

## **CITY COUNCIL WORK SESSION**

### **Public Input Session Regarding Indoor Pool**

April 19, 2010 – 6:00 p.m.

Eileen Dondero Foley Council Chambers

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City Council Present: Mayor Ferrini, Assistant Mayor Novelline Clayburgh, Councilors Lister, Hejzmanek, Spear, Dwyer, Coviello, Kennedy and Smith

Staff Present: John P. Bohenko, City Manager; Robert P. Sullivan, City Attorney; and Dianne M. Kirby, Deputy City Clerk

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Mayor Ferrini called the work session to order at 6:00 p.m.

He stated tonight is a public input session regarding the indoor pool. He said SIPP (Save the Indoor Portsmouth Pool) has prepared a PowerPoint presentation for the Council.

Tom Conneen, SIPP stated the presentation is broken down into four parts – operating costs, capital improvement, usage and community value and future opportunities.

Tom Conneen, SIPP reviewed the initial City FY11 budget with aspect to revenue (\$90,000.00), operating expense (\$478,661.00), and capital improvement bonding (\$148,050.00) for an annual net cost of \$536,711.00 or 81% subsidy of operating expense. Tom Conneen, SIPP said they have come up with two alternatives to reduce these numbers. He said in Alternative A, they propose to increase low fees, to include memberships, lessons and rentals (private swim teams – PTS and Masters) to appropriate value levels. He said this would increase revenue to \$178,000.00. He said they propose to decrease operating costs by reducing two of the three full-time employees and keep a full-time manager, reducing operating costs to \$405,061.00. He stated SIPP would request the Council mitigate and delay capital improvement bonding for a savings of \$148,050.00. In addition, under Alternative A, the annual net cost has been reduced to \$227,061.00 or 47%. Mr. Conneen stated Alternative B is basically the same as Alternative A with the exception of decreasing operating costs. He said in Alternative B, the proposal is to reduce three full-time employees, hire a part-time manager and close for the summer. He said this alternative reduces the annual net cost to \$154,420.00 or 32%.

Mr. Conneen, reviewed how much of the operating expense the City pays at various recreational facilities. He stated the percentage figures are 33% at Spinnaker, 78% for the outdoor pool, 100% for Greenleaf and Connie Bean Center and 0% for the boat launch.

Mr. Conneen stated the resident rates have not changed for over 10 years. He said SIPP has proposed to simplify membership options by reducing the options from 18 to 3 or 4. He said they have also looked into the possibility of moving to monthly dues to be paid automatically, similar to that of the YMCA and other health clubs. He stated this could result in \$55,000.00 in added revenue. He said SIPP has proposed a fee schedule which would increase the fees over the current amount but still be lower than the YMCA's fees. He said SIPP has suggested raising the fee for residents from \$8.00 to \$25.00 (YMCA rate \$47.00) for adults, \$3.00 to \$10.00 (YMCA rate \$20/30/40) for Children/Student/Seniors and \$15.00 to \$44.00 (YMCA rate \$70.00) for families. He stated for non-residents the fee suggested would be from \$40.00 to \$50.00 (YMCA rate \$47.00) for adults, \$16.00 to \$20.00 (YMCA rate \$20/30/40) for Children/Student/Seniors and \$70.00 to \$88.00 (YMCA rate \$70.00) for families.

Mr. Conneen further stated they have proposed to increase all lesson rates by \$15.00 per session (a session consists of 8 lessons) which would result in \$20,000.00 in added revenue. He said the YMCA currently generates over \$100,000.00 in revenue from lessons. He stated SIPP has discussed increasing the average hourly rental rate for private swim teams by \$15.00 per hour and begin charging for Masters Swim teams. He stated this could result in \$13,000.00 in added revenue. There is the opportunity to recruit more than the one private swim team currently using the pool. He further stated that Seacoast Swimming paid \$87,000.00 to Dover last year and wherein our current swim team revenue is approximately \$30,000.00. He stated there could be opportunities for Portsmouth should Dover succeed in closing their pool.

Mr. Conneen stated currently there is \$50,000.00 in FY11 budget for post-closure costs. He stated in perspective it would only take 50 new resident + 50 new non-resident adult memberships or 200 new resident family memberships; or another \$100.00 a year average to every existing membership or one new private swim team or a few good corporate sponsors to reduce the cost of \$50,000.00 annually.

Mr. Conneen went over the major capital improvements needed for the indoor pool. He stated the major improvements would be the roof, the gutter/deck drain systems, the filtration system upgrades, the pool liner replacement, boiler(s) replacement and cosmetic (floors, doors, carpets) repairs/replacement. He said the consensus is that no immediate capital improvement is required and that a long-range capital improvement plan should be developed wherein we use a short-term window to evaluate long-range needs, plan phased-in economically appropriate improvements and raise capital funds from the private sector.

