

TO: James L. App, City Manager
FROM: Doug Monn, Public Works Director
SUBJECT: Municipal Pool – Joint Use Agreement and Land Lease
DATE: November 21, 2006

NEEDS: For the City Council to consider updating a Joint Use Agreement and Land Lease with the Paso Robles Joint Unified School District for the Municipal Pool.

- FACTS:**
1. The Municipal Pool was developed jointly with the County and the School District. The County provided construction funds, the district use of the property, and the City assumed pool operations and maintenance.
 2. Agreements between the City and the School District for use of the land and pool, as well as the apportionment of pool costs, date back many years.
 3. The most recent update of the Joint Use Agreement was 1993. It provided that the District is responsible for 63.64% of 75% of the cost maintaining the pool. It did not address a lease extension.
 4. In 2003, City council commissioned a Cost-of-Services Study to document the full cost of City services.
 5. In reviewing the data, the Council considered whether and/or how much general City taxpayer support should be provided to discretionary services.
 6. The City Council concluded it appropriate to support organized youth sports; 75% of the cost is underwritten by taxpayers, with 25% of the cost being charged to youth users.
 7. The policy should be applied to the School District who serves youth aquatics interests.
 8. The main pool is used approximately 2880 hours per year. The District and its sub-contractor (North County Aquatics) occupied the pool 2075 hours in 05/06. The balance of 805 hours was used for the City's lap and public swim program.
 9. The cost of maintenance for the pool in fiscal year 05/06 was \$129,000.00. Deducting the maintenance associated with the Therapy pool (not used by the District), the cost of maintaining the lap pool was \$96,750.00.
 10. The cost for lap pool maintenance and operation is \$33.60 per hour. As the District used the pool 2075 hours in FY 05/06, the associated costs for electricity, chemicals, natural gas and maintenance under the current agreement is \$69,720.00.
 12. Pursuant to adopted youth sports fees pricing policy, only 25% of the hourly maintenance and operation cost would be charged or \$8.40 per hour. At \$8.40/hour, the District's 2075 hours of use would result in a cost to the District of \$17,430.00 in FY 05/06.

ANALYSIS &

CONCLUSION: The School District and its sub-contractor (NCA) provide youth aquatics programs for the community. The cost to the City to duplicate the service provided by the District would require a significant investment. Asking the District to reimburse the City 25% of the cost to maintain the pool for the hours used in lieu of the present contract would be consistent with the Council's sports fee policy.

Additionally, the community has a significant investment in the pool and amenities. Securing an updated long term ground lease for the facility, with first right of refusal for purchase of the property, protects the community's investment.

POLICY

REFERENCE: "Parks and Recreation Facilities" as listed/inventoried in the Parks and Recreation Element Appendix of the General Plan. Cost of services – Youth Sports Fees.

FISCAL

IMPACT: Under the existing contract, the District's obligation for use of the pool in fiscal year 05/06 is \$93,164.38. The \$93,164.38 dollar figure incorporates the cost of electricity, natural gas, chemicals, daily maintenance, long term maintenance, janitorial and a contribution to the Capital Improvement Repair Fund. Adjusting the fee to reflect only the cost of electricity, natural gas, chemicals and maintenance labor necessary to offset the District's use of the pool under the current contract formula results in a cost of \$69,720.00. The City Council youth sports policy of collecting 25% of the cost for service would result in a payment of \$17,430.00 due the City for FY 05/06.

The total cost to maintain the pool in 2005/06 (\$129,000.00) is provided in the Public Works Budget. Reduction of the fees consistent with the Council's youth sports policy would result in a reduction of General Fund revenue of approximately \$76,022.00.

- OPTIONS:**
- a. Adopt Resolution No. 06-xx authorizing the City Manager to negotiate a contract with the School District establishing:
 - i) A ground lease and first right of refusal or equivalent for the property and improvements associated with the Municipal Pool, and;
 - ii) That the District's cost shall be based on actual hours used at 25% of the cost of lap pool maintenance (electricity, natural gas, chemicals and maintenance labor excluding the Therapy Pool) to be collected at the end of each fiscal year starting with amount due for fiscal year 05/06.
 - iii) That the District will agree to similar pricing policy for N.C.A.
 - b. Amend, modify, or reject the above option.

