for Children, and; Lifelong Learning.

The Council has stated its intention to develop the City as a renowned hub of social activity, arts, leisure, sports and recreation. These activities promote health, wellbeing and contentment and are highly valued by the community. The Aquatic Centre is a key element in the delivery of this objective.



*Auckland Junior Championships December 2003*

## **FACILITY OVERVIEW**

Located at 20 Alderman Drive, Henderson, West Wave is one of Australasia's finest integrated Aquatic Leisure and Fitness Centres.

Developed around the Olympic-sized competition and diving pools built for the XIV Commonwealth Games of 1990, it now also incorporates the latest in water recreation and play facilities; a swim school; a modern fitness centre; a recreation centre; a café and pro shop.

West Wave is now comprised of three main physical spaces, specifically the Competition Pool Hall, Leisure Pool hall and Recreation Centre.

The original developers created what was regarded as among the fastest competition pools in the world. At the time the facility was state of the art with a moveable bulkhead and a "raiseable" floor. The combination of these two features enabled the operators to create two pools out of one, and to create a "shallow end" and a "deep end" – or a toddlers' pool or any one of a number of variations on a theme. This was a true multi function aquatic centre at the time.

By the late 1990's, although still strongly in demand as a competition pool, the facility was not meeting the demands of a modern aquatic leisure facility, such as the provision of facilities for passive and active leisure.

Accordingly, Waitakere City Council created plans to greatly expand the centre with a range of modern facilities, specifically:

- A leisure/wave pool
- A hydro slide
- A remodelled reception area and changing facilities
- A hydrotherapy pool
- And a new fitness centre

At the completion of the redevelopment the centre was rebranded as West Wave and is now the major recreation and leisure attraction in Waitakere City. West Wave is a community facility, which caters for a broad range of user groups through both casual use and programmed activities.

In addition to its leisure functions and its role as a premier competition venue for regional, national and international events it is also "home" to two local swimming clubs, one masters swimming club, two water polo clubs, one multi sport club, one diving club, and New Zealand's first Water Polo Academy. It also has more than 1600 swim and fitness members.

## **Facility Operation November 2002 to Present**

The redeveloped facility was officially opened in November 2002 by the Rt Hon. Helen Clark. This was following several delays due to time delays in the building and two significant problems, namely the 'non parallel' expansion joints in the Wave Pool being tiled over and consequently lifting once the pool was filled, and a major flood in the plant room.

The opening of the Leisure Pool side of the complex meant an increase in staff supervision numbers from two active lifeguards to up to 13 per shift. The new Building Management System, and Plant and Machinery also required significant training.

Once opened user numbers were very positive and at times entry needed to be controlled on some days. Unfortunately soon after opening Chlorine Gas was released into the main pool hall via a build up of chlorine in the family spa pool circulation system. The Leisure Pool side of the facility was closed by Council soon after for the incident to be investigated and recommendations implemented.

The facility reopened in mid January 2003 following the implementation of a number of recommendations. Despite a period of negative publicity, user numbers in the later period of January were promising.

Unfortunately a second Chlorine Gas leak occurred soon after due to a faulty regulator venting gas from the main Chlorine cylinder. Although totally unrelated this caused further negative publicity.

In April 2003 the main pool and competition pool were closed for refurbishment. This planned shutdown for maintenance was extended until October for the main pool due to a significant leak in the main pool balance tank and the dive pool requiring more repairs than initially planned.

The competition pool hall is now fully refurbished with new acoustic ceiling, retiled dive pool, fully renovated staff room, and more recently a full repaint to complement the leisure pool hall.

In July 2003 some significant management changes occurred which coincided with some staff being placed on special leave whilst investigations were carried out. The end result was the appointment of Ben Davies from NZBLUE LTD on contract as Interim Manager on a month-by-month basis.

The operational budget for the year was initially based on 750,000 casual unit visits and then revised downwards. It was soon apparent however that the projections were not achievable and soon after a report was forwarded to the Projects Special Committee outlining an expected budget deficit of 1.1 million.

Waitakere City Council is reviewing the future management of the facility due to the significant operational issues, management changes and financial situation.

## **Future Management Options**

The Aquatic & Recreation Centre is currently operating with an interim management arrangement, while further consideration is given to the best long-term management option for the Centre. It is recognised that this situation should not continue indefinitely and, as such, there is a need for some decisions to be made around future management options.

However, Council management have wanted to carefully consider the best option before making a decision. It was considered important that this decision was not made hastily.

To progress resolution of this matter, a series of meetings were held in late September 2003. The meetings involved management, staff and union representatives. The purpose of the meetings was for potential future management options to be discussed, and for management to gain an understanding of the staff view on this issue.

Council management outlined four potential options for future management of the Aquatic & Recreation Centre. The options were:

- **Option 1:** In-house management (status quo – Council appointed manager)
- **Option 2:** Externally managed contract (management contracted out)
- **Option 3:** Lease (the Centre would be leased to a private operator)
- **Option 4:** Privatisation (the Centre would be sold to a private operator)

Following the meetings, a number of staff and union representatives were involved in the preparation of a joint PSA / AWUNZ submission to Council management. The submission outlined the prevailing view amongst the staff in relation to this issue. This document, together with the understanding gained from the meetings, clearly demonstrated that staff favoured ongoing direct Council management of the Aquatic & Recreation Centre. This option was referred to as Option 1 (status quo).

In February 2004, Council management met with staff and union representatives to advise them that the Aquatic & Recreation Centre will continue to be managed internally, at least until September 2004. At the end of that period, it is intended that a more permanent decision would be made regarding the future management of the Centre. The current interim management arrangements will continue until September 2004, to avoid the need to make a permanent appointment before final decisions are made regarding the future management of the Centre.

The six-month period will effectively act as a trial period, to determine whether in-house management of the Centre can achieve the objectives that the Council has set. The key priorities amongst the Council's objectives are:

1. Excellence in customer service
2. Health and safety as a non-negotiable
3. Prudent financial management

Staff will be able to influence the decision regarding future management of the Centre through their performance over this period, particularly in relation to these priorities. Council management also has a focus on eliminating avoidable issues or incidents, so that the reputation and profile of the Centre can continue to grow following negative publicity that has occurred over the last 18 months.

