

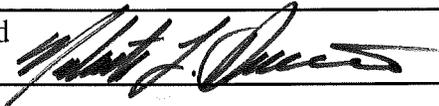
Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Albert Balagso
Jennifer Maguire

**SUBJECT: REDUCE THE CITYWIDE
AQUATICS PROGRAM**

DATE: March 23, 2010

Approved  Date 3-23-10

COUNCIL DISTRICT: Citywide

RECOMMENDATION

Approve the recommendation to reduce the Citywide Aquatics Program and to operate only at Camden and Mayfair Community Centers for summer 2010.

OUTCOME

Reduction of the 2010-2011 Program will do the following:

1. Generate net savings of \$600,000 to the General Fund in 2010-2011; and
2. Facilitate as part of the 2010-2011 budget process a discussion and decision for the future of the Citywide Aquatics Program.

BACKGROUND

2010-2011 will represent not only the ninth consecutive year of General Fund shortfalls, but also the most significant gap in recent history as outlined in the October 2010-2011 Preliminary General Fund Forecast. As a result of the initial \$96.4 million budget shortfall identified in the Preliminary General Fund Forecast, PRNS was assigned a General Fund budget reduction target of 35% or \$17 million. This target, which is only achievable through implementation of operational efficiencies and/or service reductions and eliminations, is roughly equivalent to the entire budget for community center operations or the entire budget for neighborhood park maintenance. Because of the unprecedented budget shortfall, drastic reductions will likely be

required for maintenance and operations of parks and community centers services in the upcoming fiscal year. In February, the Administration updated the preliminary General Fund forecast. As detailed in the 2011-2015 Five-Year Forecast and Revenue Projections document, the General Fund shortfall for 2010-2011 is now estimated at \$116.2 million. This unprecedented shortfall has resulted in the recommendation to reduce the 2010-2011 Citywide Aquatics Program.

Due to the seasonal nature of the Parks, Recreation and Neighborhood Services (PRNS) Department's services, a significant portion of the Department's annual budget is expended over the summer months when park usage and summer recreational activities are at peak demand. Given the significant reduction in services that will be required to close the 2010-2011 budget shortfalls of \$116.2 million, PRNS staff evaluated the plans for the 2010 summer program. The goal of that analysis was to maintain as many services as possible over the peak summer period, while also meeting the significant 2010-2011 budget reduction targets.

ANALYSIS

Staff is recommending the reduction of the 2010-2011 Citywide Aquatics Program in advance of the budget process to allow aquatics participants the ability to choose alternative service providers and to ensure other key services such as youth summer camp programs can be funded for the entire summer. The timing of this pre-budget request will also mitigate the necessity to ramp up for the participant registration process and for program hiring requirements. To successfully and effectively reduce the 2010-2011 Aquatics Program, timely City Council action is required.

The Citywide Aquatics program has existed for over 30 years and is currently offered at six City-owned pool sites, three leased school district sites, and at Almaden Lake Park. The Citywide Aquatics Program serves approximately 59,500 people annually and consists of three programs. The first program is the Year-Round Swim Program held at Camden Community Center that includes adult lap swim, water aerobics, water safety training for youth ages 15 and older, and contract pool use by competitive swim teams. The second program, operated at all nine pool sites is an eight-week Summer Swim Program that includes recreation swimming and "learn to swim" lessons. The Summer Swim Program is divided into four two-week sessions for swim lessons while recreation swim is offered afternoons, evenings, and on Saturdays. Additionally, Almaden Lake Park provides a Summer Swim Program, Pedal Boat Rental and Snack Shop operation. The program is operated five days a week (Wednesday through Sunday) from 11:00 a.m. to 6:00 p.m. between Memorial Day weekend and Labor Day weekend.

