



CITY OF WILLIAMS LAKE CITY COUNCIL REPORT

DATE OF REPORT: September 6, 2018
DATE & TYPE OF MEETING: September 26, 2018 Joint Committee Meeting
AUTHOR: Geoff Paynton, Director of Community Services
SUBJECT: WEST FRASER AQUATIC CENTRE OPERATING BUDGET
IMPLICATIONS RESULTING FROM FACILITY UPGRADES
FILE: 2280-20-03; CC 7900-10-03

SECTION 1: EXECUTIVE SUMMARY

The new reality of operating the West Fraser Aquatic Centre is becoming clearer after almost ten months of operation in the new facility configuration. Tweaking and modification to new mechanical systems still continue, addressing of deficiencies are still occurring, as well as adjustments to staffing levels but in general most operating expenses are beginning to be understood.

Based on the first eight months of operation in the new facility we are estimating \$200,000 in increased revenues in 2018.

The two most easily identified areas where budgetary large changes have occurred are in staffing levels required, and the amount of utilities and chemicals being consumed. The amount of staffing required in each of the aquatics (lifeguards), administration (front desk), and facility maintenance has risen dramatically based simply on volume of use. At this point we are estimating that we will see an increase of approximately \$265,000 in staffing costs in 2018 (and subsequent years) based solely on the new pool operation. This increase is directly due to having two large pools and much more complicated sightlines, to guard (versus one simple pool previously) and large increases in use by public members requiring more front desk hours, and increased cleaning and maintenance. Utilities consumption have seen very large increases based on the amount of use, volume of water being treated and largely increased amount of HVAC components, number of pumps, and mechanical and fixtures required to operate the new pool. It is estimated that Natural Gas consumption to heat the pool water and showers will at least double, increasing by approximately \$40,000. It is also estimated that electricity consumption in 2018 will increase by approximately 250%, or \$67,500 mainly due to the increased number and size of pumps for the various water features. Chemical use is directly affected by volume of public use, water volume to be treated, and the amount of water features in the facility. We are estimating that in 2018 chemical use to treat the pools will triple increasing by approximately \$35,000. It is important to note that as we have not been through a full cycle with the facility open these figures are educated estimates. It will take a full 16-18 months to have a solid lock on true operating expenses.

In addition to these changes the increased size and complexity of the new front parking lot has resulted in a doubling of snow removal costs to approximately \$20,000 per year (up \$10,000 from previous years), and the removal of pay parking in the rear of the CMRC will result in a loss of \$17,500 in annual revenues.

Based on these observations and calculations it is recommended that the CMRC Operations budget be increased by at least \$235,000 per year to reflect the new reality of pool side operations post upgrades. Staff will continue to monitor these changes and report back to Joint Committee as required should they change.

SECTION 2: BACKGROUND

In 2016 and 2017 the CMRC went through significant upgrades to the West Fraser Aquatic Centre and parking lots. These upgrades more than doubled the swimming pool size, added a waterslide and many other water features, enlarged changerooms, and added large fitness centre. Almost all pool mechanical systems were also replaced and upgraded during this project. The front parking lot was also redesigned and enlarged significantly during this time. The new facilities went into full operation in late December 2017.

Over the past eight months the actual costs of running the new facility have begun to emerge and it becoming apparent that the predictions of the 2013 Feasibility Study BY PERC Consultants, which predicted only a small increase in operating expenses, was not as accurate as hoped. That study had predicted an operational increase of \$50,000 per year.

SECTION 3: DISCUSSION

The new reality of operating the West Fraser Aquatic Centre is becoming clearer after almost ten months of operation in the new facility configuration. Tweaking and modification to new mechanical systems still continue, addressing of deficiencies are still occurring, as well as adjustments to staffing levels but in general most operating expenses are beginning to be understood.

Based on operation of the new facilities for an eight month period, from January 2018- August 2018, we are conservatively estimating approximately \$200,000 in increased revenues for 2018, and in subsequent years. As there is traditionally a fall-off in use after a “honeymoon period” for new facilities it is difficult to predict if this will be maintained in perpetuity. In addition, there were, and continue to be, large amounts of credits on users accounts due to the numerous shut-downs and closures during the construction period. Once these are exhausted revenue may increase slightly as a result.