## Current Usage

The Centre has the highest usage of any facility in New Zealand and currently caters for a diverse range of users, with some days having over 2500 unit visits. A summary is shown below:

	Total	Average/Day	Note
Casual Visits	230,000	630	Range is 500 to 1200 depending on Weekends / holidays etc
Hydroslide	60,000*	165*	Charged for separately. <i>*Not counted in total below</i>
Clubs and Users	100,000	400	Groups such as West Auckland Aquatics, Northern Regional Diving, New Zealand Waterpolo
Rec Centre and Hire Groups	115,000	320	Includes Hire Groups, Casual Use and programs
Fitness Centre	125,000	340	Based on 1200 members attending twice per week
Swim School (Unit Visits)	50,000	200	1200/week, 50 weeks/year
Schools	10,000	50	5 days/week, 40 weeks/year
	<b>630,000</b>	<b>1,940</b>	



# STRATEGIC BUSINESS AND FINANCIAL PLAN 2004

## **Management Structure and Administration**

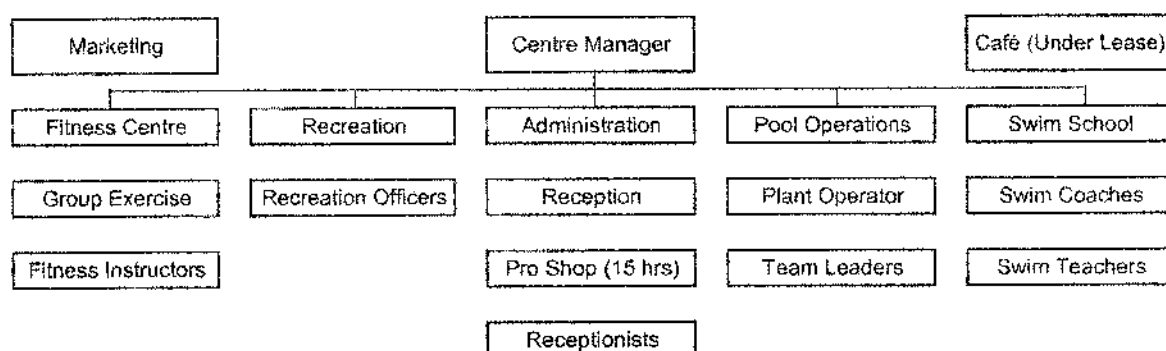
### *Current Management Structure*

The Centre has a relatively flat function based structure.

The Position of Centre Manager and that of Marketing, Fitness are interim positions held by contractors on a month-to-month basis .

The Centre Manager reports to the Group Manager Planning & Community Services, through the City Services structure within Council.

The current management structure is as follows:



The structure is typical of many pool facilities in New Zealand, although West Wave is by far the biggest facility in the country and comparisons are best made to similar facilities across the Tasman.

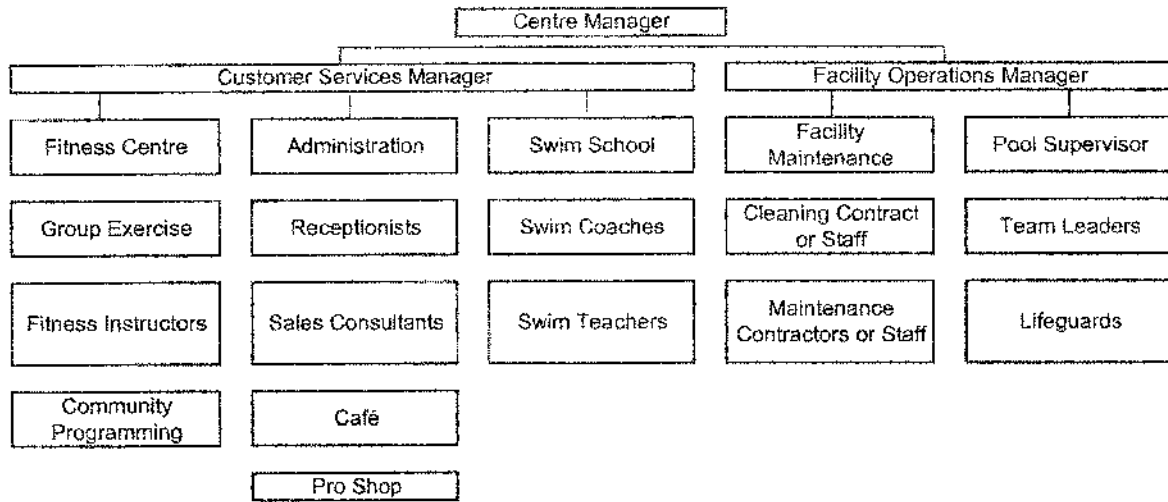
Some minor changes to the structure occurred during the later part of 2003, namely the creation of a Plant Operator position due to the workload increase from the new Building Management System and the additional plant and machinery.

Some program management responsibilities also shifted, with the adult fitness squad becoming part of the swim school, the Pro Shop reporting to the Reception Supervisor and Aqua Aerobics moving to the Recreation Centre, then the Fitness Centre. Previously these all reported direct to the Centre Manager.

Issues specific to departments are discussed in more depth later in this report. The current issues below are general and around the structure overall.

The following structure is one of a few alternatives to be discussed in further detail, taking into consideration individual employment agreements, financial ramifications and other alternatives.

**Proposed Structure**



A table highlighting the issues and opportunities the revised structures create are shown over.

**Summary Table of Options**

Issues of Current Structure	Issues	Option 2
1. Lack of Depth of Management	Department managers have skills specific to their department however the structure lacks depth and the broad middle manager level tends to create a segregation of responsibilities and affects the cohesiveness of the operation overall.	This option creates two new roles, "dividing" the facility into two clear components, namely programme and customer service delivery and Facility Maintenance, Health and Safety.
2. Workload on Pool Operations	The Pool Operations role is very broad and encompasses everything from Plant, Machinery and Building maintenance, Health and Safety, management and rostering of up to 60 pool staff. The position is also set up on a job share position of 4 + 1 day shared between two people. Due to the size of the role and a number of specific projects that have needed to occur over the year this role has recently been 32 to 40 hours plus 25 hours.	A new position is created focusing on Pool Operations. Total hours available would increase from 40 to 60 or 70 on a permanent basis.
3. Recreation Department	The management of the Recreation Centre is by a "self managed team" of 2.6 FTEs reporting to the Centre Manager. There is some question over the efficiency of this arrangement. This is focused on later under the specific department.	This option suggests the possible removal of the Recreation department from the structure. Additional reasoning for this is highlighted in the analysis of the department later in this report. The addition of a community programming role to focus on programmes that benefit the community but require specialist support is created. This allows a specific budget to be allocated against the role for that direct purpose.
4. Facility Bookings	Bookings for lane space, the two activities rooms and the mezzanine floor are managed by the Administration Supervisor, with the Recreation Centre and the four meeting rooms managed by the Recreation staff. This is inefficient and not cohesive.	This option would see the facility bookings function for the entire facility becoming part of the Administration role, reporting either directly to the Customer Services Manager of the Centre Manager.

