

OPTIONS: CONTINUE OPERATION AS AQUATICS FACILITIES

A: Increase User Base and Generate More Revenue (3 Concepts)

Concept A1	<b>REDESIGN PROGRAM MIX / ALLOCATION</b> <i>Change mix of registered programs, drop-in times, and rental availability. e.g., increase rental hours at Inglewood</i>
<b>Benefits</b>	<ul style="list-style-type: none"> <li>• Focuses types of programming at certain locations to capitalize on each location's strengths</li> </ul>
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>• Could impact existing users if the optimal program mix is different than existing use patterns</li> <li>• Would put needs of different users and groups in competition</li> <li>• Inherent capacity limitations as prime-time hours are already subscribed, some groups would lose access for participation/ revenue to increase using prime time hours if unmet demand existed</li> </ul>
<b>What would it take to make it work</b>	<ul style="list-style-type: none"> <li>• Needs to be an unmet demand for the type of programming that these facilities could meet</li> <li>• Program types need to be more financially sustainable than current mix (need to exceed or be near cost recovery)</li> <li>• Need to consider impact on other providers in catchment area, cannot just take patrons from another facility</li> </ul>
<b>Operating Budget Impact</b>	<ul style="list-style-type: none"> <li>• Based on historic attempts to increase usage through varied programming, off-prime time hours do not draw users. During prime-time hours, any gains from increasing one aspect of the product mix is offset by losses in other components of the product mix. Therefore, likely a net zero impact on the operational budgets.</li> <li>• Unfunded operating budget = <b>\$800,000 required to maintain current service level</b></li> </ul>
<b>Capital Impact</b>	<ul style="list-style-type: none"> <li>• Current lifecycle plan estimates <b>\$5.2 million over next 5 years</b></li> </ul>
Concept A2	<b>INCREASE MARKETTING AND PROMOTIONS</b> <i>e.g., advertising, signage, events</i>
<b>Benefits</b>	<ul style="list-style-type: none"> <li>• Chance to increase user base by increasing awareness among non-users</li> <li>• Market segmentation can reach out to under-represented populations</li> </ul>
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>• Previously attempted marketing programs have shown it is difficult to achieve attendance increases or sustain long-term given the choice of service options in the vicinity</li> <li>• Probability of reaching targets unlikely (i.e., need to approximately double attendance)</li> </ul>
<b>What would it take to make it work</b>	<ul style="list-style-type: none"> <li>• Marketing or promotions that appeal to market segments</li> <li>• Ability to translate promotional visit to an ongoing user</li> <li>• Fundamental need: drive a non-user to become a user and not just take from another facility (a non-predatory approach)</li> </ul>
<b>Operating Budget Impact</b>	<ul style="list-style-type: none"> <li>• Previous experience has indicated an increase in costs for marketing and promotions with unsustainable long-term increase in attendance. Therefore, net zero impact on the unfunded operating budget.</li> <li>• Unfunded operating budget = <b>\$800,000 required to maintain current service level</b></li> </ul>
<b>Capital Impact</b>	<ul style="list-style-type: none"> <li>• Same as concept above</li> </ul>

**SUMMARY: OPTIONS FOR BELTLINE AND INGLEWOOD FACILITIES**

Concept A3	<b>ALTERNATE PRICING MODEL</b> <i>e.g., increased prices (compared to other City direct-delivery facilities), membership model</i>			
<b>Benefits</b>	<ul style="list-style-type: none"> <li>• Could increase revenue if community users/ market will bear costs</li> <li>• A more predictable funding stream if memberships are used</li> </ul>			
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>• Existing users could be priced out of access</li> <li>• Challenge to generate enough ongoing revenue from membership model without complementary increase in services or offerings</li> <li>• Membership fee may not replace service access fees (e.g., registered program / drop in fees would still be required or membership fees would need to cover all revenue targets)</li> </ul>			
<b>What would it take to make it work</b>	<ul style="list-style-type: none"> <li>• Enough users willing to pay additional fees for these locations on an ongoing basis</li> <li>• Ability for catchment area to support membership numbers</li> <li>• Costs must remain competitive with other recreation facilities in the area for this to be viable (e.g. Repsol at \$72/month)</li> </ul>			
<b>Operating Budget Impact</b>	<ul style="list-style-type: none"> <li>• <b>\$100,000 increased revenue</b> possible between the two facilities (With the premise of a 25% increase on fees assuming no decrease in attendance). Market response is undetermined for this or any other increase.</li> <li>• Unfunded operating budget = <b>\$700,000 required to maintain current service level</b></li> </ul>			
<b>Capital Impact</b>	<ul style="list-style-type: none"> <li>• Same as concept above</li> </ul>			
	× Within Current Budget	× Comparable to City-Wide**	× Long-Term Solution	✓ Responsive to Community

