

# PALM DESERT AQUATIC CENTER

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## FEE ANALYSIS UPDATE

*Potential Fee Adjustment (Year 2) & Cost Recovery Discussion*



## HISTORY

- *The Palm Desert Aquatic Center (PDAC) fees were established by resolution in 2011.*
- *Financial analysis showed an increase in City subsidy.*
- *Staff researched local and regional comparisons on cost and amenities of other aquatic facilities.*
- *A 5-Year fee increase plan was presented to the Parks and Recreation Committee and City Council in 2023.*





## HISTORY

- *Study Session March 2023*
- *City Council Meeting September 2023*
- *The Year 1 fee increase was implemented in January 2024. Discount program offered for income qualified residents*
- *January 2025 YMCA Management contract extended through 2030*

# CALIFORNIA AQUATIC FACILITIES

## Key Common Areas

- No established recovery rate goal
- Low recovery rate
- City operated
- Rates are relatively low
- Open times
- Programs focused on community benefits



# CALIFORNIA AQUATIC FACILITIES

Facility	# of Amenities	Adult Entry Fee
PDAC	8	\$5.50
Woollett – Irvine	3	\$4 (per hour)
Alga Norte – Carlsbad	4	\$5
Dolores Bengston – Pleasanton	3	\$6
Fontana Park	4	\$7 (based on height)
Morgan Hill	2	\$15
Splash La Mirada Aquatics Center	3	\$4 (per hour)
Splash La Mirada Buccaneer Bay	7	\$27 (based on height)
The Cove Water Park*	8	\$25 (based on height)
The Drop Zone*	9	\$25 (based on height)

\*Privately operated

# PRIOR DISCUSSION RECAP

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## Previous City Council Discussion

- Gradual increase of fees to reduce impact
- Potential future discussion of updated recovery rate (other than 60%). Current 5-year plan is averaging out to 33% recovery so far.
- Annual review of impact on attendance, patron satisfaction and General Fund contributions

## Today's Review

- Evaluation highlights after year 1 increase
- Potential fee increase progression for year 2
- Impact on General Fund

