



# AGENDA REPORT

**Department:** Library and Community Services  
**Prepared by:** Joyce Ryan, Library & Community Services Director  
**Meeting Date:** Tuesday, February 21, 2023  
**Approved by:** Brad Raulston, City Manager

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**SUBJECT:**

Approval of Agreement with EXOS Community Services LLC for Las Palmas Pool Operations

**RECOMMENDATION:**

Adopt a Resolution Entitled, "Resolution of the City Council of the City of National City, California, Authorizing the Mayor to Execute a Service Agreement between the City of National City and EXOS Community Services, LLC, to provide aquatic programs and services at Las Palmas Pool located at 1800 East 22<sup>nd</sup> Street."

**BOARD/COMMISSION/COMMITTEE PRIOR ACTION:**

Not Applicable.

**EXPLANATION:**

On February 7, 2023, the City Council meeting agenda included this item for review and approval. At that meeting, Council voted to continue the item to a subsequent meeting in order to allow staff to present additional information regarding the operation of Las Palmas Pool by EXOS.

The proposed new agreement with EXOS includes a few modifications to the City's standard contract. These modifications include limiting EXOS's indemnity obligations to negligent performance of its obligations and the inclusion of a mutual liability cap. As EXOS provides world-class services on an international basis, and, as a much larger organization than it was in 2018, it can no longer assume the risks it has historically assumed under the prior contract. Given that EXOS's scope of work is limited to programming and the City is responsible for maintenance of the public facility the proposed modifications are reasonable.

**BACKGROUND**

Las Palmas Pool was dedicated in 1958 to serve the residents of National City. In 2011/12, City staff explored new avenues for pool operations. After exploring an option with the YMCA, City staff worked with Medi-Fit (which became EXOS) to become a community partner in operating the pool. EXOS Community Services, LLC has provided aquatics programs and services at Las Palmas Pool since 2015. They have continued in that role with the exception of a short period of closure due to COVID.

In 2018, Council approved a 5-year agreement with EXOS to operate Las Palmas Pool; this agreement was canceled in May 2020 due to COVID closures. City Council approved the most recent agreement with EXOS Community Services LLC on June 16, 2020, following this closure. City Council approved the First Amendment to the Agreement on June 15, 2021, extending the term of the agreement to June 30, 2022. The Second Amendment to the Service Agreement approved by City Council on June 21, 2022, extended the term to December 31, 2022.

On October 19, 2021, the City Council approved the emergency repairs to Las Palmas Pool. The pool widening project was approved on February 1, 2022, and the new Las Palmas Pool Wellness Center was approved at the February 15, 2022, meeting. During this time, EXOS staff have contributed valuable information and insight into pool operations, assisting staff and consultants with their knowledge.

Staff are anticipating the re-opening of the pool in Summer 2023. The continued service of EXOS will ensure a smooth transition to the new pool operation. Due to the pool widening, additional programming and revenue generation opportunities exist. Staff are recommending a longer agreement as this allows EXOS to better serve the community by providing consistent programming and competing for lifeguard staff during a nationwide lifeguard shortage.

### **COST COMPARISON**

Although it is unlikely that the pool would be operated as a cost-neutral program, EXOS has worked with the City in order to reduce costs and increase revenues. The budget actuals for 2018-2022 are listed below. Please note that revenues were reduced in FY20 as a result of closure due to COVID. In addition, revenues were reduced in 2022, as the pool closed for a portion of the year, awaiting construction.

**Table 1  
Las Palmas Pool/EXOS  
Budget Actuals 2018-2022**

	2018	2019	2020	2021	2022
Expenditures	\$444,315	\$485,581	\$389,966	\$302,566	\$324,281
Revenues	\$232,033	\$230,495	\$131,652	\$339,139	\$160,589
Net Cost to City	\$212,282	\$255,086	\$258,314	(\$36,573) <sup>1</sup>	\$163,690

Although it may seem as though the costs could be reduced further, a rough sampling of local cities shows that expenditures are in line with what is experienced in other cities. Revenues at Las Palmas Pool are actually higher than those of some other cities. Please note that staffing expenditures in the table below do not include materials and supplies, training, maintenance, chemicals, or utility costs - this is for general comparison only.