\*\* Maintaining service at these two facilities would exceed comparable city-wide service levels in the catchment area.

**B: Decrease Hours to Reduce Costs (3 Concepts)\***

Concept B1	<b>CHANGE HOURS – REDUCE OPERATING HOURS</b> <i>e.g., stagger daytime hours at both pools, maintain prime time evening hours. Only one pool opens on Sundays.</i>			
<b>Benefits</b>	<ul style="list-style-type: none"> <li>• Align hours with times that are more financially viable</li> <li>• Operate two facilities in tandem, so one will always be open</li> <li>• Lost hours are those with the least user impact</li> </ul>			
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>• Decrease in service level</li> <li>• One location would be closed during the day on any given weekday</li> <li>• Full day closures could diminish opportunity for additional revenues such as unique (not recurring) rentals</li> </ul>			
<b>What would it take to make it work</b>	<ul style="list-style-type: none"> <li>• Adjustments to staffing and scheduling models</li> <li>• Subject to labour relations considerations</li> </ul>			
<b>Operating Budget Impact</b>	<ul style="list-style-type: none"> <li>• <b>\$200,000 net reduction in expenses</b> due to reduction in hours</li> <li>• Unfunded operating budget = <b>\$600,000 required for reduced level of service</b></li> </ul>			
<b>Capital Impact</b>	<ul style="list-style-type: none"> <li>• Current lifecycle plan estimates <b>\$5.2 million over next 5 years</b></li> </ul>			
Concept B2	<b>CHANGE HOURS – SPLIT SHIFTS</b> <i>Split staffing shifts to close during afternoons but be open mornings and evenings.</i>			
<b>Benefits</b>	<ul style="list-style-type: none"> <li>• Align hours with times that are more financially viable</li> <li>• Facilities open during peak demand hours</li> </ul>			
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>• Decrease in service level</li> <li>• Focusing on mornings and evenings limits access for day-time users</li> </ul>			

**SUMMARY: OPTIONS FOR BELTLINE AND INGLEWOOD FACILITIES**

What it would take, Operating Budget Impact, Capital Investment Impact similar or the same as concept B1 above			
<b>Concept B3</b>	<b>CLOSE ONE OF THE TWO POOLS</b>		
<b>Benefits</b>	<ul style="list-style-type: none"> <li>Reduce operating budget by approximately \$400k</li> <li>Possibility of users from closed facility moving over to the facility that remains open</li> </ul>		
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>These facilities are different in services provided and user groups, users may not have their needs met by the remaining facility</li> </ul>		
<b>What would it take to make it work</b>	<ul style="list-style-type: none"> <li>Determination of decision making criteria: which one to keep open. Weighting of financial variables and social impact variables to be considered.</li> </ul>		
<b>Operating Budget Impact</b>	<ul style="list-style-type: none"> <li><b>\$400,000 estimated reduction in operational funding</b></li> <li>Unfunded operating budget = <b>\$400,000 with reduced service level</b></li> </ul>		
<b>Capital Impact</b>	<ul style="list-style-type: none"> <li>Keep Inglewood Open - Current lifecycle plan estimates <b>over 5 years: \$3.5 million</b></li> <li>Keep Beltline Open - Current lifecycle plan estimates <b>over 5 years: \$432,000</b></li> </ul>		
<b>× Within Current Budget</b>	<b>× Comparable to City-Wide**</b>	<b>✓ Long-Term Solution***</b>	<b>✓ Responsive to Community</b>

\*\* Maintaining service at these two facilities would exceed comparable city-wide service levels in the catchment area.