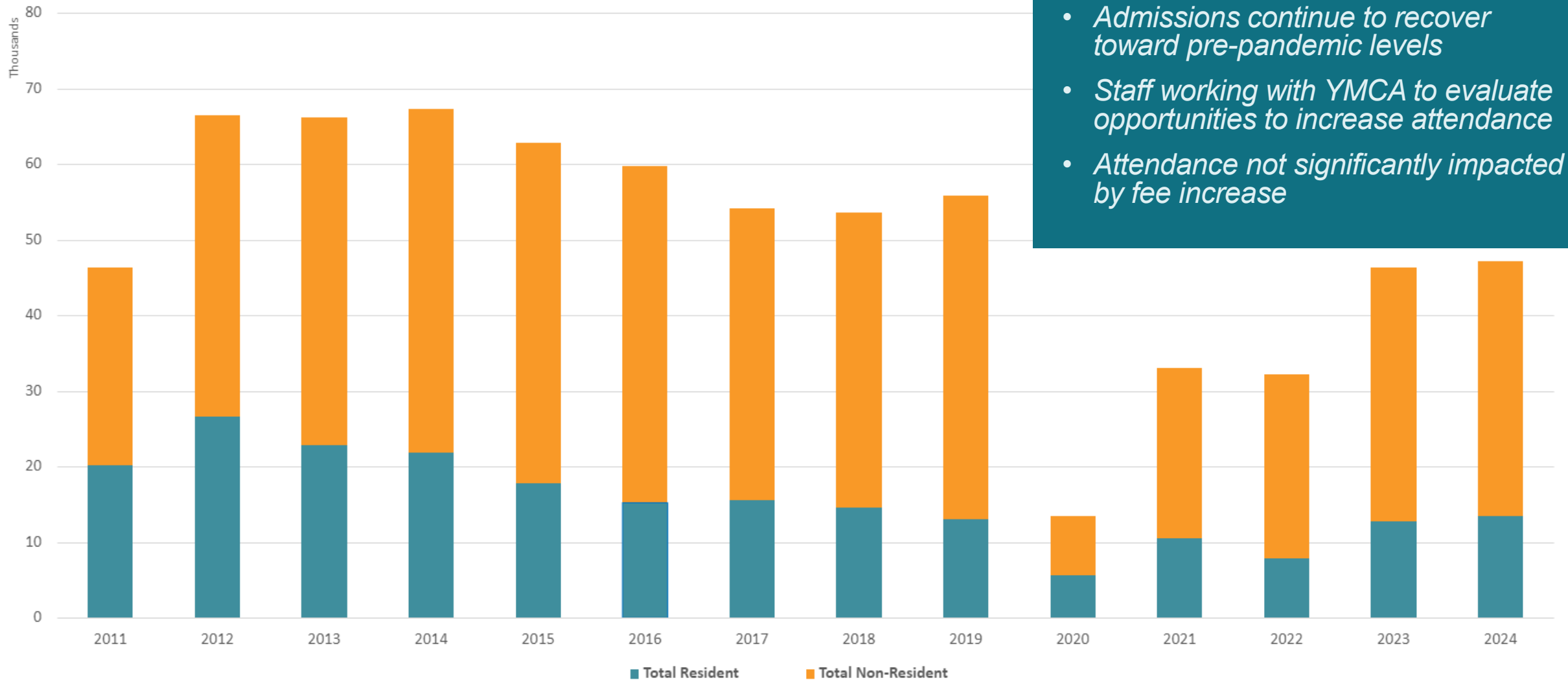




## RECOVERY RATE AND CITY SUBSIDY

- *Not all costs to operate and improve the aquatic center are recovered by program and entry fees.*
- *Reduced attendance at the facility and rising operational costs have increased the city subsidy to 70% (projected for FY24/25).*
- *Since FY16/17, subsidy from General Fund has increased from \$600k to \$2.2M*

## PDAC ADMISSION HISTORY



- Majority of admissions have been from non-residents since 2011
- Admissions continue to recover toward pre-pandemic levels
- Staff working with YMCA to evaluate opportunities to increase attendance
- Attendance not significantly impacted by fee increase



# INCOME-QUALIFIED DISCOUNT PROGRAM

- The financial aid program would roll out with the fee increase January 1, 2024
- Residents of the nine cities of the Coachella Valley are eligible
- Visitors would show one of the qualifying utility bills
- All of the Coachella Valley's utility providers have programs in place
- Utilized by 87 visitors in 2024  
(*\$4 resident adult, \$6 non-resident*)



**COACHELLA VALLEY  
WATER DISTRICT**

# YEAR ONE EVALUATION HIGHLIGHTS

## Impact on attendance

Attendance not significantly impacted

Income-qualified discount program implemented to minimize impact of fee increase on attendance

## Recovery rate

Ops recovery rate decreased from previous year (34% → 30% projected)

Increase in admissions fees brought in additional \$108k in calendar year 2024 compared to prior fees

## General Fund contribution

\$1.9M transferred in FY23/24

Estimated \$2.2M subsidy in FY24/25 based on fiscal YTD performance (*Operations only*)

## Focus on adding value

Management contract with YMCA extended to 2030

Program evaluation & enhancement  
Expansion of food & beverage offerings

# FEE INCREASE PROGRESSION

	Resident				Non-Resident			
Admission Type	Original	1/1/24 (adopted)	7/1/25 (proposed)	4/1/25 (alternate)	Original	1/1/24 (adopted)	7/1/25 (proposed)	4/1/25 (alternate)
Adult (13 to 59)	\$4.00	\$5.50	\$7.50	\$6.50	\$6.00	\$9.00	\$12.00	\$10.50
Youth (6 to 12) & Senior (60+)	\$3.00	\$4.25	\$5.50	\$5.00	\$4.50	\$7.00	\$9.00	\$8.50
Junior (2 to 5)	\$2.50	\$3.50	\$4.50	\$4.00	\$3.75	\$5.75	\$7.75	\$7.00

- Fees were originally established to achieve a 60% cost recovery rate (Reso. 2011-32)
- Proposed year 2 was presented last year, alternate option re-calculated based on budget results through Dec. 2024 and upcoming anticipated savings on management fee and solar usage
- Original proposal generates approx. \$130k in additional revenue, alternate generates \$74k (includes daily admission + punch pass/annual pass sale estimates)