Issues of Current Structure	Issues	Option 2
5. Facility Maintenance	The plant and machinery operator is responsible for equipment and building in the "Aquatic Centre". The Recreation Team is responsible, with the Property Department, for the Recreation side of the facility. The scope of the role is very large, from asset planning through to hair and lint pot cleaning on a daily basis.	A new position is created that includes facility Maintenance. Total hours available would increase from 40 to 50 or 60 on a permanent basis, with possible addition of maintenance staff.
6. Fitness and Swim School Growth Opportunities.	The Fitness Centre and Swim School are two departments that have high income earning capacity for the centre. Often due to the day-to-day operational requirements of the facility they receive less management focus and support and have perhaps had conflicting operational goals and directives in past years.	
7. Café Management	Currently the Café is leased out to a private operator - Eurest Ltd. It is preferred that the café remain contracted out.	Café Management would be a responsibility under the Customer Services Manager.
8. Sale and Customer Service Delivery	The Centre would benefit from the development of a more professional sales and service ethos and focus. This does not appear to have been a particular focus in the past, perhaps due to the growth from a reasonably small facility with regular clientele and without great priority given to income generation to one that caters for over 2,000 unit visits per day.	A senior manager position separating pool and facility operations is created.

## Marketing Strategy and Plan Overview

An overall summary of the positioning of the facility in the marketplace is as follows:

<p><b>Strengths</b></p> <ol style="list-style-type: none"> <li>1. New and modern facility</li> <li>2. Combining both Competitive, Fitness, Leisure and Educational activities which allows for wide demographic of user groups</li> <li>3. Established and skilled staffing base.</li> <li>4. Location</li> </ol>	<p><b>Weaknesses</b></p> <ol style="list-style-type: none"> <li>1. Poor layout due to staged development of the Centre.</li> <li>2. High operational and capital costs.</li> <li>3. Non consistent customer service levels</li> <li>4. No child minding facilities.</li> <li>5. Historical problems with negative publicity</li> <li>6. Recreation Centre design</li> <li>7. Historical Pricing Structure</li> </ol>
<p><b>Opportunities</b></p> <ol style="list-style-type: none"> <li>1. Expanding Fitness Centre and Learn to Swim Membership.</li> <li>2. Improved customer service skills</li> <li>3. Improved management structure</li> <li>4. Pricing model</li> <li>5. Continual development of marketing and programming initiatives.</li> </ol>	<p><b>Threats</b></p> <ol style="list-style-type: none"> <li>1. Competing facilities</li> <li>2. Other leisure activities</li> <li>3. Weather</li> </ol>

### Strengths

1. New and modern facility has very good aesthetic appeal, with overall excellent carparking and access compared to other aquatic facilities in the Auckland area. The pool complex is designed as a fully integrated international standard leisure facility. Recent changes to FINA regulations make only West Wave and the redeveloped QE2 Facility in Christchurch suitable for National and International Swimming events.
2. The combination of both Competitive, Fitness, Leisure and Educational activities which caters therefore for a wide variety of user groups and provides for a one stop family shop. This, together with a large number of individual active visits per year provides a significant base of users from which to expand utilisation numbers and frequency via internal branding and programme cross-promotion.
3. The Staff are well trained and experienced in their specific roles, with a number of individuals recognised as industry leaders in their profession. They are supported by a comprehensive training matrix and the wider professional resources of Council. The centre has developed skills and expertise to satisfy the diverse needs of all categories of user groups. These groups include competitive aquatic sports, lane swimming for health and fitness, children's fun pool and entertainment.
4. The location of the facility close to the Henderson retail centre, adjacent to the library and within easy distance of the rail link encourages co-ordinating Aquatic Centre usage with other frequently undertaken activities. This is supported by adequate car parking space.

## **Weaknesses**

1. The facility has been developed originally from adding the competition pool to a redundant electrical factory, which became then became the Recreation Centre. Later the Leisure Pool was added together with the Fitness Centre. Although overall well planned and constructed, examples of problems with this approach, are specific sectors of the facility requiring additional staffing due to poor line of sight, restricted use in off peak times not being an option, separation of key facilities such as the Fitness Centre and Swim School from the main reception.
2. Operating and ongoing capital costs are high. The size and nature of the facility of the centre mean operating costs of the facilities are well in excess of the revenue generated. With Health and Safety of staff and clients an absolute priority, ongoing capital replacement of assets is required, many of which provide no direct return on investment.
3. The growth of the facility in size and staff numbers has resulted in inconsistent levels of customer service. The management structure was not significantly changed to support the increase in staff.
4. There are no crèche facilities on site. The nearby day-care facility does not encourage casuals, and is considered inconvenient and expensive.
5. The operational difficulties, summarised in the introduction, are an unfortunate legacy in the current operation. This has perpetuated additional pressures such as increased scrutiny by media and public.
6. Specifically discussed later in this Business Plan; the non-purpose built design of the recreation centre means that the nature and scope of activities able to be offered is severely limited, when compared with other facilities.
7. The prices charged to user groups are low when compared to other similar facilities and have been for some time. It has created an expectation with some user groups that charging is a token gesture only and to change this perception is difficult.

## **Opportunities**

The Fitness Centre has a capacity for 2500 members. The Swim School, with dedicated teaching pool and opportunities in the main and leisure pool for further growth has a capacity of 2000 members. Currently the Fitness Centre has 1600 members and the Swim School 1400. Both the Fitness Centre and the Swim School have significant potential for growth due to the high calibre of the facilities. To maximise this potential the Centre will need to strategically market the unique selling points of these operations.

In order to maximise potential of the centre's key revenue generators it is essential that dedicated staff with specialist sales skills are used to maximise sales which leads to increased customer retention. This increased customer and sales focus would be driven from the newly created position of Business Development Manager driving together the three departments of Fitness Centre, Swim School and Reception. Providing additional support for the staff via a more tiered structure will allow for increased Customer Skills training with more accountability for performance.