\*\*\*Long-term solution with an ongoing increase to budget.

**C: Shift to Partner Operated (2 Concepts)**

<b>Concept C1</b>	<p align="center"><b>GRANT-FUNDED COMMUNITY OPERATOR</b>  <i>Build on partnership model for Social Recreation Groups.</i>  <i>Other groups under this model include:</i>  <i>Vecova, COSPA (Calgary Outdoor Swimming Pools Association), Rotary Challenger Park</i></p>		
<b>Benefits</b>	<ul style="list-style-type: none"> <li>Potential to reduce salary and wage costs</li> </ul>		
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>Age of assets and the associated routine work to keep facilities operational and safe may be unreasonable to ask from a community organization</li> <li>Completion of all outstanding lifecycle capital investment may be required to secure a proponent</li> </ul>		
<b>What would it take to make it work</b>	<ul style="list-style-type: none"> <li>Request for Proposals and due diligence proposal reviews to select proponent</li> <li>A validated, viable long-term operator</li> <li>Capital investment to ready facilities</li> <li>Based on experience with community partners on aquatics-focused facilities an ongoing operating grant would be required.</li> <li>Negotiations with operator and labour relations (financial modelling assumes no succession rights)</li> <li>Likely 2-3 years to implement based on previous experience to prepare Request for Proposal, go to market, select proponent, negotiate contract, create and execute the transition, and complete any capital work necessary prior to take over.</li> </ul>		
<b>Operating Budget Impact</b>	<ul style="list-style-type: none"> <li>Unfunded operating budget = <b>\$600,000 to maintain current service level</b></li> </ul>		
<b>Capital Impact</b>	<ul style="list-style-type: none"> <li>Current lifecycle plan estimates <b>\$5.2 million over next 5 years, will remain City financial liability</b></li> </ul>		

**SUMMARY: OPTIONS FOR BELTLINE AND INGLEWOOD FACILITIES**

Concept C2	<b>NOMINAL TRIPLE-NET LEASE</b> <i>Regional Recreation Centre model where partner is responsible for all operating and capital costs.</i>			
<b>Benefits</b>	<ul style="list-style-type: none"> <li>All operating and capital responsibility rests with one operator. For this concept to be viable, a positive cash flow would be required (which these facilities do not currently deliver).</li> <li>Costs of facility lifecycle maintenance recovered through revenue</li> </ul>			
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>Model is better suited to multi amenity new build facility with a long-range agreement</li> <li>Limited revenue potential due to facility configuration unable to offset increased costs of aged assets and the required lifecycle capital work</li> </ul>			
<b>What would it take to make it work</b>	<ul style="list-style-type: none"> <li>Same as concept above</li> </ul>			
<b>Operating Budget Impact</b>	<ul style="list-style-type: none"> <li>Projected loss to third party operator under this model <b>up to \$1M</b>. Liability would likely remain with the City due to low operational cashflow.</li> </ul>			
<b>Capital Impact</b>	<ul style="list-style-type: none"> <li>Projected incurred lifecycle expense by operator estimated at <b>\$5.2 million over next 5 years</b>. Liability would likely remain with the City due to low operational cashflow.</li> </ul>			
× Within Current Budget	× Comparable to City-Wide**	✓ Long-Term Solution***	✓ Responsive to Community	

\*\* Maintaining service at these two facilities would exceed comparable city-wide service levels in the catchment area.

\*\*\* Long-term solution with an ongoing increase to budget.