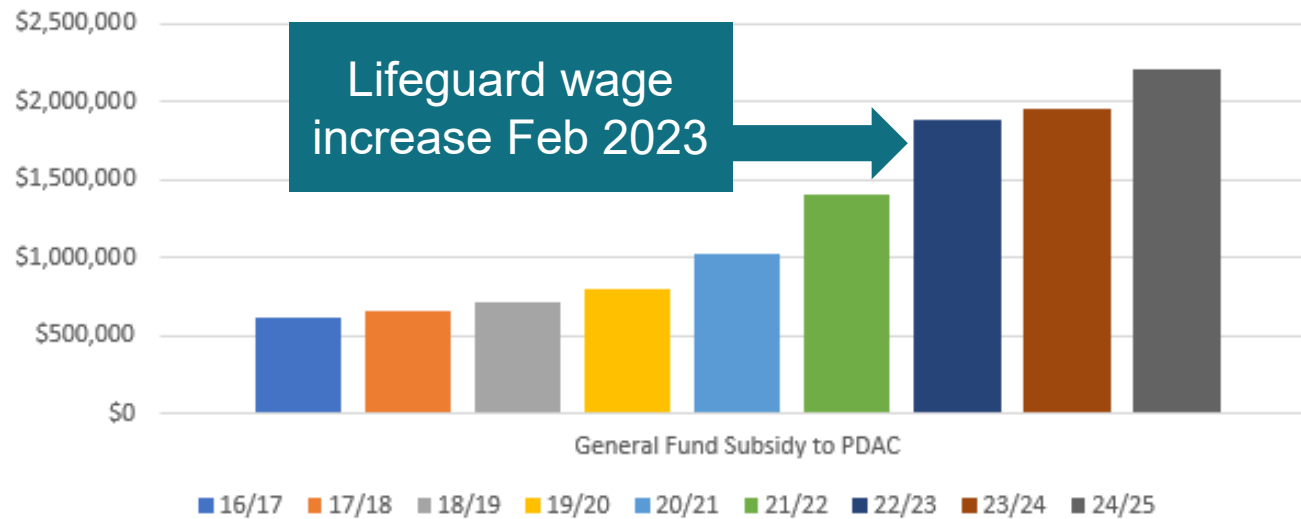


# GENERAL FUND SUBSIDY

*Costs not covered by admission fees, program revenue and F&B sales must be subsidized by General Fund dollars*

Fiscal Year	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
General Fund Subsidy	\$613,833	\$657,877	\$709,937	\$794,884	\$1,026,000	\$1,400,500	\$1,890,294	\$1,961,250	\$2,215,598 (projected)*
Cost Recovery %	59%	59%	58%	40%	26%	33%	34%	33%	30% (estimated)