**Table 2  
Sampling of Municipal Pools  
Expenditures/Revenues**

Municipality	Staffing <sup>2</sup> Expenditures	Revenues	Net Cost	Notes
La Mesa	\$555,650	\$140,000	\$415,650	FY23 Projected
San Marcos	\$364,000	\$225,000	\$139,000	FY23 Projected
Poway	\$588,747	\$448,000	\$140,747	FY23 Approved Budget

In addition, staff also looked at the 14 municipal pools offered through the City of San Diego. Because of the number of facilities, staff can be scheduled at a number of different pools in order to meet staffing needs. Management costs are spread over the entire pool system, so they are given a separate line item. Please note that total costs include utility costs but do not include maintenance or chemicals expenditures. Revenues fluctuate at these facilities depending on the

<sup>1</sup> Many outdoor activity facilities experienced an anomalous increase in revenues due to COVID closures of indoor activities.

<sup>2</sup> Expenditure figures do not include pool maintenance, materials and supplies, training, uniforms, etc.

neighborhood, pool size, and joint-use agreements. For example, Ned Baumer pool has a joint use agreement with the local college and has three pools located at the center.

**Table 3**  
**City of San Diego Pools**  
**Estimated Annual Budget FY23**

Pool Facility	Staffing Expenditures	Total Costs (includes staffing costs)	Revenues	Net Cost
Allied Gardens	\$255,531	\$377,658	\$122,586	\$255,072
Bud Kearns	\$283,013	\$388,287	\$135,076	\$253,211
Carmel Valley	\$268,760	\$395,191	\$109,518	\$285,673
City Heights	\$295,529	\$378,551	\$79,796	\$298,755
Clairemont	\$293,636	\$433,142	\$137,157	\$295,985
Colina del Sol	\$174,070	\$228,678	\$14,803	\$213,875
Kearny Mesa	\$197,423	\$267,487	\$42,095	\$226,392
Memorial	\$248,702	\$373,636	\$61,177	\$312,459
MLK	\$186,652	\$237,724	\$33,769	\$204,955
Ned Baumer	\$350,035	\$526,230	\$224,239	\$301,991
Swanson	\$226,684	\$293,475	\$54,354	\$239,121
Tierrasanta	\$262,858	\$384,394	\$104,892	\$279,502
Vista Terrace	\$204,145	\$308,457	\$37,007	\$271,450
Standley	\$363,916	\$492,715	\$10,000	\$482,715
Management Costs	\$483,787	\$483,787	\$0	\$483,787
<b>Totals</b>	<b>\$4,094,741</b>	<b>\$5,571,412</b>	<b>\$1,166,469</b>	<b>\$4,404,943</b>

Staff conducted a surface examination of potential staffing costs for the operation of Las Palmas Pool. Below are rough figures for staffing Las Palmas Pool.

**Table 4**  
**Annual Estimate for Las Palmas Pool Staffing**

Staffing		
Aquatics Manager <sup>3</sup>	Salary + Benefits	\$117,091
Senior Lifeguards (5) <sup>4</sup>	Based on \$18.56/hr	\$92,800
Lifeguards (15) <sup>5</sup>	Based on \$18.39/hr	\$275,850
<b>Total</b>		<b>\$485,741</b>

In the table above, please note that current job classifications and salary schedules would need to be updated and approved. In addition, a new Full-time Aquatics Manager job classification would need to be created. Positions would need to be filled prior to the pool opening, and training

<sup>3</sup> This position would need to be created. Salary is based on Recreation Superintendent job classification's lowest salary band.

<sup>4</sup> Senior Lifeguard hourly rate is based on \$18.56 per hour (highest current step). This would need to be increased to compete with local area compensation. For example, City of San Diego recently approved a 30% increase to their Pool Guard II position, changing the hourly rate to \$21.93 - \$26.42.

<sup>5</sup> Lifeguard hourly rate is based on highest current step rate of \$18.39 per hour. This salary would need to be increased to compete with local area compensation. City of San Diego recently approved a 30% increase to their Pool Guard I position, changing the hourly rate to \$19.98 - \$24.06.

of all staff would need to occur. Lifeguard positions are based on current practice at Las Palmas Pool of staffing with 20 lifeguards for optimal service. In addition, there are traditionally no union-represented positions at Las Palmas Pool. Past practice has seen the use of part-time or management staff only.

