

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 3, 2015

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

THROUGH: MARK B. JINKS, ACTING CITY MANAGER *m*

FROM: NELSIE L. BIRCH, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET *MR for NLB*

SUBJECT: BUDGET MEMO #15: CHINQUAPIN AQUATICS

The purpose of this memorandum is provide City Council an updated project timeline and projected utilization of a 50 meter by 25 yard pool at Chinquapin Recreation Center. This information is a follow-up to questions posed by City Council at the March 23, 2015 Capital Improvement Program (CIP) work session.

What are the next steps for the Chinquapin Aquatics project? What are utilization figures (numbers of meets and participants, etc.) for 50 meter pools? Is there support for a smaller pool? (Councilman Wilson)

Next steps for the Chinquapin Aquatics project

Staff from RPCA and General Services met with the consultant on Monday, March 30 to finalize a timeline for completion of the feasibility study and consideration of the possible changes/options. RPCA staff currently projects a maximum period of six months to complete this work - with completion scheduled for September or October 2015 - which along with community and City Council discussions will inform FY 2017 CIP budget decisions (which would be the fiscal year when design funding is slated in the City Manager's Proposed CIP).

Utilization of a 50 meter by 25 yard pool

Task 1B of the Chinquapin Aquatics Center Feasibility Study provided a market analysis that included a demographic analysis (2012 Census data) to predict core aquatic participation in Alexandria, a regional case study analysis, and a series of user group interviews (including with T.C. Williams High School, private high schools, other swim teams and USA swimming affiliates). The full Task 1 B Report can be found online at:
<http://www.alexandriava.gov/uploadedFiles/recreation/parks/Task1BReportv2.pdf>

A summary of key findings is provided on the next page:

- Based upon the high percentage of households in Alexandria with annual income levels over \$100,000, national participation data suggests that there is a strong group of core aquatic swimmers residing in the city. According to the Sports and Fitness Industry Association (SFIA) data, those households with higher income levels typically participate in aquatic activities more than those with lower incomes. The SFIA findings (Attachment 1) predicted **9,958 core aquatic users** based on Alexandria's demographics.
- The study observed that the majority of revenues for both case studies originate from programs such as swimming lessons, pool rentals and aquatic classes. The pattern that is emerging from the case study analysis is that facilities with stronger programmatic offerings achieve higher cost recovery scenarios. An expanded Chinquapin Aquatic Center will need to optimize revenues from programs in order to ensure that RPCA's cost recovery scenario is achieved.
- Due to a current shortage of competitive lane space in northern Virginia, there is strong interest for lap lane rentals from private high schools and local/US competitive swim teams. This shortage of competitive lane space places the Chinquapin Aquatic Center in a prime position to increase revenues from rentals by providing an expanded facility with an adequate amount of regulation swim lanes. The study also observed that additional space is needed to support RPCA's learn-to-swim program due to the current waiting list. Given the different requirements needed for competition/lap swimming and the learn-to-swim program, it is assumed and recommended that two pools will be needed in the expanded Chinquapin Aquatic Center.
- Task 1B also included a citywide, web-based survey to quantitatively test the primary market area's demand for specific program options. The survey was sent to 5,823 community members, with a total of 497 responses (margin of error +/- 4.7 percent based on a 95 percent confidence level). The survey findings (Attachment 1) predicted 28,913 core aquatic users. Lap swimming was one of three priority uses identified through the survey, with an allocated demand for 23 to 26 lanes (Attachment 1).

Is there community support for a smaller pool as an amenity that the community would heavily utilize?

