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INDUSTRY NEWS

Historic Downturn Hits Fiberglass Manufacturers

By John Miles | 12.30.2009

While some larger fiberglass-pool players have gone into Chapter 11 bankruptcy, a smaller manufacturer quietly closed its doors in autumn 2009.

The closure of Ocean Reef in October has left some to speculate about the health of a sector almost entirely dependent on new construction.

"If you had 13 manufacturers sharing in 15,000 pools in 2006, then there's just not enough food on the table in 2009 at 5,000 pools for 13 manufacturers to share," said Ashley Gill, CEO of Leisure Pools USA in San Antonio.

Industry observers say it was inevitable that some manufacturers close, and Ocean Reef was a relatively small player. But last autumn, American Environmental Container Corp., a Lakeland, Fla.-based company that sells products under the San Juan Pools trade name pursuant to license agreements, filed for Chapter 11 reorganization. San Juan accounts for 20- to 25 percent of one-piece fiberglass-pool sales in the United States, according to court documents.

In addition, industry giant Latham International, which owns Viking Pools, also filed for Chapter 11 in December. (See [full story](#).)

The trend is understandable considering the historic downturn the industry has undergone in the past 12 months.

While some Ocean Reef dealers reported receiving notification in advance from the Fayetteville, Tenn.-based company, others received no such word.

"As recently as two to three weeks prior, they had sent us some gel coat for one of the pools. So it was pretty much all of a sudden, the phone had been cut off and the Internet site wouldn't work anymore," said former Ocean Reef dealer Angela Staton, office manager at Paradise Pools & Spas in East Flat Rock, N.C.

Regardless of how they found out, the dealers interviewed for this story did not report any unfulfilled orders. But they were left wondering how to handle issues with Ocean Reef's warranties.

"Obviously, a couple of my customers are going to be holding the short end of the stick if something were to happen to their pool shells," said Clarence Kaye, owner of Pioneer Valley Fiberglass Pools and Spas in Holyoke, Mass. "A limited lifetime warranty really means nothing because businesses are here today and gone tomorrow. It seems good, but when they're gone it doesn't seem so good."

Some installers suspect they're now responsible. "We're pretty much left uninsured," said Peter Von Hopffgarten, president of Nashville-based Pool & Spa Depot. "We are going to have to self-assume the warranty at this point."

Ocean Reef Pools originally did business as Viking Pools Southeast, producing product in Florida for Viking Pools Inc. Then, in 2006, officials broke ties with Viking and became Ocean Reef Pools. The company later opened its Fayetteville plant.

Since the closure, Ocean Reef's former dealers have begun selling new lines. In their search, they looked for what they consider the best products, figuring there's no way to predict another Ocean Reef situation.

"You can't prevent that," Staton said. "There's no way you can say who's going to be there. There's nothing you can do. All you can do is find a really good pool. You can have problems down the road, but there's not much you can do about it. It's just business."



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