

**KORERO MUNA
PUBLIC EXCLUDED****RESOLUTIONS TO EXCLUDE THE PUBLIC**

<u>General subject of each matter to be considered</u>	<u>Reason for passing this resolution in relation to each matter</u>	<u>Ground(s) under Section 48(1) for passing of this resolution</u>
Admission Fee increase - Waikite Valley Thermal Pools Complex.	Protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.	Section 48(1)(a) Section 7(2)(b)(ii)

ROTORUA LAKES COUNCIL

Mayor
Members
INFRASTRUCTURE AND ENVIRONMENT COMMITTEE

ADMISSION FEE INCREASE – WAIKITE VALLEY THERMAL POOLS COMPLEX

Report prepared by: Robert Atkinson, Assets and Renewals Advisor

Report reviewed by: Julianne Wilkinson, Recreation and Open Spaces Manager

Report approved by: Geoff Williams, Chief Executive

**1. TE PŪTAKE
PURPOSE**

The purpose of this report is for the committee to consider a proposed admission fee increase from the lease holder at the Waikite Valley Thermal Pools Complex.

**2. NGĀ TŪTOHUNGA
RECOMMENDATIONS**

1. That the report “Admission Fee Increase – Waikite Valley Thermal Pools Complex” be received.
2. That the Committee approve the proposed admission fee increases as outlined in Attachment 1.
3. That this report be made publicly available on 26th April 2023.
4. That the minutes relating to this item be made publicly available on 26th April 2023.

**3. TE TĀHUHU
BACKGROUND**

Council entered into a long term lease agreement with Mark and Lisa Bowie, owner/operators of Waikite Valley Thermal Pools, who manage the Waikite Hot Pools Complex on Council’s behalf. The current lease commenced in May 2021. This is the second twenty year lease that has been granted to the Bowie’s with the first one commencing in 2000.

The lessee has over the years invested substantial amounts of money in upgrading the pools and campground complex with the addition of extra pools, walkways and camp ground amenities.

Under the new lease the rent paid to Council is based on a percentage of the lessee’s gross income and a base rental amount. This is calculated each year once a set of audited accounts is received.

The current lease agreement between Rotorua Lakes Council and Waikite Valley Thermal Pools states that *“The Tenant may request in writing that the Landlord approve a proposed increase in fees and charges”*. A request has been received from Mark and Lisa Bowie, the owners of the ‘Waikite Valley Thermal Pools’, to increase fees, as per Attachment 1, with effect from June 2023.

The lease further states *“Any increase in the fees and other charges may only take effect no more frequently than once in every 2 calendar years”*. The current lease was entered into in May 2021 and this request to increase the fees and charges with an implementation date of June 2023 is in line with this lease stipulation of every two years.

The previous fee increase in 2019 had an average increase of 12% across all categories. As a result of COVID, the inability to operate and subsequent downturn in tourism numbers, the admission fees were held at 2019 levels to encourage local attendance once operation recommenced.

The current proposed fee increase for both entry into the pools and use of the campground, has an average increase across categories of 10%. The actual increases range from one dollar for a Child admission (both pools and campground) to forty dollars for the 12 month season pass for a family admittance into the pools. Comparisons with similar hot spa attractions both locally and nationally are detailed in Attachment 1.

It should be noted that access to the pools is included in the campground fees.

4. TE MATAPAKI ME NGĀ KŌWHIRINGA DISCUSSION AND OPTIONS

4.1 Status quo – No fee increase permitted.

This would have the effect of holding the current entry prices as approved in 2019. This could inhibit the improvement / renewal programme to upgrade the complex through not being able to realise a sufficient return on investment. This would also affect operating hours of the pools as supply cost increases would need to be off set with reductions in operating expenses.

The lease also states with reference to fee increase requests to the Council that the landlord *“... will not unreasonably or arbitrarily refuse consent to an increase. However, the landlord shall be entitled to have regard to the degree of public use of the premises and their intended purpose of providing a public facility, as well as the obtaining by the tenant of a reasonable income from the business use.”* This means that Council can refuse a request for an increase only if it is considered the increase creates barriers to public access.