The 2012 Aquatics Facilities Study included a similar market analysis and user interviews as described above. Based on the findings from that analysis, the study recommended an indoor 25 meter by 25 yard pool in addition to a recreational/leisure pool at Chinquapin. The 25 meter by 25 yard pool would provide for both practice and regulation meets for age group competition (including T.C. Williams High School), along with lanes for fitness and Master Swimmers programming. The recreation/leisure pool would meet other aquatic user needs such as swimming lessons, water aerobics and other fitness classes, and multiple aquatic recreation programs. User interviews with T.C. Williams and local swim teams during this study showed support for a 25 meter by 25 yard pool, while other users believed a 50 meter by 25 yard pool was necessary. The entire 2012 Aquatics Facilities Study can be found online at: <http://www.alexandriava.gov/recreation/info/default.aspx?id=78867>

**What are options are available in the CIP to fund a 50 meter by 25 yard pool?
(Councilman Smedberg)**

At the current cost estimate of \$30.5M for a 50 meter by 25 yard pool, the project is short \$7.6M based on the \$22.9M total project funding from FY 2014-2017 as detailed on page 145 of the City Manager's Proposed CIP. Staff does not recommend any changes to project funding at this time until the feasibility study is completed and updated cost estimates are provided.

Based on the City Manager's Proposed CIP, adding \$7.6M in bonds to the project will cause the City to be out of compliance with the City Council imposed debt ratios. Once the feasibility study is completed, if costs are still more the \$22.9M planned in the CIP, City Council has several options to fund a 50 meter by 25 yard pool including:

- Reducing other planned projects in FY 2017-2018 and reprogramming those funds to the Chinquapin Aquatics project;
- Provide additional cash resources to the project in FY 2017-2018, keeping the City in compliance with City Council imposed debt ratios; or
- Potentially adjusting City debt ratios (only after careful study which would look at the entire ten-years of potential capital needs in a number of programmatic areas) to provide additional borrowing capacity in FY 2017-2018. This \$30.5M Chinquapin pool option will create additional General Fund pressure by increasing planned debt service payments in FY 2017-2018. Additional revenue options would need to be identified to fund increased borrowing.

Attachment 1: Chinquapin Aquatics Market and Survey Analyses

cc: Emily Baker, Acting Deputy City Manager
James Spengler, Director, RPCA
Laura Durham, Open Space Coordinator, RPCA

MARKET ANALYSIS FINDINGS

This information was then compared against national participation data developed by the Sports and Fitness Industry Association (SFIA) in order to develop a predicted number of core aquatic users living in Alexandria. Core aquatic users are defined as those who swim 50 or more times per year. Figure 1.3 below indicates that, based upon the city's household income distribution levels, there are approximately 9,958 core aquatic users residing in Alexandria.

| | National Participation Rate % | N (Predicted Number of Users) |
|------------------------|-------------------------------|-------------------------------|
| Under \$15,000 | 4.8% | 386 |
| \$15,000 to \$24,999 | 4.8% | 304 |
| \$25,000 to \$34,999 | 6.0% | 471 |
| \$35,000 to \$49,999 | 6.0% | 978 |
| \$50,000 to \$74,999 | 5.6% | 1,496 |
| \$75,000 to \$99,999 | 6.2% | 1,075 |
| \$100,000 to \$149,999 | 8.2% | 2,162 |
| \$150,000 and up | 8.2% | 3,085 |
| Total | | 9,958 |

Figure 1.3: Predicted Core Aquatic Users for Alexandria Based Upon National Participation Data

Brailsford and Dunlavey conducted case study analyses of several regional aquatic centers in order to assess the feasibility of achieving RPCA's operating cost recovery goals. The findings from these case studies also inform B&D's program recommendations by identifying revenue driving components, optimal staffing models, and important design considerations from each aquatic facility that was examined. B&D has conducted four case studies as a part of the market analysis, two of which are mentioned in this report. The remaining case studies will be discussed in the market analysis section of the final report at the conclusion of Task II.

SURVEY ANALYSIS

Demographic Comparison

B&D compared the demographics of the survey respondents living within the primary market area to the 2013 Census information to identify any variances between the two populations. Survey response demographics were generally consistent with the Census data. However, the household income distribution of respondents is significantly overrepresented by those who earn over \$100,000 annually.