The Swim School and Fitness Membership Customer Data Base. The ability to easily access customer details and visitor information provides a user-friendly database for marketing, promotional and customer service strategies relating to both the Fitness Centre and Swim School.

### **Relationships:**

West Wave is a people oriented business and its future success is determined by its ability to expand its client base. Making a conscious effort to build relationships with targeted groups is a key component to achieving the expanded database. The nature or type of target groups will depend on the direction and market focus but could include; school groups, senior citizen groups, sports clubs, common interest community groups.

### **Threats:**

The West Wave complex as a whole has no competitors in the city, however the individual departments have some:

### ***Fitness Centre Competitive Situation:***

Macro environment:

Approximately 12% of New Zealand's population are currently members of Fitness Centres. As such with the governmental push towards New Zealanders becoming more active more often, there is significant room for growth within this market. It is now widely accepted that physical exercise has significant benefits on not just health, but also a wide range of areas such as mental health and work performance.

West Wave has 4 major competitors within a 5km radius of the centre and a further 5 major competitors outside this radius (still within the boundaries of Waitakere City Council). The fitness centres within a 5km radius would be seen as the biggest threat to West Wave Fitness Centre, as many studies show that customers are reluctant to travel great distances to exercise, although there may be some effect with many Waitakere City residents commuting outside the city for employment.

### ***Competition Commentary:***

The Trusts Stadium will provide a reasonable level of competition to West Wave and the other Fitness Centres in the City but it is expected however that West Wave, the Trusts Stadium, Les Mills and Club Physical will dominate the market, with a consolidation of membership at the smaller facilities.

Westwave is in a period of strong membership growth, with a large base of satisfied members. (Retention is over 65%, higher than the 50% national average). Membership projections have taken into account a slowing of the rate of growth, however an aggressive marketing plan and customer service focus will see this continue.

For West Wave to maintain a dominant position in the local market we will need to market ourselves strategically by concentrating on our unique selling points and differentiating ourselves from the competition. Specifically these are the strengths highlighted previously in the SWOT analysis.

Technology within the fitness industry is constantly evolving and as such West Wave needs to ensure that equipment is regularly serviced, evaluated and upgraded to ensure that we are providing our customers with equipment that is of a sufficient style and quality to meet their expectations.

### **Swim School**

The Swim School has two competitors namely the Waterhole Swim Centre in Sunnyvale and the Philips Aquatic Centre in Mt Albert. The *current market is under supplied* however increases in competitors are unlikely due to the cost prohibitive nature of establishing and operating Swim Schools.

### **Recreation Centre**

With the advent of the Trusts Stadium and its purpose built multiple use recreation space it is envisaged that there will be significant duplication of the programmes and services currently offered by the Recreation Centre at West Wave. Due to the superior level of facilities at the Trusts stadium we would expect there to be a detrimental effect on programme numbers and therefore the viability of the recreation programme especially due to the current design of the Recreation Centre. Specific proposals for the modified use of the facility with this in mind are included in the business plan.



## **Marketing Plan**

### **Target Markets:**

- Waitakere City residents 25-45 years, with a particular emphasis on household shoppers
- Existing facility users (for cross promotion of centre programmes and facilities)
- Children aged 5 – 12 years (emphasis on Leisure Swimming and Swimming Lessons)

### **Positioning:**

- A high quality integrated wet and dry fitness facility that offers exceptional value for money.

### **Price:**

- Pricing needs to be closely aligned with private sector providers to ensure economic viability, and also to increase customers' value perception.

### **Sales force:**

- Implementation of specialist sales training for key staff, or dedicated sales staff
- Re-structuring of reception staffing to ensure that more staff are available to devote time to sales and membership retention. This will increase the level and consistency of service.
- Development and implementation of new sales and retention protocols to ensure maximisation of sales leads, and to ensure that retention levels meet industry standards.
- Integrated cross-departmental strategy required (currently segmented)

### **Service:**

- Increase level via dedicated, well trained staff
- Increased sales and customer orientation, through an integrated approach to member management
- Revised structure to allow ease of joining (e.g. not a laborious process for prospective members)
- Periodically evaluated through user surveys

### **Advertising:**

- Brand Revitalisation (use of "icon" to appeal to youth)
- Development of internal branding for cross promotion of key services (Swim School and Fitness Centre)
- Increased emphasis on promotion of Fitness Centre and Swim School
- Use of demographically targeted media (distribution)
- Emphasis on benefits (health, well-being etc), as opposed to the actual products

***Sales Promotion:***

- Use of internal facility signage and displays to promote the fitness centre and Swim School
- Interactive displays and promotions in Westcity Mall (targeting parents through their children)
- Regular facility newsletters to ensure members are aware of offers etc.

***Market Research and Service Development:***

- Continue to use Annual In-depth Customer Surveys to ensure that we are providing service of a high quality and meeting the needs and expectations of facility users
- Quarterly user surveys (emphasis on children)
- Use of customer comments cards on a periodic basis to identify hot spots
- Implementation of expired members survey as part of retention plan
- Continue to monitor Sport and Recreation NZ and Fitness NZ reports with regards to physical activity and related trends

## **Recreation Centre**

The Recreation Centre is a renovated factory with low ceiling height and columns throughout the floor. Currently the Centre provides a small range of programmes from pre-school gymnastics, holiday programmes, after school care through to active older adult programmes.

The department's operational cost prior to this year was over \$230,000. Recent rationalisation of programs has brought this down to \$140,000. A "self managed team" consisting of 2.6 full time employees manages the centre. Staff are well qualified and experienced by industry standards.

The space although less than ideal for traditional recreation activities provides a low cost function venue for groups and has regular hirers, such as Roller skating, Model-x and the Arms Fair. Car parking and access from the Henderson City Centre are very good.

## **Issues**

1. The overall operating costs for the recreation centre are high relative to the financial return that is gained . The self-managed team is a questionable structure for running a facility of this nature.
2. The return on staff cost percentage is low compared to a benchmark of 33%. This is a result of low user numbers, low cost per program and lack of focus on generating a sufficient return by management.
3. Sports Waitakere, with support from Council, the local licensing trusts, ASB Trust and other benefactors is due to open the Trusts Stadium in July 2004. This purpose built 22 million dollar stadium will have the ability to provide all the programs that the Recreation Centre currently delivers.
4. The long-term viability of the Recreation Centre has been debated for some time. Currently being considered in conjunction with the long term community plan process is a purpose built youth centre. The current Recreation Centre is a preferred location for the youth centre.
5. There is confusion amongst all staff with regards the Centre's focus with regards the delivery of programmes to the community, and where the appropriate balance is between providing a leisure service and obtaining a reasonable financial return. Often this comes from the various interpretations of the Leisure Strategy and its usage as a service driver.