The two most easily identified areas where large budgetary changes have occurred are in staffing levels required, and the amount of utilities and chemicals being consumed.

The amount of staffing required in each of the aquatics (lifeguards), administration (front desk), and facility maintenance has risen dramatically based simply on volume of use by the public. At this point we are estimating that we will see an increase of approximately \$265,000 in staffing costs in 2018 (and future years) based solely on the new pool operation. This increase is directly due to having two large pools, a water slide, and much more complicated sightlines, to guard (versus one simple pool previously) and large increases in use by public members requiring more front desk hours, and greatly increased cleaning and maintenance. Lifeguards and water slide attendant costs are the largest increase and are predicted to increase \$190,000 (44%) per year. Front desk customer service staff costs are predicted to increase \$45,000 (17%). Facility Maintenance costs which are mainly for additional cleaning shifts on the pool side will increase \$30,000 per year. As Facility Maintenance costs are not split up between the Arena, pool and other areas of the CMRC is difficult to give a percentage increase for just the pool.

Utilities consumption have seen very large increases based on the amount of use, volume of water being treated and largely increased amount of HVAC components, number of pumps, and mechanical and fixtures required to operate the new pool. It is estimated that Natural Gas consumption to heat the pool water and showers will at least double, increasing by approximately \$40,000. It is also estimated that electricity consumption in 2018 will increase by approximately 250%, or \$67,500 mainly due to the increased number and size of pumps for the various water features. Chemical use is directly affected by volume of public use, water volume to be treated, and the amount of water features in the facility. We are estimating that in 2018 chemical use to treat the pools will triple increasing by approximately

\$35,000. In combining all these items it is estimated that there will be a net increase in operating expenses for the pool of at least \$207,500 per year.

It is important to note that as we have not been through a full cycle with the facility open these figures are educated estimates. It will take a full 16-18 months to have a solid lock on true operating expenses. Staff will continue to fine tune operations and look for any areas to find efficiencies however it is unknown what effect these might have on operational costs at this time. The estimates included in this report are solid, however staff are hoping to reduce them somewhat over time as operations are further fine-tuned. It is hoped the new costs can be reduced at least 10% however only time will tell if this is possible.

The recently upgraded pool project has also put further strain on staff resources, especially in the technical aspects of the facility. The pool size and associated mechanical and control systems have more than doubled (and become much more technologically advanced), the arena side has become increasingly more complicated technically, and regulatory demands on staff time have skyrocketed, while staffing levels with required technical expertise has remained unchanged. This has been felt at all levels of staffing but especially in facility maintenance area where more technical expertise, and on-going training, is required immediately. Higher level staff are simply unable to keep up with all the demands on their time, and meet all the new regulatory demands on both the pool and arena side of the facility. Many important items are falling through the cracks and high level staff are suffering mentally and physically as a result. An additional report will be presented to Joint Committee at this meeting outlining additional staffing needs for the new pool/arena and quickly changing regulations on the arena side of the facility.

In addition to these changes the increased size and complexity of the new front parking lot has resulted in a doubling of snow removal costs to approximately \$20,000 per year (up \$10,000 from previous years), and the removal of pay parking in the rear of the CMRC will result in a loss of \$17,500 in annual revenues.

Based on these observations and calculations it is recommended that the CMRC Operations budget be increased by at least \$235,000 per year to reflect the new reality of operations post upgrades. Staff will continue to monitor these changes and report back to Joint Committee as required should they change.

SECTION 4: DETAILED ANALYSIS

a. Financial Considerations – Cost and Resource Allocations:

Darron Campbell, CRD Manager of Community Services, to provide comment on effect on CRD Recreation function budget.

b. Legislative Considerations (Applicable Policies and/or Bylaws):

N/A

c. This project most closely supports the following ICSP Priority Areas:

World Class Recreation

d. This project potentially conflicts with the following ICSP Priority Areas (also list mitigation measures)

N/A

e. Environmental Considerations:

N/A

f. Social Considerations:
N/A
g. Economic Considerations:
N/A
SECTION 5: RECOMMENDATION
That the CMRC Operation budget be increased by at least \$235,000 per year to reflect the new reality of operations post upgrades.

Respectfully submitted,

Milo Macdonald
 Chief Administrative Officer

This report has been prepared in consultation with the following:	Initials
Manager of Community Services, CRD	DC