






To: City of Olmstead
From: [REDACTED]
Re: Request for Proposals (RFP) for Olmstead Pool
Date: October 28, 2013

Memorandum


Vision

 The Community Aquatic Association (CAA), has a vision of promoting environmental and financial sustainability and healthy communities. The Olmstead pool has the potential to become a wonderful community asset as a safe and health-oriented community space. 



Mission


The CAA's mission is to provide a modern and affordable community pool to the residents of Olmstead. Our goal is to provide programs for all ages, and complete renovations that make the pool a leader in environmentally-friendly operations, while reducing operating costs and enhancing financial sustainability. 

Proposed Renovations

Renovation of the Olmstead pool will be driven by our commitment to environmental sustainability, as well as our goal of creating a welcoming community space. Energy upgrades include a high-efficiency water treatment system and heater for the pool, and low-flow showers and toilets in the locker rooms. Solar panels will be installed and provide up to 75% of the pool's electricity needs. The reception area will undergo cosmetic improvements as well as the installation of a concession stand and pool toy rental area. Additional classrooms will be upgraded to house community programs. The locker rooms will get new tile and lockers, plus a sauna and hot tub. The pool will have a water slide as well as a smaller slide for young children. The pool will be retiled, but the size and shape will not change. The installation of a concessions stand in the reception area, featuring smoothies, coffee, and healthy snacks, will provide a place for community members to socialize. Our renovations will attract much more participation from the community. 


Budget





Our total projected renovation cost is \$2.5 million,  which includes the contingency fund, in case mold or other issues are discovered during the remodel process. Of this, \$1.5 million will come from a grant the CAA was awarded from the county to invest in sustainable community projects. We will add the additional \$1 million with a loan from the bank, which our organization will pay back over a period of  five years at 5% interest rate.


 The projected growth over the first three years is considerable, with a projected 25% increase in usage from the first year to the second year and a 15% increase from the second year to the third year. Our projected revenues and expenses have allowed for these higher growth rates in the first three years. In years 4-10, our expenditures and revenues increase based on inflation (3%) and population growth (1.25%). This allows for potential reevaluation of programs in year three, in order to ensure efficiency, evaluate potential new sources of revenue, and unforeseen budgetary constraints.




Benefits to City and Community


 In recent years, the city of Olmstead has been losing money through operating the pool. Our proposal will allow them to reverse this trend, resulting the following three opportunities for revenue:



-  1) Our organization will assume the responsibility for costs, removing this responsibility from Olmstead taxpayers. 
-  2) We will make substantial capital improvements to the pool, increasing the long-term value of the property. We will repay our subsequent \$1,000,000 and recoup expenses from year 1-4 within the first five years of operation.
-  3) After two years, once we are profitable, we will pay the city 20% of profits, and retain other profit to recoup startup expenses, fund future renovations, and facilitate community-building opportunities.

 The CAA has targeted our staffing to facilitate productive usage of the space. The Recreation Coordinator will be in charge of creating opportunities for community engagement. By hiring local staff and renting the workout studio and classroom to people from the community, the Coordinator will create a forum for local input and the community will have a voice in determining the use of the space. The studio will promote community workouts in a class setting and contribute to the overall health of community members. The third classroom will also be available for community members to rent for private usage, as well as classes. The lifeguards will teach swim lessons and water aerobics, while swim teams will use coaches from local schools and pay a fee per practice.


 The newly renovated pool will be highly energy efficient. The CAA aims to serve as a model for sustainability and remain consistent in messaging that promotes lower-costs and energy conservation. While this may slightly reduce the city's revenues for energy, it will be beneficial in the long run because Olmstead, like other American cities, will face increased demand for energy because of population growth.

Potential risks

 The potential risks for the CAA are going over budget and low pool attendance. We have addressed the first issue by having a contingency fund of \$200,000 in our renovations budget. The second concern has been addressed by projecting reasonable growth rates for the pool in the coming years. From the third year on, we expect that pool usage will increase at around the same percent as population growth (1.25%).

 The potential risk for the city is the dependency of profit for the city on the profit of the pool. Since the city has not invested any of its own money, this is not a big risk for the city - they only stand to gain money, not incur losses. Risks for the community will be mainly for those people who teach classes in the workout studio or classroom. Room rental is a flat rate making the risk of low profits or losses rest on the teachers, who are not pool or city employees. If teachers rent the yoga studio for \$100, they only need a minimum of 10 people in the class to break even if they charge \$10 per person, making the financial loss relatively low. The CAA hopes that local instructors will be able to recruit a high number of attendees from their community, thereby minimizing their own the risk of losing money. 

Conclusion

 Our vision of environmental and community sustainability will make a positive impact on the town of Olmstead by creating a dynamic community space and making Olmstead a leader in sustainable energy. This fresh vision will allow for ongoing community input and engagement, and increase the overall health and well-being of the town of Olmstead.