The following represents a site break down by number of visits:

City-Owned Pools	Recreation Swim	Swim Lessons	Annual Swim	TOTAL
Alviso	856	92		948
Biebrach	1,874	376		2,250
Camden	3,749	1,226	11,917	16,892
Fair Swim Center	10,864	1,530		12,394
Mayfair	6,573	627		7,200
Rotary Ryland	2,579	369		2,948
Leased Pools				
Santa Teresa	1,474	1,026		2,500
Silver Creek	1,786	914		2,700
Willow Glen	3,225	875		4,100
Park Aquatics				
Almaden Lake Park	7,589	-		7,589
TOTAL	40,569	7,035	11,917	59,521

Fiscal Information

The Citywide Aquatics program currently has a projected 2010-2011 budget of \$1,349,000 consisting of 28.37 positions of which a majority are seasonal, part-time unbenefitted employees. The projected revenue for the Aquatics program for 2010-2011 is \$500,000. The following information shows a break down of the various cost elements for this program and the projected net cost of the Aquatics program for 2010-2011.

COST ELEMENTS	AMOUNT
Total Personal Services	\$ 991,000
Non-Personal/Equipment Expenses	\$ 134,000
Utilities	\$ 161,000
Lease Agreements	\$ 63,000
TOTAL COST OF OPERATIONS	\$ 1,349,000
PROJECTED REVENUE	\$ 500,000
NET COST OF AQUATICS PROGRAM	\$ 849,000

With anticipated revenues of \$500,000, the Aquatics program is projected to be 37% cost recovery in 2010-2011. Camden (\$30,200 projected net cost of operation) and Mayfair (\$74,383 projected net cost of operation) pools were selected for continued operation based on geographic location (East/West), the co-location of the pool at a Hub community center, and the desire to provide some level of service (public safety component of swim lessons) despite the challenging economy. Moreover, there is a synergy that can be realized by operating aquatics programs at

these sites due to increased traffic flow from community center programs, the potential for cross-utilization of staff, and the ability of the Hub Recreation Supervisor to oversee the pool at their respective location.

The savings that would be generated in 2010-2011 if the Citywide Aquatics program was offered only at Camden and Mayfair Community Centers during summer 2010 would be \$600,000. The recommended 2010-2011 funding also retains \$144,000 to meet annual minimal pool maintenance expenses for the 4 city owned pools where programming would not be offered.

Issues To Be Addressed

If approved, staff would address the following issues:

- Staff would suspend the current recruitments related to summer aquatics operations for eight sites (24.21 FTEs).
- The Citywide Activity Guide (35,000 distribution) was recently released announcing that the Summer Swim Program registration would begin on March 13, 2010; however; that process was delayed until April 10 pending the outcome of this Council action item. Staff would inform stakeholders through media releases and other communication efforts about program changes based on the City Council's decision.
- Staff is finalizing contracts with East Side Union High School District and San Jose Unified School District for use of school pools during the upcoming summer. These contract negotiations would be suspended.
- Almaden Lake Park visitors would be advised of the suspension of the open water swim program for Summer 2010 and staff would inform stakeholders through media releases and other communication efforts about program changes based on the City Council's decision

EVALUATION AND FOLLOW UP

Upon approval, PRNS staff will coordinate suspension of the Citywide Aquatics Program at eight sites. Staff will engage impacted clients and stakeholders, and assist them with references to other swim program service providers.

POLICY ALTERNATIVES

Alternative #1: Continue planning citywide aquatics program by hiring staff and recruiting participants.

Pros: Program would be properly staffed and able to administer programs as advertised in Citywide Activity Guide and on Department website.

Cons: If suspended due to continuing budget reductions, program will terminate with short notice to customers and staff.

Reason for not recommending: Would not achieve General Fund savings and will necessitate cuts to other PRNS programs and services mid-summer.

Alternative #2: Suspend the entire 2010-2011 aquatics program and facilitate a discussion about the future of the program during the 2010-2011 budget process.