## Proposal

Issues	Options
1. Management Team Costs	It is proposed that options for the more efficient operation of the Recreation Department be considered.
2 & 3. Programme Return and Trusts Stadium	It is suggested that consideration be given to cutting all programmes from the facility from July 2004. Within the City these will be picked up by the new stadium and outside providers. The holiday program is one which, subject to management availability and the current niche market remaining, could be retained.
4. Long Term Viability	Demolition of the Recreation Centre is likely in 2006. Until then it is proposed that the Centre functions solely as a hire venue, with that function becoming part of the Administration role.
5. Community Programming	It is suggested that the position of Community Programme Officer be created to manage all community programmes. This separate cost centre will each year be allocated a budget that includes income from the programmes, the community programming staff person and associated programme expenses.

## **Swim School**

The Swim School is based in a facility that is second to none anywhere in the country. The Swim School has a dedicated variable depth pool, allowing teaching and coaching at various levels.

Additional to this is a percentage of the 16 lanes available in the main pool with options to use the Wave Pool for Water Safety Lessons.

The Centre has two home clubs, namely West Auckland Aquatics and Waitakere City Swim Club. These clubs predominantly coach at an entry competition level upwards and have full time national level coaches and swimmers at the Olympic level.

### ***Issues***

1. Water space capacity allows for a swim school peak enrolment of close to 2000 swimmers. Up until recently the school has had peak terms of 1200 enrolments.
2. Operationally the Swim School could better maximise the return on teachers and has a relatively high percentage of administrative time compared to the industry.
3. The Swim School has operated to date in isolation to the environment in which it is situated. Specifically the swim school has not maximised the opportunities in working in partnership with the clubs. This includes not only the Swim Clubs, but also the Diving Association and Underwater Hockey.
4. Similarly to the Fitness Centre, the Swim School has the problem of the main reception operating some 50m away from the Swim School reception. This causes a number of issues around entry control, payment and customer service.
5. The administration system for handling 1200 swimmers is manual. This is not only time consuming, expensive and repetitive, but information outputs are limited and separate systems are required for entry control, class bookings and payments.
6. The Swim School has focused predominantly on Learn to Swim. Opportunities for increased Adult Coaching such as Tri and Surf Squads, Adult Learn to Swim and Fitness Squads exist.
7. Similarly to the Fitness Centre once again, Swim School lacks a strong internal profile, both at the main entry and also within the complex.

## Proposal

Issues	Options
1. Swim School Capacity	The creation of a Customer Services Manager, would provide more management support to the department. It is suggested that philosophically the Centre needs to move to a more commercial model for the management of the Swim School.
2, 5 & 6. Administration	Council is currently out to tender for an integrated Facility Management system.
3. Swim School and Club Partnership	The Swim School needs to establish stronger bonds with the resident clubs, with the aim of growing all three. This may mean profiling swimming progressions better in the Centre through to some clear lines being accepted to remove any grey area of where Swim School stops coaching and the Clubs start.
4. Reception and Customer Service	The Integrated Facility Management system will mean that bookings for classes can be taken on any one of 10 PCs, whether at Reception, Swim School, or a dedicated Sales Office. Payment can be applied direct to the swimmers account at anytime. Options exist for swimmers to be on a direct debit payment schedule, which once set up would alleviate the need for rebooking.
7. Internal Branding	The swim school tends to hide into the background. Internal signage and updated promotional material, as well as feature signage highlighting start of term etc.

## **Fitness Centre**

The Fitness Centre overlooks both the main and Leisure Pool and all up has close to 500 square metres of usable space. This with excellent car parking, new equipment, and the additional facilities of lap and leisure pools, sauna, spa and steam makes the gym one of the best in the country.

The Fitness Centre is upstairs from the main entry and is accessible by both stairs and lift. A small reception is located in the Fitness Centre that doubles as an instructor workstation.

### ***Issues***

1. Similarly to the Swim School this department has not had a particular strategic focus over the years. The redevelopment of the complex, including the Fitness Centre has seen membership grow to a peak of 1,400 members. Equipment is in good condition and equivalent to the level of most competitors. The 500 square metres of space allows a membership capacity of between 2,000 and 2,500 members, based upon industry benchmarks of between four and five members per square metre of space. A table highlighting that is shown below.
2. Currently the membership has averaged around 1,200 members. The price includes use of the "wet" section of the complex. West Wave does have a separate pool membership however the price separation is very small and this causes a portion of members to upgrade to a Fitness Membership when in reality pure fitness usage is light.
3. Equipment provision is very low compared to the amount of space in the Fitness Centre. Whilst this does create a spacious feel, strong opportunities exist for continued growth of the membership base. Further a stable, loyal, regular Fitness Membership adds income across many other departments with members more likely to enrol family members in the Swim School and purchase swimwear from the Pro Shop for example if they regularly use the facility. Recently close to \$50,000 of new fitness equipment has been purchased which will add approximately 10 cardiovascular pieces to the floor.
4. The separation of the Fitness Centre from Reception makes membership sales difficult at present as neither the Fitness Instructor, or Receptionist can regularly leave their station to tour potential clients. The exact loss of potential sales is not known.
5. The member management of the Fitness Centre is handled by three separate departments. Specifically Reception handles all financial transactions, Instructors deal with the member on a day-to-day basis and an outside provider handles Direct Debit payments. Although the Fitness Manager has access to information to these departments, the situation does not allow for good co-ordination.
6. The internal profiling of the Fitness Centre is not proactive enough. The daily catchment of close to 2,000 unit visits is the highest in the country.

