

STAFF REPORT

STATUS OF FURMAN AQUATIC CENTER

July 28, 2009

BACKGROUND:

Overall, the construction of the Furman Aquatic Center has gone extremely well, except that a wet spring has delayed the completion of the project. Final work activity yet to be accomplished includes: the paving of the parking lot, the pouring of the concrete decking adjacent the basins, the installation of the deck lighting, and the planting of the landscaping for the overall complex.

The contractor has stated that if the “weather cooperates”, the facility could be completed between August 17th and 24th. The staff is aware of the frustration on the part of some of our citizens who had hoped that this facility would be opened before the end of our normal outdoor swimming season on Labor Day (September 7th). **Because the projected opening date could come after our schools are in session, a difficult policy decision will need to be made as to whether or not the facility should be opened this year, and if so, when. With school in session, attendance and corresponding revenue to offset expenditures will be limited during the weekdays.**

OPTIONS FOR OPENING THE NEW AQUATIC CENTER:

Due to the uncertainty of the actual opening date, staff has prepared several financial scenarios (detailed below) including being open on the second and third weekends of September (13, 19 & 20). Saturday, September 12 is not an option to be open because the Iowa State / Iowa football game is in Ames. Parks and Recreation could not staff the facility since 90% of our lifeguards are ISU students.

Revenue:

In order to project revenue under the following options, staff is projecting that approximately 60% of those attending would pay a daily admission fee and 40% would utilize the pass they purchased for the 2009 summer season. Our estimated attendance is as follows:

- Weekdays prior to school beginning (August 20th) and weekends (thru September 7th) = 1,000 visitors per day
- Weekdays once school begins (August 20th) and weekends (thru September 20th) = 250 visitors per day

Expenditures:

Given this attendance estimate, the following is a summary of the approximate NET cost of operating the Furman Aquatic Center in 2009. It should be noted that the start-up cost to test the systems without any public usage will be approximately \$5,000 for water and electricity to partially fill the basins. However, to prepare for public usage, the start-up cost is projected to be \$12,000 for water, electricity, natural gas, and chemicals for totally filling the three basins. Once the three basins are filled, fixed costs are estimated to be \$900 per day.

Option I:

Operate the Aquatic Center from August 17 thru Labor Day (22 days @ \$1,636 / day) with a **\$36,000 loss** (excludes \$12,000 in start-up cost)

Option II:

Operate the Aquatic Center from August 24 thru Labor Day (15 days @ \$1,733 / day) with a **\$26,000 loss** (excludes \$12,000 in start-up cost)

Option III:

Operate the Aquatic Center from August 31 thru Labor Day (8 days @ \$1,725 / day) with a **\$13,000 loss** (excludes \$12,000 in start-up cost)

Option IV:

Operate the Aquatic Center during the Labor Day weekend (3 day @ \$1,400/day) with a **\$4,200 loss** (excludes \$12,000 in start-up cost)

Option V:

Operate the Aquatic Center during September 13, 19, & 20 (13 days of costs to gain 3 days usage or \$6,800 / per swim day) with a **\$20,400 loss** (excludes \$12,000 in start-up cost and no revenue)

NEXT STEPS:

The public's desire to utilize the Donald and Ruth Furman Aquatic Center is extremely high and we can understand the desire to open the facility this season. We believe the following are operational benefits of opening the facility to the public this season:

- The mechanical system will run for several days and can be thoroughly tested to assure proper working order.
- Staff will have the opportunity to evaluate the admission and concession areas so needed changes can be implemented for 2010.

However, as you can see, the cost to open the facility once school is in session becomes extremely costly. As detailed above, if the facility opens the week of August 17th the cost would be approximately \$48,000 (including start-up costs of \$12,000). However, if weather conditions delay work activity and the facility can't

open until Labor Day weekend, the cost would total around \$16,800 (includes start-up costs of \$12,000).

In the event Council would like to extend the public's opportunity to utilize the facility beyond the Labor Day weekend, three additional weekend days in September (13, 19 & 20) could be added at an estimated cost of \$32,400 (including the start-up costs of \$12,000). Staff did not include any admission revenue in this scenario because of the concern that the outdoor air temperature could be cooler, the number of users would be few, and those participants might not enjoy all the features (lazy river, raft and drop slides, tots on the play structure, etc). Therefore, we are suggesting that no fees be charges if we open during these three days.

Staff would like some indication of which option is acceptable to the Council so that we can prepare accordingly.

One bit of good news is the fact that the failure to open by the end of the 2008-09 fiscal year will result in less expenditures than originally anticipated and more revenue than budgeted for in 2009-10. It appears, therefore, that our Aquatics Program Budget will improve by \$17,000 in 2009-10 to offset some of the additional costs required to open this season.

