

Staff Report

FITCH FAMILY INDOOR AQUATIC CENTER PROPOSED OPERATING BUDGET

December 17, 2024

BACKGROUND:

At the start of this project, the tax subsidy for the Fitch Family Indoor Aquatic Center (FFIAC) was estimated to be in the range of \$350,000 to \$400,000 annually. As the project has progressed, staff has gained a better understanding of building operations and the community's desire for programming within the facility. This report explains the budgets for 1) FFIAC as a standalone building, 2) Aquatics budget without and with FFIAC included, and 3) Parks and Recreation General Fund budget without and with FFIAC included. These proposed budgets are for FY 2025/26. The tax subsidy impact of FFIAC on each of these budgets is also explained.

Please note that these budgets were developed using the facility schedule and fee schedule presented to City Council at its [December 10, 2024 meeting](#). Additionally, there are several other factors used when developing expense and revenue projections for the FFIAC budget and are shown below:

- Staffing expenses include FY 2025/26 payroll projections for full-time staff and the mid-point of the pay range for temporary and part-time employees
- Utility cost projections were received from the project's MEP (Mechanical, Electrical, Plumbing) consultant, assuming no solar installation for the initial years
- Other City department's were consulted with to determine cost of internal services (e.g. technology replacement and maintenance, risk insurance, etc.)
- A conservative approach was used when developing revenue projections
- A four-year average of Furman Aquatic Center season passes sold was used as a basis for projecting FFIAC season pass sales. Staff further reduced the averages of past sales, however, to account for the unpredictability of an indoor aquatic center versus an outdoor aquatic facility.
- The results of the FFIAC survey regarding interest in participating in programs and activities was used in projecting FFIAC season pass sales
- Staff did contact other aquatic facilities but did not find comparable facilities to FFIAC

The expense side of the ledger is something staff can control through efficient and effective use of resources. Revenues on the other hand, are more difficult to forecast until there is some historical data to use. What follows is staff's best guess as to usage.

FFIAC Operational Budget Summary for a Full Year of Operation

Although FY 2025/26 will not include a full year of operation, it is important to understand what a full year of operation may look like. **The table below shows a full year of operations with a tax subsidy of \$281,656 which is much lower than originally estimated.** This budget does include the addition of two FTE's with the positions added being an Aquatics Coordinator and a Principal Clerk. Over \$800,000 of this budget is for full-time and part-time wages and benefits.

Table 1 – FFIAC Budget for Full Year of Operation

Category	FFIAC
Expenses	\$ 1,138,043
Revenues	\$ 856,387
Tax Subsidy	\$ 281,656
Recovery %	75%

FFIAC Operational Budget Summary for FY 2025/26 (January – June 2026)

FFIAC is anticipated to begin operations in January 2026, thus the budget shown below is for a partial year. Staff has developed this budget using 65% of a full year of expenses and 55% of full year of revenues. The 65% equates to just under eight months of operation as it will be necessary to hire/train staff, move equipment/furniture in, and operate the building prior to the Aquatic Center being open to the public. **The tax subsidy is \$268,715, higher than an estimated full year of operation mainly due to a lower percentage of revenues being realized as compared to a higher percentage of expenses.**

Table 2 – FFIAC FY 2025/26 Budget (January – June 2026)

Category	FFIAC
Expenses (65% of Full Year)	\$ 739,728
Revenues (55% of Full Year)	\$ 471,013
Tax Subsidy	\$ 268,715
Recovery %	64%

Aquatics Budget without FFIAC Included for FY 2025/26

Staff has developed the FY 2025/26 Requested Budget for Aquatics and is shown in the following table. This budget includes Furman Aquatic Center and swim lessons, but not FFIAC except for Risk Insurance. **The tax subsidy for the Aquatics budget is \$257,932.**

Table 3 – Aquatics FY 2025/26 Budget without FFIAC

Category	All Aquatics
Expenses	\$ 1,091,558
Revenues	\$ 833,626
Tax Subsidy	\$ 257,932

Recovery %	76%
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Aquatics Budget with FFIAC Included for FY 2025/26

This budget below includes the expenses and revenues from Tables 2 and 3 to show the Aquatics budget with FFIAC included. Some expenses in the FFIAC budget are already included in the Aquatics budget so they were removed in Table 4 below. These expenses include the Aquatics Manager salary/benefits, risk insurance, and funding for a Recreation Assistant (this will not be needed with the addition of an Aquatics Coordinator). Additionally, expenses were increased to account for 50% of the Aquatics Coordinator salary/benefits that will be allocated to Furman Aquatic Center and Swim Lessons.

The overall tax subsidy for the Aquatics budget will be \$471,395. However, the impact the FFIAC budget has on the Aquatics budget is reduced from \$268,715 shown in Table 2 to \$213,463. The \$213,463 is derived from taking the subsidy from Table 4 (\$471,395) minus the subsidy from Table 3 (\$257,932).

Table 4 – Aquatics FY 2025/26 Budget with FFIAC

Category	All Aquatics
Expenses	\$ 1,776,034
Revenues	\$ 1,304,639
Tax Subsidy	\$ 471,395
Recovery %	73%

Parks and Recreation General Fund Budget without FFIAC for FY 2025/26

Similar to Table 3, staff has developed the FY 2025/26 Requested Budget for Parks and Recreation shown in Table 5. This budget includes all Parks and Recreation General Fund activities, but not FFIAC except for Risk Insurance. **The tax subsidy for the General Fund budget is \$2,916,517.**

Table 5 – P & R General Fund FY 2025/26 Budget without FFIAC

Category	P & R Gen Fund
Expenses	\$ 5,932,419
Revenues	\$ 3,015,902
Tax Subsidy	\$ 2,916,517
Recovery %	51%

Parks and Recreation General Fund Budget with FFIAC for FY 2025/26

This budget includes the expenses and revenues from Tables 2 and 5 to show the General Fund budget

with FFIAC included. Some expenses in the FFIAC budget are already included in the General Fund budget so they were removed in Table 6 below. These expenses include the Aquatics Manager salary/benefits, risk insurance, Maintenance Specialist salary/benefits, Maintenance Worker salary/benefits, and funding for a Recreation Assistant (this will not be needed with the addition of an Aquatics Coordinator). Additionally, expenses were increased to account for 50% of the Aquatics Coordinator salary/benefits that will be allocated to Furman Aquatic Center and Swim Lessons.

The overall tax subsidy for the General Fund budget will be \$3,084,105. However, the impact the FFIAC budget has on the General Fund budget is reduced from \$268,715 shown in Table 2 to \$167,588. The \$167,588 is derived from taking the subsidy from Table 6 (\$3,084,105) minus the subsidy from Table 5 (\$2,916,517).

Table 6 – P & R General Fund FY 2025/26 Budget with FFIAC

Category	P & R Gen Fund
Expenses	\$ 6,571,020
Revenues	\$ 3,486,915
Tax Subsidy	\$ 3,084,105
Recovery %	53%

OPTIONS:

1. Approve in concept the proposed budget as presented.
2. Provide direction to staff regarding potential changes.

STAFF COMMENTS:

Staff has spent considerable time developing this proposed budget and understands certain assumptions were used in the process. If Council agrees in concept with the budget outline above, Option 1 above should be selected. There will be additional opportunities for Council to provide input on this budget when the Departmental budgets are presented in February 2025.

ATTACHMENT(S):