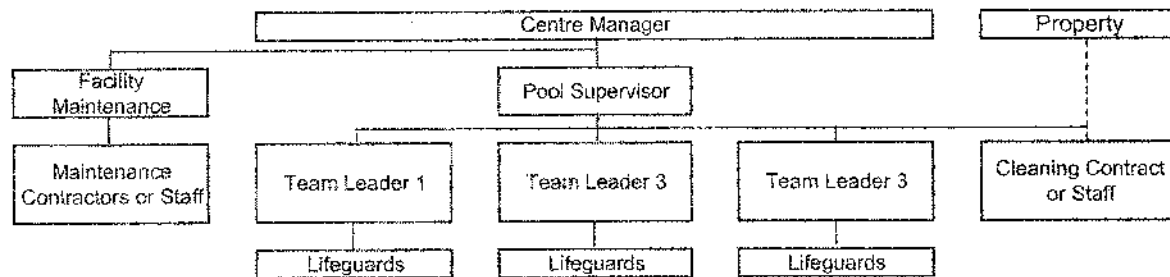
## Proposal

Issues	Options
1. Fitness Centre Membership	The creation of the Customer Services Manager and at least one FTE Sales Consultant will bring the Fitness Centre, Swim School and Reception together in presenting programming options for users as well as having a direct manager focused on generating additional users and income for these departments.
2. Pricing Structure	A revised structure is proposed in this Plan, for implementation as soon as possible. This creates a larger separation between the Pool and the Fitness Memberships. (The Pool Membership pricing has not increased)
3. Equipment Provision	The recent purchase of equipment will alleviate current overcrowding in the gym and allow for members to utilise services more regularly, which assists greatly in membership retention.
4. Membership Sales	The addition of a membership consultant will greatly improve sales as the physical distance will not become a barrier for people in the sales process. Customer Service from the reception team is discussed under the Reception Section of this report.
5. Separation of Responsibilities	The restructuring of the management team will see Reception, Sales, Fitness Centre and Administration come under a single business unit responsible for programme growth and a cohesive approach to the promotion of the programmes within the facility. The new Membership Management system will allow access to information from any PC dependant on personal user access rights. In house Direct Debit management is also an option.
6. Internal Profiling	The Fitness Facility will be the focus of an internal branding campaign, promulgating the Centre and the programmes offered.



## Pool Operations

The Pool operations are structured currently as follows:



The Pool Operations role is very broad and encompasses everything from Plant, Machinery and Building maintenance, Health and Safety, management and rostering of up to 60 pool staff. The position is also set up on a job share position of 4 + 1 day shared between two people.

The Facility Manager reports direct to the Centre Manager, but works very closely with the Pool Supervisors.

Cleaning of the Facility is under contract from the Council Property department, although staff, whilst on site, have a direct reporting relationship to the Pool Supervisor.

The facility caters for up to 2000 unit visits per day. 70% of these visits are for Casual, Club and Swim School Users, the remainder being Fitness Centre and Recreation Centre.

### Issues

1. Due to the size of the role and a number of specific projects that have needed to occur over the year the Pool Supervisor role has recently been 32 to 40 hours plus 25 hours.
2. Cleanliness and presentation is always a continual concern and requires continual review of procedures and the way in which it is managed.
3. Entry pricing has been reviewed each year, primarily with regards casual visits. Usage projections at the early stages of development were not achievable operationally. Recent visit history and operational experience shows that approximately 1,200 people per day is the maximum for the leisure side of the facility. The facility costs the ratepayers over \$2.5m per annum and a continual review of pricing is required.
4. Provision of Programmes for the Community is an integral part of the operation. Programmes are either provided by staff from the facility or in partnerships with clubs. Often debate exists with regards the provision of community programming, access and price. Examples of this are Aqua-Aerobics, Hydrotherapy classes, pricing for specific groups such as Senior Citizens, youth, unemployed, disabled etc. The Centre however relies on an extensive range of programmes with regards generating revenue for the facility. The Centre has a culture of providing low cost programmes.

5. Club Users are an integral part of the facility and focus at the competition end of the swimming, diving or Waterpolo spectrum. Pricing has been very rarely changed over the years, and was not subject to the price increases in mid 2003. Casual Usage is \$4.00 per child and \$6.00 per adult or \$4.80 and \$3.20 on a concession basis. In a 25m lane, structured programming allows for six adults or eight children, which would provide income at between \$25.00 and \$28.00 per lane hour. Current lane Hireage is only \$10.00 per hour for clubs with regular users getting between 10% and 15% off. This equates to a swimmer gaining entry for around \$1.00

**Proposal**

Issues	Options
1 and 2. Pool Structure	A possible revised structure is shown below. This would provide additional support to the Pool Supervisor by creating a Facility Operations Manager, and brings the cleaning and facility care component under the Facility Maintenance Manager. The cleaning contract under the Property department needs to be reviewed specifically. Options are to bring the cleaning back on site.
<pre> graph TD     CM[Centre Manager] --&gt; FOM[Facility Operations Manager]     CM --&gt; PS[Pool Supervisor]     FOM --&gt; FM[Facility Maintenance]     FOM --&gt; PS     FM --&gt; CCS[Cleaning Contract or Staff]     FM --&gt; ML1[Team Leader 1]     FM --&gt; ML3a[Team Leader 3]     FM --&gt; ML3b[Team Leader 3]     CCS --&gt; MCS[Maintenance Contractors or Staff]     ML1 --&gt; L1[Lifeguards]     ML3a --&gt; L2[Lifeguards]     ML3b --&gt; L3[Lifeguards] </pre>	
3. Entry Pricing	A revised pricing structure for the complex is proposed in this Plan, with a column highlighting possible hotspots. In general limited changes are made to casual pricing, other than refining peculiarities in concession pricing and specific programmes.
4. Community Programming	Pricing and the provision of community programming is often debated in all levels of council. It is proposed that a Community Programming managers role be created to foster specific programmes within the Centre that may be subsidised due to the community worth. This position and budget would report to either the Fitness Operations Manager or direct to the Customer Services Manager or Centre Manager. Budget for the department would be subject to the annual plan process. All "fringe" programmes would be run from this budget.
5. Club and Lane Hireage Charges	A proposed pricing structure is included in this Plan . This is based on a per use model. The major clubs have formal agreements and pricing will only be able to be changed in accordance with those agreements. It is proposed that all pricing moves to a single band, with discounts, if applicable, based on annual use.

## **Reception and Sales**

Reception is the shop window to the rest of the complex. The counter area is housed in a large open foyer that also has seating for the café. Immediately adjacent to reception is the proshop. The Reception area has a manager's and cash up office at the rear.

The Pro Shop has annual sales of approximately \$150,000 with margins between 33 to 50%. The shop is 'managed' by two staff on three hours a day for five days per week. Up until recently they have reported direct to the Centre Manager.

### ***Issues***

Apart from Casual and Concession entry for swimming the current reception structure from both a physical and personnel perspective makes the sales process difficult. For example, to join the Fitness Centre, a potential member must first approach reception to ask information on the Fitness Centre. The member usually must go upstairs unaccompanied by a staff person and wander through the Fitness Centre. Hopefully there is an instructor free to answer any questions. If the person decided to join, they must return to Reception some 40m away and completed a number of forms. Assuming the reception staff are not busy this can be completed in around 10 minutes.