Pros: Projected general fund savings of \$782,000 (minimal maintenance and utility costs would still be required if the Aquatics program was suspended altogether, reducing the amount from the whole program cost of \$849,000). A portion of these savings (\$77,000) would be realized in 2009-2010 from program start-up costs that are avoidable if the entire program is suspended for 2010-2011.

Cons: Requires community to seek alternative aquatic program options and eliminates over 59,000 recreation swim and swim lesson visits.

Reason for not recommending: Eliminates the entire affordable citywide aquatics program for residents of San Jose.

Alternative #3: Operate citywide aquatics program under 100% cost recovery model.

Pros: Generates potential revenue to cover full cost of operations; eliminates General Fund subsidy.

Cons: Eliminates option for many City of San Jose residents to access affordable aquatic programs. Would require increase from \$55.00 to \$150.00 for swim lessons; and recreation swim price change from \$2.50 to \$8.00. Far exceeds local market rate.

Reason for not recommending: Pricing at this level would not retain market competitiveness and would drive down participation significantly. This is also contrary to recommendations of 2007 Citywide Aquatics Master Plan.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

HONORABLE MAYOR AND CITY COUNCIL

Subject: Reduce the Citywide Aquatics Program

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This memoranda meets Criteria 1 and will be posted on the City's Internet website for the March 30, 2010 Council agenda.

COORDINATION

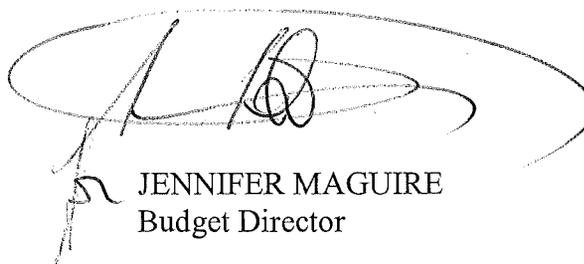
This memorandum has been coordinated with the City Attorney's Office.

CEQA

Not a Project.



ALBERT BALAGSO
Director of Parks, Recreation and
Neighborhood Services



JENNIFER MAGUIRE
Budget Director

For questions please contact Angel Rios, Deputy Director, at (408) 535-3576.

Attachment

Attachment 1
City-wide Aquatics Program Reduction Proposal
Estimated Cost of Pool Operations

ESTIMATED START-UP COST OF CAMDEN AND MAYFAIR POOLS

In order to prepare for an aquatics program, significant planning is required prior to the safe delivery of programs. Included within this planning is the recruitment, hiring and proper training of staff; pool supply and equipment purchases; the activation of pool maintenance efforts to ensure safe conditions; marketing and outreach to potential participants; and additional administrative efforts. Personal, non-personal and related costs to prepare for an aquatics program, regardless of the number of sites it is offered at, is estimated at \$77,000 and is included in the department's 2009-2010 budget.

ESTIMATED COST OF OPERATION BY POOL

Pool	Est. Cost of Operation	Projected 2010-2011 Revenue	Projected 2010-2011 Net Cost of Operation
Alviso	\$82,597	\$6,492	\$76,105
Biebrach	\$111,344	\$20,987	\$90,357
Camden	\$149,371	\$119,171	\$30,200
Fair Swim Center	\$295,265	\$91,308	\$203,957
Mayfair Pool	\$112,060	\$37,677	\$74,383
Rotary Ryland Pool	\$90,575	\$20,227	\$70,348
Santa Teresa HS*	\$126,791	\$54,812	\$71,979
Silver Creek HS*	\$126,791	\$54,100	\$72,691
Willow Glen MS*	\$127,507	\$48,494	\$79,013
Almaden Lake Park	\$126,700	\$46,732	\$79,968
Total	\$1,349,000	\$500,000	\$849,000

* Leased Pool

Note: The recommended 2010-2011 funding also retains \$144,000 to meet annual minimal pool maintenance expenses for the 4 city owned pools where programming would not be offered.