Jennifer Zorn, SIPP stated the goal of the Recreation Department is to provide affordable, diversified, year-round activities for residents and others. She stated the objectives are to:

- Provide year-round recreational programs serving the varying needs of Portsmouth's residents, regardless of age, sex, race or income level.
- Provide activities for different periods of free time due to the increase in labor force and those not working in the traditional 9-5 setting.
- Provide activities of a progressive nature so participants, from beginner to advanced, can be accommodated and satisfied.

- Create a balanced program between young and old, male and female, constant users and new participants, athletic activities and non-athletic activities.

Ms. Zorn stated more than just members use the pool. She said membership amounts for only 47% (residents 23% and non-residents 24%) of pool usage. She said lessons/training/special needs accounts for 34%, Portsmouth High School 6% and daily fee users 13% of the annual pool usage. She stated Spinnaker is not a substitute for our indoor pool. She said Spinnaker is 50% smaller than our present indoor pool with only four short lanes versus the six competitive length lanes our indoor pool has. She also noted that Spinnaker pool does not have handicapped access. She further stated that upon looking into the pool at the YMCA, this is not an adequate substitute either. She stated the pool at the YMCA would present major capacity and program timing problems, the water temperature is too hot for competition and their handicapped access requires two people.

Ms. Zorn stated there is high community value in maintaining the indoor pool. She outlined the value with the following:

- Recreational opportunities for residents throughout their entire lifespan
- The home of the 120 member Portsmouth Swim Team
- Swimming lessons for over 1,200 people in 2009
- The only indoor pool with a sloping handicapped access ramp
- Lifeguard training to protect our residents at pools and beaches
- Host to state-wide Special Olympic swimming events
- A unique component to the third grade physical education program
- Daily use by over 250 people who chose our indoor pool as their preferred and often only form of exercise
- A masters-level workout group made up of both fitness and adult competitive athletes living in Portsmouth.
- Aqua-exercise programs provided solely for our Senior Citizens
- Dedicated pool time for our Senior Citizens to swim and socialize
- Open swim times available for entire families
- And more...

Mr. Conneen stated there are many future opportunities such as:

- All measures proposed are conservative and there is much more opportunity to create (i.e., revenue)
- Reprogramming to optimize use and revenue: lane vs. pool rental, prime-time scheduling, scalable HR (staffing) to fit demand.
- Capitalize on synergies for success with the YMCA, USA Swimming, local medical/health industry, trades, and education. Community unity = revenue
- If Dover pool closes then a large new market will be created overnight....members, teams, and sponsors.
- Marketing = membership drive, program promotion, sales. Target highest revenue

- Fundraising – Corporate sponsors for annual Operations costs & Capital fund drives. There is serious interest now. Need time to develop sustainable funding model.
- Outdoor Pool as a revenue source for Recreational Department reasonable fees for those who can afford will yield \$50,000.00 year +++ (perspective: It costs \$37/day at Water Country)

Mr. Conneen stated in closing remember these points:

- The indoor pool meets the goals and objectives of the Recreation Department better than other facilities or programs.
- There are viable alternative budgets vetted with the Recreation Department that reduce operating costs over \$300,000.00/year.
- Capital Improvement costs can be mitigated and delayed. No short-term capital cost required.
- A phased-in Capital Improvement Plan is possible that is subsidized by some or all private fundraising.
- There are real “operating” expenses for a closed pool that are better spent on an open pool.
- Community usage and value is high. Regional approach is fiscally responsible and required for success.
- Re-think how you provide services...Strategic City/Private/Non-Profit collaboration. Be a leader.
- The economy is coming back, but the pool will likely not if closed. The existing economic infrastructure will be destroyed and may never be re-created.
- Consider the relative value: Outdoor Pool = \$100,000.00 +/- for 9 weeks. Indoor Pool = \$200,000.00 +/- for 52 weeks.

Mr. Conneen requested the Council adopt an alternative recreation budget for FY11 that includes the indoor pool, defer capital funding and allow 18 months for successful implementation.

Mayor Ferrini thanked Mr. Conneen and the members of SIPP for their presentation. He opened the meeting to questions and discussion.

Councilor Hetjmanek asked if you raise the membership fees, won't you lose people. Mr. Conneen stated they have accounted for ten percent (10%) of membership loss when they figured the increased amount in fees. He said the addition of new interests should even this out.