The increase in prices proposed is similar to other hot spa offerings and market competitive factors would suggest these prices are unlikely to create a barrier to access. In addition the local discounts are significant so this would be less of a barrier to local frequent users.

4.2 Allow the fee increase as proposed

It is recommended that the proposed fee increase be accepted by Council for the following reasons;

- The proposed fee increase seems reasonable, given that they were last increased in 2019 and that the next fee increase will not be permitted until 2025.
- The average fee increase requested for the pool and camp ground admission is 10% and the CPI increase between Q1 2020 and Q4 2022 has been 14%.
- Rotorua locals or ratepayers can enjoy the facilities for a significantly discounted admission fee by providing proof that they are Rotorua residents. This is an average of 23% saving.

- Proposed fees are comparable to what is being charged by other similar spa sites both locally and nationally.
- The attraction is a participant in the Rotorua Tourism Investment Partnership Programme that collectively promotes Rotorua as a quality destination.
- The proposed fees will allow for further developments / renewal within the facility to improve the current standard on offer and assist the operators in meeting increasing cost pressures on the business that include working towards living wage standards.

**5. TE TINO AROMATAWAI
ASSESSMENT OF SIGNIFICANCE**

The decisions or matters of this report are not considered significant in accordance with the Council's Significance and Engagement Policy.

**6. NGĀ KŌRERO O TE HAPORI ME TE WHAKATAIRANGA
COMMUNITY INPUT/ENGAGEMENT AND PUBLICITY**

Community consultation is not considered necessary in relation to this agenda item.

**7. HE WHAIWHAKAARO
CONSIDERATIONS**

**7.1 Mahere Pūtea
Financial/budget considerations**

There are no financial or budgetary implications on Council from this decision.

**7.2 Kaupapa Here me ngā Hiraunga Whakariterite
Policy and planning implications**

Approval of this recommendation is not inconsistent with Council's LTP or other Council Policies.

**7.3 Tūraru
Risks**

There are no major risks associated with the decisions or matters.

**7.4 Te Whaimana
Authority**

Council has the authority to make this decision under the Reserve Act 1977 and through provisions within the existing lease.

**8. NGĀ ĀPITI HANGA
ATTACHMENTS**

Attachment 1: Proposed fee increases as received from the lessee.

Attachment 1: Proposed fee increases as received from the lessee.



'Waikite Valley Hotpools, inspired by the water, heat and steam from Te Manaroa Spring, the spiral form representing life, past, present and future, indicating the generations of people who have and will enjoy the waters'.

Waikite Valley Hotpools – Proposed Price Increases 2023

As per our lease agreement admission prices are due for review. We wish to forward the following price increase proposal for approval.

General Admission	Current Price	Proposed Price	% Increase	Dollar Change
Adult Visitor	\$22.00	\$25.00	12%	\$3.00
Child (5 – 15 yrs.)	\$ 12.00	\$13.00	8%	\$1.00
Family (2 Adult, 2 Children)	\$59.00	\$66.50	11%	\$7.50
Adult Local	\$16.00	\$18.00	11%	\$2.00
Child Local	\$10.00	\$11.00	9%	\$1.00
Family(2x adults,2x children)	\$45.00	\$50.00	10%	\$5.00
Season Pass (12 months) Individual	\$160.00	\$175.00	9%	\$15.00
Season Pass (12 months) Couple	\$260.00	\$285.00	9%	\$25.00
Family Season Pass (12 months) Up to 4 children	\$350.00	\$385.00	9%	\$35.00

The above prices provide single entry, unrestricted access to all pools (excluding private pools) within the facilities. The prices offered to our Rotorua community have been highlighted and illustrate that we continue to offer a substantial discount.

Price Comparisons with Comparable Facilities

Please refer below for price comparisons of other thermal bathing facilities.