Prepared by:
Doug Monn, Director of Public Works

- Attachments (3)
- 1) Review of contract history
 - 2) Exhibit "A"
 - 3) Resolution

To: Jim App
From: Doug Monn
Subject: Municipal Pool Contract with School District
Date: July 26, 2006

Attached for your review is a revised contract to be submitted to the School District for consideration regarding shared maintenance costs for the Municipal Pool. Information regarding the original contract and its suggested revision are as follows:

Background:

- The original contract was drafted in the 1980's.
- It was last amended in 1993.
- The 1993 update established financial thresholds for the City and District to allocate the cost of maintenance for the pool.
- It established that the District would be responsible for 63.64% of 75% of the cost of maintaining the pool. The percentage was based on the District operating the pool nine (9) months of the year and the City three (3).

Facts:

- The Municipal Pool facility is constructed on District property.
- The replacement cost of the facility (as it exists) is 3.7 million dollars.
- The School District has never requested the City compensate them for the use of the facility.
- The District annually reimburses the City for approximately 73% of the total cost to run and maintain the pool.
- A review of the actual hours (provided by the user groups) the pool is used by the District and North County Aquatics (sub-contracted to the District) shows that the combined use (percentage) accounts varies each month
- If the School District were to cease its use of the pool and not reclaim ownership of the facility, the cost of maintenance for the City would continue, at a reduced rate resulting from reduced electrical, chemical, natural gas and labor demands, as the water must be treated and circulated continuously to preserve the pool equipment and the City's investment in the facility. Additionally, the City would still need to provide some pool maintenance service to support its recreation programs.

Historic Contract Interpretation:

- The contract does not provide a lease terms for the pool.
- Exhibit “A” of the contract establishes that the City of Paso Robles will operate the pool in June, July and August, retaining any revenue it received during this period.
- The contract also provides that the School District will operate the pool October through May also retaining any revenue it receives during this period.
- In actuality, the City operates the pool year round (provides maintenance), while using it approximately three (3) months of the year for City programs.
- The District uses the pool for nine (9) months of the year for school programs and athletics. The District also sub-lets the pool to North County Aquatics for which it is paid \$20,000.00 per year.
- The existing contract requires that in exchange for the use of the pool School District is required to pay:
 1. 63.64% of the total Maintenance cost of the pool
 2. \$5,000.00 towards a Capital Improvement Repair Fund
- Based on the agreement in effect, the cost to the District would be \$93,164.38 this contract year.

Review of the current contract:

- The contract appears loosely structured and therefore open to differing interpretations.
- It appears the City may have collected duplicative amounts for pool maintenance.
- It appears the City was duplicating the maintenance costs at a rate of \$24,929.00 dollars per year since 1993 or \$244,437.90. However, in a memo dated March 9, 2006, the Director of Administrative Services under ‘arrow’ item four (4) (copy attached) notes the duplicative charges were limited to only two full years (dating back to 2004 or \$49,858.00)
- Administrative Services provided exhibits “A” through “E” Reconciliation of Revised Calculation (copy attached) to actual billed/paid. The calculation starts in 2004. Based on this calculation it appears the amount due the District for overcharge after adjustment is \$7,810.00.
- Linda Beck of MHA has reviewed the contract and the payment status. It is her recommendation that the contract be re-formatted and updated to be more clear and reflective of current conditions.

Update contract:

- It is suggested the contract between the District and the City of Paso Robles be updated and made easier to interpret and administer. Further, the contract would re-establish lease terms with the City, including a first right of refusal to purchase the property should the District ever wish to sell the property.
- The updated contract would recognize that the City has certain on-going year round costs that it incurs regardless of the District's use of the facility.
- That whereas the District's use of the facility does result in some additional impacts, the District should reimburse the City only for hard costs associated with the impacts based on the percentage of time the District and its sub-contractor (North County Aquatics) occupy the facility.
- Those items would be as follows (see attached spread sheet):

Chemical Costs	\$13,059.15
Electrical costs	\$19,969.39
Natural Gas	\$19,693.14
Maintenance Labor	\$15,956.85

- The City would no longer assess the District for:

Janitorial Services/supplies
Equipment Maintenance
Contributions for future improvements

These costs are required to preserve the facility and support City recreation program activities and would need continued even if the District were to terminate its contract with the City.