Summary: Year 1-10

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Expenditures	\$933,843	\$1,066,920	\$1,174,340	\$1,262,038	\$1,268,612	\$1,227,803	\$1,087,903	\$1,107,653	\$1,127,995	\$1,148,948
Revenues	\$856,040	\$1,070,050	\$1,230,558	\$1,283,318	\$1,338,340	\$1,395,721	\$1,455,563	\$1,517,970	\$1,583,053	\$1,650,926
Total Profit/Loss	-\$77,803	\$3,130	\$56,218	\$21,280	\$69,728	\$167,918	\$367,660	\$289,819	\$455,058	\$501,979
Payment to City of Olmstead	\$0	\$626	\$11,244	\$4,256	\$13,946	\$33,584	\$73,532	\$82,063	\$91,012	\$100,396
Cumulative Profit/Loss	-\$77,803	-\$75,299	-\$30,325	-\$13,301	\$42,481	\$176,816	\$470,944	\$678,699	\$1,042,745	\$1,955,382

Year 3 - Revenues

Revenue Sources	Price	Summer Quarter - Year 3		Fall Quarter - Year 3		Winter Quarter - Year 3		Spring Quarter - Year 3		Annual Usage	Subtotals
		Number	Revenue	Number	Revenue	Number	Revenue	Number	Revenue		
Yearly membership signups	\$300	288	\$86,250	144	\$43,125	144	\$43,125	144	\$43,125	719	\$215,625
Monthly membership fees	\$35	5,031	\$176,094	1,438	\$50,313	1,725	\$60,375	2,013	\$70,438	10,206	\$357,219
One time-use pool fees	\$5	57,500	\$287,500	14,375	\$71,875	15,813	\$79,063	17,250	\$86,250	104,938	\$524,688
Classroom rental	\$30	50	\$1,509	46	\$1,380	49	\$1,466	52	\$1,553	197	\$5,908
Workout studio rental	\$100	65	\$6,469	115	\$11,500	173	\$17,250	230	\$23,000	582	\$58,219
Subtotal			\$557,822		\$178,193		\$201,279		\$224,365		\$1,161,658
Activities	Price										
Swimming lessons	\$20	359	\$7,188	144	\$2,875	144	\$2,875	144	\$2,875	791	\$15,813
Swim team (calculated based on one practice)	\$50	43	\$2,156	86	\$4,313	86	\$4,313	29	\$1,438	244	\$12,219
Water Aerobics (calculated based on individual attendance)	\$7	431	\$3,019	453	\$3,170	474	\$3,321	496	\$3,472	1,854	\$12,981
Subtotal			\$12,363		\$10,357		\$10,508		\$7,784		\$41,012
Other											
Concessions	\$4	1,438	\$5,750	1,294	\$5,175	1,294	\$5,175	1,438	\$5,750	5,463	\$21,850
Pool toy rentals	\$3	1,150	\$3,450	288	\$863	288	\$863	288	\$863	2,013	\$6,038
Subtotal			\$9,200		\$6,038		\$6,038		\$6,613		\$27,888
TOTAL			\$579,384		\$194,587		\$217,824		\$238,762		\$1,230,558

Year 3 - Expenditures

EXPENDITURES	Cost Per (annual)	Summer Qtr	Fall Qtr	Winter Qtr	Spring Qtr
Salaries					
Pool Director (FT)	\$80,000	\$20,000	\$20,000	\$20,000	\$20,000
Program Director (FT)	\$63,000	\$15,750	\$15,750	\$15,750	\$15,750
Rec Coordinator (FT)	\$42,000	\$10,500	\$10,500	\$10,500	\$10,500
Janitor & Maintenance (FT)	\$52,500	\$13,125	\$13,125	\$13,125	\$13,125
Lifeguard Salary (PT)	\$171,120	\$42,780	\$42,780	\$42,780	\$42,780
Summer Lifeguards (PT)	\$13,800	\$13,800	\$0	\$0	\$0
SUBTOTAL	\$422,420	\$115,955	\$102,155	\$102,155	\$102,155
Insurance					
Pool insurance	\$100,000	\$25,000	\$25,000	\$25,000	\$25,000
Utilities					
Heating	\$75,000	\$18,750	\$18,750	\$18,750	\$18,750
Water	\$100,000	\$25,000	\$25,000	\$25,000	\$25,000
Waste Management	\$12,000	\$2,000	\$3,000	\$3,000	\$3,000
TOTAL	\$187,000	\$45,750	\$46,750	\$46,750	\$46,750
Location Fees					
Payment to the city	\$0				
Loan Repayment					
Payment	\$200,000	\$50,000	\$50,000	\$50,000	\$50,000
Interest	\$30,000	\$7,500	\$7,500	\$7,500	\$7,500
Total Payment	\$230,000	\$57,500	\$57,500	\$57,500	\$57,500
Loan Balance	\$600,000				
Miscellaneous					
Materials for rentals	\$5,000	\$1,250	\$1,250	\$1,250	\$1,250
Materials for concessions	\$20,000	\$5,000	\$5,000	\$5,000	\$5,000
TOTAL	\$25,000	\$6,250	\$6,250	\$6,250	\$6,250
Fringe Benefits					
Social Security	\$171,120	\$28,520	42780	42780	42780
Unemp/Disability	\$13,800	\$2,300	3450	3450	3450
Health Insurance/Pensions	\$25,000	\$4,167	6250	6250	6250
TOTAL	\$209,920	\$34,987	52480	52480	52480
Total Expenditures	\$1,174,340	\$227,942	\$232,635	\$232,635	\$232,635