The reception, while the design intentions were good, does not operate very well from a functional perspective. The design was intended to allow people to go left to the pool and right to the recreation centre. There is limited wall space to display and promote programmes and services. The current design does not have the ability for staff to multi-task, such as doing retention work or general administration.

Potential exists for improvement in customer service levels.

The Pro Shop has a separate till system with staff responsible primarily for purchasing and presentation. This is inefficient and provides limited accountability.

Opportunities exist, with West Wave having such high user numbers, for the facility to become a one-stop-shop for all Leisure Activities such as Park and Community room bookings.

Long term hirers of the facility such as the Swimming, Waterpolo and diving clubs have existing use contracts with the facility. Westwave would ensure that the excellent partnership with these clubs remain and rates would reflect this.

## Appendix 1 – Summarised Financial Projections

	2003/4 (Forecast)	Draft Budget 2004/2005	Proposed Amended 2004/5	2005/6	2006/7	2007/8	2008/9
<b>Administration</b>							
Wages and Salaries including Professional Fees	395,464	318,033	505,000	505,000	505,000	505,000	505,000
Marketing	110,000	11,600	110,000	110,000	110,000	110,000	110,000
Security	46,918	2,160	10,000	10,000	10,000	10,000	10,000
Other, (Computer Costs, Telephone, Staff Training etc)	83,734	222,776	80,000	80,000	80,000	80,000	80,000
Corporate Overheads	137,574	121,497	140,000	140,000	140,000	140,000	140,000
	<b>773,690</b>	<b>655,176</b>	<b>845,000</b>	<b>845,000</b>	<b>845,000</b>	<b>845,000</b>	<b>845,000</b>
<b>Café Lease Income</b>	<b>-4,002</b>	<b>-47,000</b>	<b>-12,000</b>	<b>-12,000</b>	<b>-12,000</b>	<b>-12,000</b>	<b>-12,000</b>
<b>Retail</b>							
Pool Shop Income	-130,893	-150,000	-150,000	-150,000	-150,000	-150,000	-150,000
Pool Shop Purchases	72,655	85,000	82,500	82,500	82,500	82,500	82,500
Payroll - Shop Assistants	20,967	19,231	20,807	20,807	20,807	20,807	20,807
	<b>-37,071</b>	<b>-45,769</b>	<b>-46,693</b>	<b>-46,693</b>	<b>-46,693</b>	<b>-46,693</b>	<b>-46,693</b>
<b>Plant and Property Costs</b>							
Property Costs (including Depreciation, Insurance, Security etc)	958,258	1,204,158	965,593	965,593	965,593	965,593	965,593
Plant Costs (including Maintenance, depreciation etc)	375,376	267,707	312,407	320,000	320,000	320,000	320,000
	<b>1,333,634</b>	<b>1,471,866</b>	<b>1,278,000</b>	<b>1,285,593</b>	<b>1,285,593</b>	<b>1,285,593</b>	<b>1,285,593</b>
<b>Pool Operations</b>							
Casual Income	-936,163	-945,567	-975,000	-1,000,000	-1,025,000	-1,050,000	-1,075,000
Hireage Income	-180,032	-128,333	-215,333	-220,000	-220,000	-220,000	-220,000
Membership Income	-146,382	-260,000	-145,000	-145,000	-145,000	-145,000	-145,000
Fitness Squad Income	-5,887		-10,000	-12,000	-14,000	-16,000	-18,000
Aqua Aerobics	-14,501	-10,478					
Payroll - Lifeguards, Aqua and Reception (including Training and on costs)	1,134,424	1,144,019	1,120,000	1,120,000	1,120,000	1,120,000	1,120,000
Chemicals	42,226	45,000	45,000	45,000	45,000	45,000	45,000
Cleaning	102,746	127,000	127,000	127,000	127,000	127,000	127,000
Gas	166,973	180,400	180,400	180,400	180,400	180,400	180,400
Power	219,515	240,200	240,200	240,200	240,200	240,200	240,200
Water	79,142	76,500	75,000	75,000	75,000	75,000	75,000
Other	66,005	27,000	60,000	60,000	60,000	60,000	60,000
	<b>528,066</b>	<b>495,741</b>	<b>502,267</b>	<b>470,600</b>	<b>443,600</b>	<b>416,600</b>	<b>389,600</b>
<b>Swim School</b>							
Swim Lessons	-391,997	-318,000	-480,000	-528,000	-580,800	-638,880	-702,768
Payroll - Teachers and Admin	246,996	222,446	264,000	290,400	319,440	351,384	386,522
Other	5,724	2,000	10,000	10,000	10,000	10,000	10,000
	<b>-139,278</b>	<b>-93,554</b>	<b>-206,000</b>	<b>-227,600</b>	<b>-251,360</b>	<b>-277,496</b>	<b>-306,246</b>
<b>Fitness Centre</b>							
Membership Income (Includes Pool allocated Income)	-483,033	-550,000	-910,000	-1,001,000	-1,101,100	-1,211,210	-1,332,331
Payroll - Administration and Instructors	232,305	256,557	402,000	442,200	486,420	535,062	588,568
Other (including Maintenance etc)	3,280	2,250	10,000	15,000	20,000	25,000	30,000
	<b>-247,449</b>	<b>-291,193</b>	<b>-498,000</b>	<b>-543,800</b>	<b>-594,680</b>	<b>-651,148</b>	<b>-713,763</b>