The Revised Contract:

- The total cost to maintain the Municipal Pool in FY 05/06 is \$128,592.54. This figure includes the District's use.
- The impacts to the City for the School's use of the facility are \$69,720.
- Should the City Council conclude that it is appropriate to support users of the pool in the same manner as organized youth field sports by limiting the cost to the District to 25% of the maintenance costs at fiscal year end.
- It is understood that North County Aquatics pays the District approximately \$20,000.00 per year to cover their portion of the pool cost to the District. As a condition of the contract, the 25% limit would be passed on to North County Aquatics.

Monthly pool usage by hours and percentage. Estimates done with help from user groups.

	<u>Hours</u>	<u>Percentage</u>
January		
School (water polo)	80	37%
North County Aquatics	85	42%
City (lap swim & aerobics)	42	21%
February		
School (swim)	105	45%
North County Aquatics	85	37%
City (lap swim & aerobics)	42	18%
March		
School (swim)	105	45%
North County Aquatics	85	37%
City (lap swim & aerobics)	42	18%
April		
School (swim & middle school)	140	52%
North County Aquatics	85	32%
City (lap swim & aerobics)	42	16%
May		
School (swim & middle school)	205	62%
North County Aquatics	85	26%
City (lap swim & aerobics)	42	12%
June		
School (middle school)	100	44%
North County Aquatics	85	37%
City (lap swim & aerobics)	42	19%
July		
North County Aquatics	85	33%
City (lap & public swim)	175	67%
August		
North County Aquatics	85	33%
City (lap swim & aerobics)	175	67%
September		

School (water polo)	80	33%
North County Aquatics	85	35%
City (lap, public& aerobics)	78	32%

October

School (water polo)	80	33%
North County Aquatics	85	35%
City (lap swim & aerobics)	42	32%

November

School (water polo)	80	33%
North County Aquatics	85	35%
City (lap swim & aerobics)	42	32%

December

School (water polo)	80	33%
North County Aquatics	85	35%
City (lap swim & aerobics)	42	32%

Reconciliation Revised Calculation to Actual Billed/Paid

		<u>Actual Billed/Received</u>	<u>Revised Billing</u>	<u>Diff City +/-</u>
FY 2004				
	Parts A & B	\$ 61,160	\$ 75,847	\$ 14,687
	Retro for Prior YR	\$ -	\$ -	\$ -
FY 2005				
	Parts A & B	\$ 86,884	\$ 82,505	\$ (4,359)
	Retro for Prior YR	\$ 22,523	\$ 14,687	\$ (7,836)
FY 2006				
	Parts A & B (5 Months)	\$ 58,230	\$ 51,568	\$ (6,662)
	Retro for Prior YR	\$ 6,300	\$ 6,658	\$ 358
Totals	@ 2/28/06	\$ 235,077	\$ 231,263	\$ (3,814)

FY 2006				
	Full YR @ Yr End	\$ 93,164	\$ 82,505	\$ (10,659)
	Retro for Prior YR	\$ 6,300	\$ 6,658	\$ 358

Total ALL	@ 6/30/06	\$ 270,011	\$ 262,202	\$ (7,809)
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RESOLUTION NO. 06-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
A CONTRACT BETWEEN THE CITY AND SCHOOL DISTRICT
FOR MAINTENANCE GROUND LEASE COSTS

WHEREAS, the City maintains the Municipal Pool; and

WHEREAS, the pool is located on property owned by the School District; and

WHEREAS, the School District reimburses the City for maintenance costs to offset impacts resulting from its use of the pool for School activities; and

WHEREAS, the City does not presently have a lease for the pool property.

THEREFORE, BE IT RESOLVED AS FOLLOWS:

The City Council of the City of Paso Robles does hereby authorize the City Manager to enter into a contract with the School District establishing that:

- a. The District shall be responsible for 18% of yearly maintenance costs associated with the lap pool; and
- b. The District shall provide the City with a lease for the subject property and a First Right of Refusal should the District ever decide to sell the property.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 21st day of November 2006 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Frank R. Mecham, Mayor

ATTEST:

Deborah D. Robinson, Deputy City Clerk

Reconciliation Revised Calculation to Actual Billed/Paid

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FY 2006				
	Parts A & B (5 Months)	\$ 58,230	\$ 51,566	\$ (6,664)
	Retro for Prior YR	\$ 6,300	\$ 6,658	\$ 358
Totals	@ 2/28/06	\$ 235,077	\$ 231,263	\$ (3,814)
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