**OPTIONS TO GENERATE COMMUNITY AND SOCIAL BENEFITS**

**D: Support Need for Community and Social Benefits, Investigate Repurposing of Facilities / Sites. (1 Concept, with add ons)**

Concept D1	<b>INVESTIGATE METHODS TO MEET COMMUNITY NEEDS</b> <i>Community needs that do not involve a pool Including identifying how/if these sites could be used</i>			
<b>Benefits</b>	<ul style="list-style-type: none"> <li>Allows fulsome understanding of broader community need</li> <li>No pool would mean less expensive assets to program and maintain assuming additional services, yet to be defined are needed</li> </ul>			
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>Time and cost for community engagement and to develop plan, which would displace other prioritized work</li> <li>Scale of possible capital investment and operating budget requirement is unknown.</li> </ul>			
<b>What would it take to make it work</b>	<ul style="list-style-type: none"> <li>Negotiation to extend, revise or remove restrictive covenant at Inglewood site</li> </ul>			
<b>Operating Budget Impact</b>	<ul style="list-style-type: none"> <li>Identified solutions may have future operating budget impacts</li> </ul>			
<b>Capital Impact</b>	<ul style="list-style-type: none"> <li>Identified solutions may have future capital budget impacts.</li> </ul>			
✓ Within Current Budget	✓ Comparable to City-Wide	✓ Long-Term Solution	✓ Responsive to Community****	

\*\*\*\* in principle meets the service benefits identified by the community that are not necessarily derived from the pools themselves, but from opportunities for community gathering and building connections.

**SUMMARY: OPTIONS FOR BELTLINE AND INGLEWOOD FACILITIES**

Concept D1.1	REPURPOSE BELTLINE INTO A FITNESS-ONLY FACILITY			
<b>Benefits</b>	<ul style="list-style-type: none"> <li>No pool would mean less expensive asset to program and maintain</li> </ul>			
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>All lifecycle capital and operating funding needs at the Beltline facility remain unchanged except for those associated with aquatics</li> </ul>			
<b>What would it take to make it work</b>	<ul style="list-style-type: none"> <li>12-16 months for project planning and construction (unfunded)</li> <li>Identification and assignment of capital funding source (unfunded)</li> </ul>			
<b>Operating Budget Impact</b>	<ul style="list-style-type: none"> <li>Unfunded operating budget = up to <b>\$350,000 (Beltline only)</b>.</li> <li>Expenses decrease with no pool but there is a decrease in revenues as well. Drop-in admission and passes have lower cost recovery than programs. Even with the configuration change there would be little fitness programming to generate revenue in a congested marketplace.</li> </ul>			
<b>Capital Impact</b>	<ul style="list-style-type: none"> <li><b>\$1.2 million</b> to repurpose pool area (2019 estimate)</li> <li>Current lifecycle plan estimates over 5 years: <b>\$432,000</b></li> </ul>			
× Within Current Budget	× Comparable to City-Wide**	✓ Long-Term Solution***	× Responsive to Community*****	

\*\* Maintaining service at these two facilities would exceed comparable city-wide service levels in the catchment area.

\*\*\*Long-term solution with an ongoing increase to budget.

\*\*\*\*\*Only partially responsive as it's only one facility (Beltline)

Concept D 1.2	PLAN AND BUILD NEW RECREATION FACILITY			
<b>Benefits</b>	<ul style="list-style-type: none"> <li>Focus effort and funding on aligning with long term service delivery plans</li> </ul>			
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>No set timeline or date since dependent on catchment area population growth</li> </ul>			
<b>What would it take to make it work</b>	<ul style="list-style-type: none"> <li>Catchment area population growth numbers met.</li> <li>Identifications and assignment of capital funding source (unfunded)</li> <li>48-60 months for project planning and construction (unfunded)</li> <li>Identification of service delivery model and operator.</li> </ul>			
<b>Operating Budget Impact</b>	<ul style="list-style-type: none"> <li>Operating model selected may have future operating budget impacts.</li> </ul>			
<b>Capital Impact</b>	<ul style="list-style-type: none"> <li>Dependent on type of facility and amenity mix. <b>In the range of \$100 million</b> excluding demolition and land acquisition costs</li> </ul>			
× Within Current Budget	✓ Comparable to City-Wide	✓ Long-Term Solution	✓ Responsive to Community	