	2003/4 (Forecast)	Draft Budget 2004/2005	Proposed Amended 2004/5	2005/6	2006/7	2007/8	2008/9
<b>Recreation Centre</b>							
Administration Wages	145,311	64,676					
Administration Other (Computer Lease etc)	2,769	9,650					
Power	32,953	35,000	30,000	30,000	30,000	30,000	30,000
Cleaning	41,896	52,800	20,000	20,000	20,000	20,000	20,000
Maintenance	14,917	30,610	15,000	15,000	15,000	15,000	15,000
Depreciation and other Property Costs	62,367		60,000	60,000	60,000	60,000	60,000
	<b>300,213</b>	<b>192,736</b>	<b>125,000</b>	<b>125,000</b>	<b>125,000</b>	<b>125,000</b>	<b>125,000</b>
<b>Non Program Income</b>							
Hireage Income	-79,000	-75,000	-110,000	-110,000	-110,000	-110,000	-110,000
Casual income	-3,074	-10,000					
Programs General	-717						
	<b>-82,791</b>	<b>-85,000</b>	<b>-110,000</b>	<b>-110,000</b>	<b>-110,000</b>	<b>-110,000</b>	<b>-110,000</b>
<b>After School Programme</b>							
After School Income	-38,768	-58,000					
After School Payroll - Temp Staff	17,802						
After School Other Costs	8,909	7,800					
	<b>-12,057</b>	<b>-50,200</b>					
<b>Holiday Programme</b>							
Holiday Programme Income	-79,458	-123,000					
Holiday Programme Payroll - Temp Staff	46,727	216,101					
Holiday Programme Other Costs	8,996	15,000					
	<b>-23,735</b>	<b>108,101</b>					
<b>Pre School Gym Programme</b>							
Pre School Gym Income	-13,358	-8,000					
Pre School Gym Payroll - Temp Staff	7,525						
Pre School Gym Other Costs	695	800					
	<b>-5,138</b>	<b>-7,200</b>					
<b>Community Programming</b>							
<b>Total Operational Cost</b>	<b>2,384,082</b>	<b>2,324,593</b>	<b>1,877,574</b>	<b>1,886,100</b>	<b>1,784,460</b>	<b>1,674,856</b>	<b>1,556,492</b>

\*Requires detailed Asset Management Plan

## Appendix 2 – Pricing Structure and Hireage

### *Pricing Structure*

<b>Casual Aquatic Prices</b>			
<b>Charge Type</b>	<b>Current Price</b>	<b>Proposed Price</b>	<b>Change</b>
Adult	6.00	6.00	-
Adult Off Peak	5.00	Delete	Delete
Child	4.00	4.00	-
Child (Under 5)	No charge	No charge	-
Student*	4.00	4.00	-
Senior	4.00	4.00	-
Family (Changes from 2 Adults and 4 kids to 2 Adults and 3 kids or 1 Adult and 4 kids)	25.00	20.00	(5.00)
Spectator	1.00	1.00	-
School Groups	2.00	2.00	-
Aqua Aerobics	7.00	8.00	1.00
Aqua Aerobics Senior/Student	5.00	6.00	1.00
TYR Fitness Squad (non member)	7.00	8.00	1.00
TYR Fitness Squad (member)	4.00	4.00	-
CRC/Power On	4.00	Delete	Delete
Hydroslide	2.00	2.00	-

<b>Aquatic Concession Prices</b>			
<b>Charge Type</b>	<b>Current Price</b>	<b>Proposed Price</b>	<b>Change</b>
Adult (10 visit)	50.00	48.00	(2.00)
Child (10 visit)	30.00	32.00	2.00
Student*/Senior (10 visit)	35.00	32.00	(3.00)
Aqua Aerobics (10 visit)	50.00	64.00	14.00
Aqua Aerobics Student*/Senior (10 visit)	45.00	48.00	3.00
TYR Fitness Aquad (10 visit)	50.00	64.00	14.00
CRC/Power On	35.00	Delete	Delete

<b>Fitness Centre Casual Prices</b>			
<b>Charge Type</b>	<b>Current Price</b>	<b>Proposed Price</b>	<b>Change</b>
Adult	10.00	15.00	5.00
Student*/Senior	6.00	12.00	6.00
Assessment (free for members)	20.00	30.00	10.00

<b>Fitness Centre Concession Prices</b>			
<b>Charge Type</b>	<b>Current Price</b>	<b>Proposed Price</b>	<b>Change</b>
Adult (10 visit)	80.00	120.00	40.00
Student*/Senior (10 visit)	50.00	96.00	46.00

<b>Swim Memberships</b>			
<b>Charge Type</b>	<b>Current Price</b>	<b>Proposed Price</b>	<b>Change</b>
3 month	179.00	175.00	(4.00)
6 month	319.00	295.00	(24.00)
12 month	499.00	495.00	(4.00)
Student*/Senior 3 month	139.00	145.00	6.00
Student*/Senior 6 month	239.00	245.00	6.00
Student*/Senior 12 month	339.00	395.00	56.00
Adfit	11/week	11.5/week	0.5/week
Adfit Student*/Senior	11/week	10/week	1.0/week

<b>Swim &amp; Gym Memberships</b>			
<b>Charge Type</b>	<b>Current Price</b>	<b>Proposed Price</b>	<b>Change</b>
3 month	219.00	245.00	26.00
6 month	359.00	415.00	56.00
12 month	599.00	695.00	96.00
Student*/Senior 3 month	179.00	195.00	16.00
Student*/Senior 6 month	269.00	325.00	56.00
Student*/Senior 12 month	399.00	545.00	146.00
Adfit	13/week	16/week	3/week
Adfit Student*/Senior	13/week	12.5/week	(0.5)

<b>Family &amp; Group Membership Discounts</b>	
2 people	7.50%
3 to 5 people	10.50%
6 - 10 people	12.50%

<b>Casual Recreation Centre Prices</b>			
<b>Charge Type</b>	<b>Current Price</b>	<b>Proposed Price</b>	<b>Change</b>
Adult	2.00	4.00	2.00
Child/Senior/Student*	1.50	3.20	1.70
Easy Movers	3.00	Same as aqua	See aqua pricing

### Meeting Room and Lane Hireage

	Current Rates	Proposed Rates
Meeting Room 1	15.00/hour	20.00/hour
Meeting Room 2	10.00/hour	15.00/hour
Meeting Rooms 1 and 2	20.00/hour	25.00/hour
Lane Hire (50 metre)	45.00/hour	50.00/hour
Lane Hire (25 metre)	10.00/hour	25.00/hour
50 Metre Pool	120.00/hour	360.00/hour
50 Metre Pool and Divewell	145.00/hour	440.00/hour
2 X 25M Pool and Divewell	145.00/hour	440.00/hour
25m Pool	60.00/hour	180.00/hour
33m Pool	80.00/hour	270.00/hour
.....remaining 17m	40.00/hour	90.00/hour
25 Metre Pool and Divewell	85.00/hour	240.00/hour
Divewell (Competition Diving/Excl Hire)	50.00/hour	80.00/hour
Learners Pool	40.00/hour	80.00/hour
Half Learners Pool	20.00/hour	40.00/hour
Film Crew Lane Hireage Rate	25.00/hour	25.00/hour
Film Crew Divewell Rate	125.00/hour	150.00/hour