Facility	Adult	Child	Family
Polynesian Spa Family pool + Lakes Spa Double Dipper package	\$65.60 (14 yrs. +) (Mon- Thurs) \$80.00 (Fri- Sun)	\$53.90 (5 – 14 yrs.) (Mon- Thurs \$67.40 (fri- Sun))	\$212.00 *Difficult to provide a clear comparison given the packaging of products.
Hanmer Springs (single entry)	\$38.00	\$22.00 (5- 15 yrs)	\$98.00 (2x adult, up to 3 children)
De Bretts Taupo	\$24.00	\$13.00 (3 – 12 yrs) \$17.00 (13-17 yrs)	\$85.00 (2x Adult, up to 4 children)
Lake Rotoiti Hot Pools (Casual fees)	\$25.00	\$12.50 (5 – 16 yrs)	N/ A

Visitor Price vs Local Prices

	Visitor	Local	Percentage Saving	Dollar Saving
Adult	\$25	\$18	28%	-7
Child (5- 15 years)	\$13.00	\$11.00	15%	-2
Family (2 Adults, 2 Children)	\$66.50	\$50.00	25%	-15

NB While the percentage saving for a Local Child is the lowest, most are accounted for within the Family Concession.

Proposed Campground Prices and Analysis

	Current Price	Proposed Off-Peak Rates	Proposed Peak Rates	%Increase based on off- peak rates	\$ Change Based on Off- Peak rates
Powered Site Fee (up to 2 adults)	\$64.00	\$70.00	\$76.00	9%	\$6.00
Additional Adult	\$32.00	\$35.00	\$38.00	9%	\$3.00
Children	\$17.00	\$18.50	\$20.00	8%	\$1.50
Unpowered Site Fee (up to two adults)	\$56.00	\$60.00	\$68.00	7%	\$4.00

Additional Adult	\$28.00	\$30.00	\$34.00	7%	\$2.00
Children	\$15.00	\$16.00	\$18.00	6%	\$1.00

A change to the structure of campground pricing is proposed. We have introduced a site fee price which includes up to two adults. We also propose a Peak and Off- peak structure. These changes bring us into line with the pricing structures of other facilities and provide a way of managing the extremely high demand that we experience through peak periods. Peak times would be the Xmas, New Year and Easter periods and long weekends.

Price Increase Rational

1. We are currently experiencing unprecedented price increases across all goods and services that are required to operate. Price increases are required to help off- set these.
2. We have been required to increase wage payments significantly to both attract and retain staff. At this point we remain short- staffed and facing a minimum wage increase. We are currently paying front- counter staff between \$24.50 and \$27.00 per hour. As of 1st April, this will need an increase again. To retain current operating hours, prices need to increase so that we can continue to safely staff our operation.
3. Our continued investment, along with Rotorua lakes Council means that the visitor experience has been enhanced and worthy of recognition through price increases. These improvements within the last 18 months include:
 - a complete re- brand, (see letter head logo developed on our behalf by master carver Todd Couper). Re- branding included upgrade of all signage inside and outside of the complex, vehicle graphics, staff uniforms and marketing collateral upgrades.
 - the installation of information panels in the reception area, along the Eco- Trail and the reception entrance ways. This work was undertaken by persons expert in their fields and with the input from other specialist sources as required.





- The upgrade of campground kitchen to double the cooking space for users.
- The implementation of an online booking system for the campground.
- Full upgrade of onsite security system.
- The total re- outfitting of the changing facilities by RLC, including the installation of a fit for purpose non- slip floor surface, replacement seating, bathroom partitions and bathroom hardware.

To conclude, Waikite Valley Hotpools is a facility that our local community is extremely proud of. In July 2022 its' 50-year anniversary was celebrated and the visitors that attended the celebration were in awe of the way in which the facility has been developed. We have continued to invest to improve the facility and customer experience and to build our profile within the tourism arena. Without this profile we would not remain viable. To date, both locals and visitors, including those using the campground, have found our pricing to be extremely good value for money, given the lack of time limitations and the bathing options available under the general admission fee.

It has been proven many times that it is not in our best interest to be perceived as a cheap place to visit, particularly from a management and health and safety perspective. We, whilst recognising the need to remain an affordable experience for the local community, must also remain attractive to those visitors looking for a modern, safe, well managed and maintained experience. Price increases in this current environment are required to continue to achieve this and still provide a satisfactory level of return for both RLC and The Living Waters of Waikite Valley Ltd.