Councilor Spear stated the presentation was great, but questioned that with Alternative A, the post budget with closing the pool we will be looking at a 7.2% tax increase this year. He said it wasn't specified as to if this would come out as additional tax revenue with raising taxes up 7.2% or a reduction in other services and he asked if SIPP has any ideas for the Council as to where they might reduce some other services.

Mr. Conneen said that SIPP has not approached their conservation with any areas of the budget, but they realize that if the Council gives to one, they will have to take from another. He said what they are hoping for is that things that are of community value and assets that are important to the City remain. He stated unfortunately, the Council has the tough job of looking at it all and asking what is the community telling them is important and what they are willing to pay for. He said it is a tough juggling act.

Councilor Lister thanked the members of SIPP for a wonderful presentation. He requested more information/evidence that SIPP has a guarantee that there are revenues, such as extra cash paying customer, out there. Mr. Conneen stated there are no guarantees. He said this is something SIPP will endeavor to do through marketing.

Councilor Kennedy stated this was a great presentation and was very informative. She stated SIPP has requested 18 months to implement. She asked if there is any way this could be done in a year. She said a year from now people need to see that this great group of people has made a difference. She said we are getting some great calls from people, but we also realize that there are people that just can't afford our City rates. She said she would like to say that in a year this is going to be going strong; that there have been some great fundraisers going on and that this is on the way to being sustainable. Mr. Conneen said it was our understanding coming into this that we had a short leash. He said it would take at least 18 months to affect some of these changes and gain creditability in the community. He said we would have to show a track record certainly within the first year, if not a quarterly check-in that says we are progressing toward your goal. He stated if we are not tracking toward that goal at the end of the year, he will not be at this podium.

Assistant Mayor Novelline Clayburgh thanked SIPP for their presentation and all the hard work they have put into it. She said it is going to be a difficult decision for the Council because of the state of the economy and the demands of the other departments in the City. She said what she is really interested in is the contact that has been made with non-profit organizations. She requested to know if SIPP really feels that they can get money from large non-profit organizations in our area to support this and do they feel confident this organization could raise the kind of money to keep this thing going totally on their own within a 5 year period. Mr. Conneen stated he believes there is good opportunity here and as an example of that we should look at the YMCA, who is currently making plans to build an addition to their building. He said they are raising this money up front. He further stated there is money out there.

Councilor Dwyer said 90% of all fundraising for most things like this is from individual funding, not corporate. She said that would allow SIPP to put proof of raising concept money up much sooner than 12 months. She said when we have gone into other partnerships, we have asked for a pretty aggressive plan. She said she does not think it is beyond the realm of possibility for SIPP to come back to the Council in a week or so and say, 90% of this kind of thing will be raised individually and this is what we know we can put on the table. She said this is the kind of proof of concept that will help us make this judgment.

Councilor Smith thanked SIPP for a great presentation. He asked if while they were putting this presentation together, if there was any fundraising done. Mr. Conneen said they have not directly gone out and pushed, but they have had some small businesses, large corporations and individuals that have come forward saying they would love to contribute. Councilor Smith asked if there has been any dollar amount dedicated so the Council can know where we are at with this. Ms. Zorn stated they have discussed having a gold, silver, bronze type membership. She said these levels will go into effect immediately. She said many of the people in this room will immediately write out their checks to become a gold, silver or bronze member when this program is implemented.

Mayor Ferrini stated he appreciates the hard work that has gone into this presentation. He said SIPP has stated there are leadership opportunities for the Council in the area of combining with non-profits and this is something that has been done in Portsmouth for some time. He said we appreciate SIPP indicating to us that we might have an opportunity here and since we do have some experience with this we would have to ensure that we enter into a partnership that will work well for us financially.

Michael Chubrich, SIPP said he wanted to respond to Councilor Smith's question. He said he would very much like to come forward and volunteer to help work on the individual gift initiatives. He said he did an informal survey and asked average income people what the level of financial comfort could they accept and found it to be \$500.00/year for at least a three year commitment to an individual fund drive. He said he would like very much to work with the Trustee of the Trust Fund to try to add a self liquidating entity. He further stated that what people do not know is that a gift to the City is the equivalent to a charitable gift and is deductible in full. But, he said until we know we have the pool, there is nothing we can ask for.

Chuck Doleac stated they can't get donors without knowing we have a product. We have to know the pool is going to be there before we hold any fundraisers or collect any money.

City Manager Bohenko stated in answer to Councilor Kennedy's question, the reason for the 18 month time-line is that membership is based on a calendar year – January/December and therefore, it would be approximately 6 months before they can implement the membership program and then would need a one year test program.

Mayor Ferrini adjourned the meeting at 6:50 p.m.

Respectfully submitted by:

Dianne M. Kirby, Deputy City Clerk