As noted previously, household income is a key factor in aquatic participation levels. Utilizing this definition and the survey results, B&D calculated the predicted number of core aquatic users in Alexandria by applying participation rates against the city's demographic make-up. Figure 2.2 below indicates that the predicted number of core aquatic users in Alexandria based upon the survey results is approximately 28,913. The survey results indicate a significantly higher amount of core aquatic users in Alexandria than is predicted by the SFIA national participation data previously discussed and presented in Figure 1.3. The discrepancy is likely due in part to the over representation of high income individuals. B&D accounted for this discrepancy when developing program recommendations by relying upon the national participation data results previously depicted in Figure 1.3.

| Household Income Distribution in Alexandria | Census | Survey |
|---|--------|--------|
| Under \$15,000 | 2.63% | 2.38% |
| \$15,000 - \$24,999 | 2.07% | 0.79% |
| \$25,000 to \$34,999 | 2.59% | 0.53% |
| \$35,000 to \$49,999 | 5.37% | 2.91% |
| \$50,000 to \$74,999 | 8.73% | 9.52% |
| \$75,000 - \$99,999 | 5.66% | 14.29% |
| \$100,000 to \$149,999 | 8.67% | 30.42% |
| Over \$150,000 | 12.37% | 39.15% |

Figure 2.1: Survey sample characteristics compared to census data

| Predicted Core Aquatic Participation in Alexandria (Survey) | | |
|---|-----------------------------|-------------------------------|
| | Survey Participation Rate % | N (Predicted Number of Users) |
| Under \$15,000 | 2.11% | 170 |
| \$15,000 to \$24,999 | 0.70% | 45 |
| \$25,000 to \$34,999 | 0.00% | 0 |
| \$35,000 to \$49,999 | 2.82% | 463 |
| \$50,000 to \$74,999 | 7.04% | 1,882 |
| \$75,000 to \$99,999 | 14.79% | 2,564 |
| \$100,000 to \$149,999 | 32.39% | 8,595 |
| \$150,000 and up | 40.14% | 15,195 |
| Total | | 28,913 |

Figure 2.2: Predicted Core Aquatic Participation based on Survey Results

SURVEY ANALYSIS

Demand Based Programming Results

B&D conducted a demand-based programming analysis (DBP) from the survey results to determine the amount of space required to satisfy peak demand for specific program activities. The analysis is used to define which activities should have adequate space for frequent, regular use by a large number of participants, and which should be provided in small quantities to allow for occasional use for unique or "variety" elements. The DBP process determines the following:

- Specific square footage recommendations and space prioritizations based on projected utilization rates,
- Total demand for space during peak hours, and
- Activities that can utilize the same type of space.

The analysis was further refined by considering the existing supply of spaces in the primary market area and input from community members to ensure that each program element reflects user preferences.

| | Activity | Priority Category | Space Type | Peak Demand | Space Allocation Based on Prioritization of Demand | |
|----|---|-------------------|------------|-------------|--|----------|
| 1 | Weight Training Cardiovascular fitness machines | first | Sq. Ft. | 3,610 | 2,700 | to 3,100 |
| 2 | Lap Swimming | first | Sq. Ft. | 3,520 | 2,600 | to 3,000 |
| 3 | Group Fitness Classes | first | Lanes | 31 | 23 | to 26 |
| 4 | Recreational / Leisure Swimming | second | Sq. Ft. | 1,788 | 1,000 | to 1,200 |
| 5 | Yoga, Mind/Body Classes | second | Sq. Ft. | 828 | 455 | to 538 |
| 6 | Aquatic Play Structures | second | Sq. Ft. | 1,364 | 800 | to 900 |
| 7 | Aquatic Therapy/Rehab | second | Sq. Ft. | 400 | 220 | to 260 |
| 8 | Diving Boards | second | Sq. Ft. | 150 | 83 | to 98 |
| 9 | Lazy River | third | Sq. Ft. | 360 | 144 | to 180 |
| 10 | Racquetball | third | Sq. Ft. | 330 | 132 | to 165 |
| 11 | Water Aerobics/Fitness | third | Courts | 0 | 0 | to 0 |
| 12 | Water Slides | fourth | Sq. Ft. | 620 | 155 | to 217 |
| 13 | | fourth | Sq. Ft. | 470 | 118 | to 165 |

Figure 2.3: Demand Based Programming Results