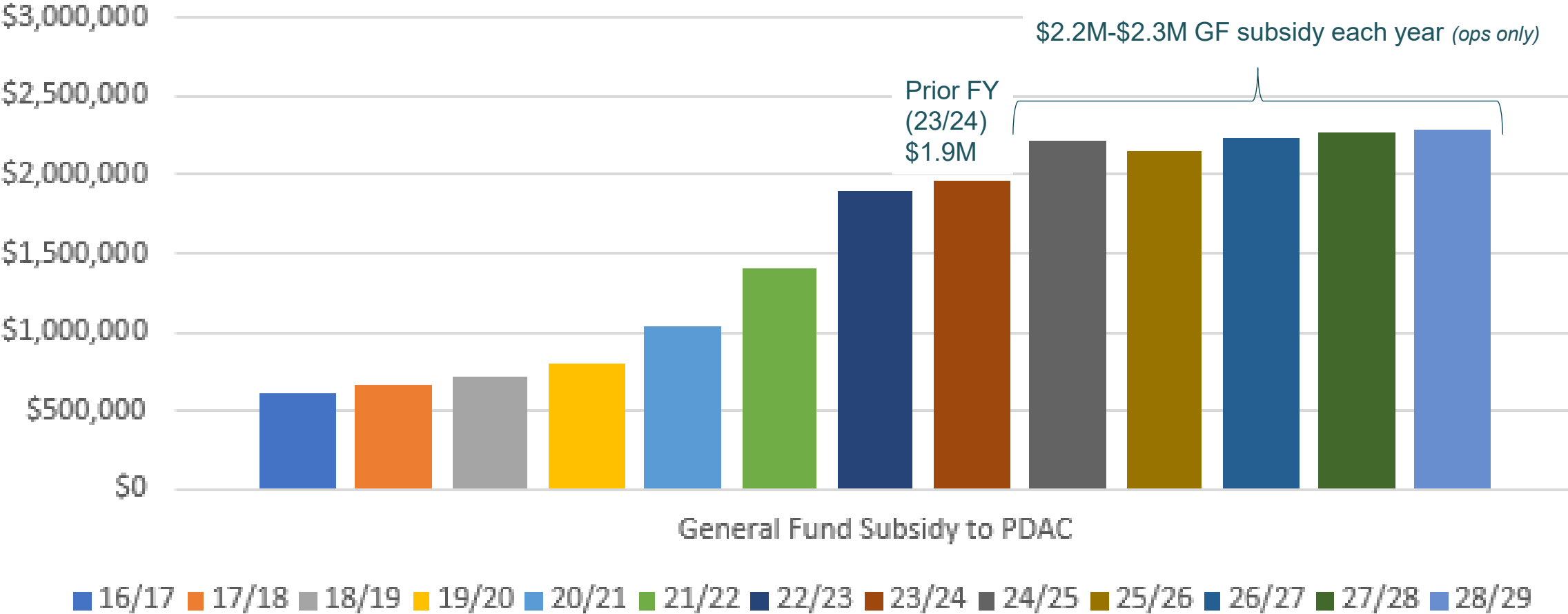
*Previously  
\$2M*



- Cost recovery %'s dipped from prior year
  - February presentation to Parks & Rec. Committee showed \$2M subsidy for 24/25, now anticipated at \$2.2M
  - Budget projections further refined during FY25/26 budget process
  - Future fee increases to be in alignment with fiscal year for greater continuity

# GENERAL FUND SUBSIDY

*Gradual fee increase over 5 years, approx. 33% recovery rate overall*



# ADDITIONAL GENERAL FUND SUPPORT FOR CIP

Project Name	FY 24-25	FY 25-26	FY 26-27	FY 27-28
Inflatable Components	\$ 25,000			
Starting Blocks	\$ 75,000			
Backup Generator Installation	\$ 150,000			
Landscape Upgrades	\$ 50,000			
HVAC Replacement	\$ 25,000	\$ 50,000		
Equipment Renovations Construction		\$3,500,000		
Additional TurboChef		\$ 50,000		
Replace concrete		\$ 500,000		
Resling Chairs	\$ 25,000	\$ 25,000	\$ 20,000	\$ 20,000
Roof access ladder		\$ 25,000		
Fence replacement		\$ 150,000		
Design Capital Improvements			\$ 250,000	
Colorado Timing System replacement				\$ 500,000
Slide replacement				
ADA Chair Lift			\$ 10,000	
Surveillance camera subscription renewal				\$ 10,000
<b>Total CIP Transfer</b>	<b>\$ 350,000</b>	<b>\$4,300,000</b>	<b>\$ 280,000</b>	<b>\$ 530,000</b>
<b>Total Ops Transfer</b>	<b>\$ 2,215,598</b>	<b>\$2,152,214</b>	<b>\$2,242,596</b>	<b>\$2,271,241</b>
<b>All-In Transfer</b>	<b>\$ 2,565,598</b>	<b>\$6,452,214</b>	<b>\$2,522,596</b>	<b>\$2,801,241</b>

- Filter tanks
- Heaters
- Pumps





## Capital Improvement Benefits

- *Pump Room Renovations*
  - *Increased efficiency and lifespan of pumps due to filter tank replacement*
  - **12% reduction** in use of gas for heating
- *Generator Installation*
  - *Protection of electrical systems and new equipment*
  - *Sustains facility during power outage*
- *Solar project*
  - **Estimated savings of \$160,000 annually**  
(electric only, after equipment payoff)

## Strategy to Improve Recovery Rate

- *Business Model*
  - *Increase events and programming during low attendance*
  - *Targeted marketing and social media campaigns*
  - *Incorporate passive income: cabanas, F&B options*
  - *Investigate opportunities for capital improvements*
- *Aquatics Consultant*
  - *Advise on industry trends and national standards*
  - *Community input and customer satisfaction*
- *Fee Increase*
  - *Stabilizes City Subsidy to offset increasing costs*

# SCHEDULE

Date		Milestone
2/4/2025		Presentation to Parks & Recreation Committee based on preliminary budget projections. Recommendation of Alternative Option.
4/1/2025		Updated budget projections presentation to P & R.
4/24/2025		Staff recommendation to implement Year 2 based on P & R recommendation.
7/1/2025		Begin implementation of Year 2 fee schedule to align with fiscal year.
2026		Reassessment and findings from Year 2, including recovery rate for Committee, then Council consideration





# RECOMMENDATION

- Parks and Recreation Committee on April 1, 2025 voted in favor of the Original Year-2 plan
- Staff recommendation is consistent with that of the Committee

**Adopt Original Year-2 plan of the 5-Year plan presented**





**QUESTIONS?**

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**THANK YOU!**