Staffing for local pools has become challenging in recent years. Recently, the City of Poway had to reduce the number of swim lessons provided by 65% from last year because they could not hire enough lifeguards for demand. The City of Poway is also considering hiring two full-time senior lifeguards to create some stability, reduce turnover, and grow employees from within. Two years ago, the City of Carlsbad created full-time lifeguards, and the City of San Diego is now hiring full-time lifeguards because staffing pools is so challenging.

Table 4 does not include costs for materials and supplies, training, equipment, uniforms, and program supplies. There is also no attempt at revenue numbers, as these are dependent on staffing and subsequent program offerings. In addition, the table also does not show the overhead costs for Human Resources, which would need to update job descriptions and salaries and recruit for the needed positions.

### Staff Recommended Operator

EXOS Community Services has proved to be a valued community partner working with the City to operate and enhance aquatics services at Las Palmas Pool. Within the past five years, EXOS has offered the following programs to community members at minimal cost to residents:

- Lap Swim and Recreational Swim
- Learn to Swim classes (Group and Individual)
- GEX Aqua Classes
- Water Walking

EXOS Community Services is committed to being an exceptional community partner and works to create low-cost aquatics programming for our residents. EXOS' proposed budget for FY24 is attached as an exhibit to this staff report. With the increased size of the pool, opportunities for revenue will increase; however, revenues are shown with a conservative 5% increase in swim lessons and day passes. Revenues are based on a number of different streams, including lessons, day passes, Red Cross courses, and pool rentals. Table 5 below shows the current Council-approved fee schedule for Las Palmas Pool.

**Table 5  
National City Las Palmas Pool Fees**

Activity	Age Group	Residents	Non-Residents
Lap & Recreational Swim (cost per session)	Youth (up to age 12)	\$1	\$3
	Adults (13 and over)	\$3	\$4
	Seniors (65 and over)	\$1.50	\$4
Lap & Recreational Swim (30 session pass)	Youth (up to age 12)	\$20	\$45
	Adults (13 and over)	\$45	\$60
	Seniors (65 and over)	\$30	\$45
GEX Aqua Classes	Adults (13 and over)	\$3	\$4
	Seniors (65 and over)	\$1.50	\$3
<b>Group Swim Lessons</b>			
4 Class Sessions	All Ages	\$20	\$28
5 Class Sessions	All Ages	\$25	\$35
6 Class Sessions	All Ages	\$30	\$42
7 Class Sessions	All Ages	\$35	\$49
8 Class Sessions	All Ages	\$40	\$56

<b>Private Swim Lessons</b>			
4 Class Sessions	All Ages	\$80	\$120
5 Class Sessions	All Ages	\$100	\$150
6 Class Sessions	All Ages	\$120	\$180
7 Class Sessions	All Ages	\$140	\$210
8 Class Sessions	All Ages	\$160	\$240

With the re-opening of the pool, EXOS will continue offering excellent service and quality programs to the community. In addition, the participant numbers will continue to grow as the pool widening has allowed for greater use of the facility. Therefore, staff is recommending that Council approve the agreement with EXOS Community Services to allow them to continue to operate Las Palmas Pool.

**FINANCIAL STATEMENT:**

Revenues and expenditures for pool operations were included in the FY23 budget.

**RELATED CITY COUNCIL 2020-2025 STRATEGIC PLAN GOAL:**

Parks, Recreation and Library

**ENVIRONMENTAL REVIEW:**

This is not a project under CEQA and is therefore not subject to environmental review.CCR15378; PRC 21065.

**PUBLIC NOTIFICATION:**

Agenda Report posted within 72 hours of meeting date and time in accordance with Brown Act.

**ORDINANCE:**

Not Applicable

**EXHIBITS:**

1. Service Agreement Between City and EXOS Community Services
2. EXOS Community Services – Las Palmas Pool Budget FY23
3. EXOS Community Services Proposed Budget FY24
4. Second Amendment to Service Agreement Between City and EXOS Community Services for July 1, 2022 to December 31, 2022
5. Resolution