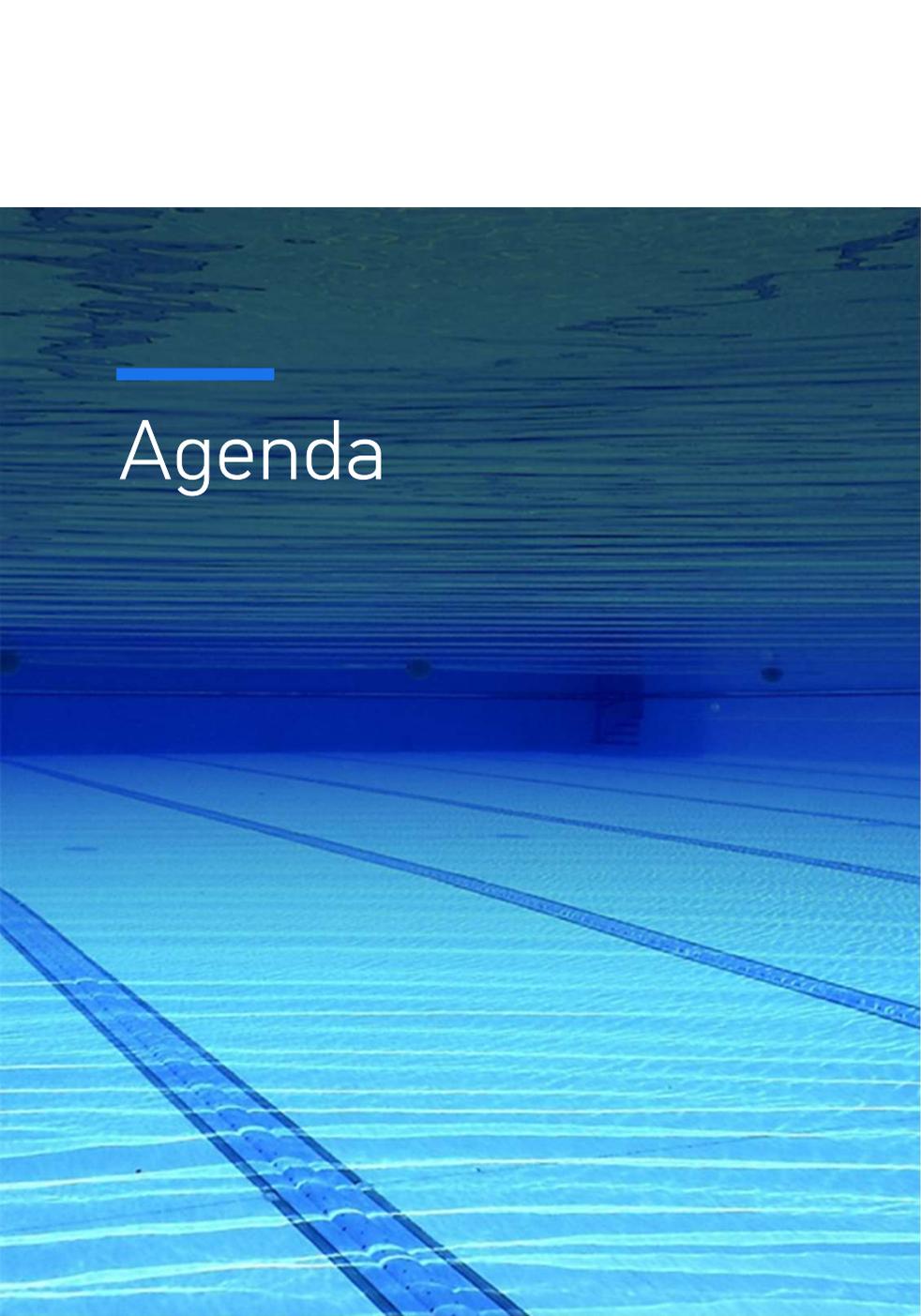




El Segundo Aquatics Strategic & Financial Plan Update September, 2025



Agenda

- Plan Overview
 - Goals
 - Current State
 - Proposal Summary
 - Implications
- Process
- Business Plan Proposal
 - Allocation / Blocking
 - Pricing
 - Alternative Revenue Sources
 - Operations
 - Financial Forecast
- Next Steps / Continued work

Goals. What are we trying to accomplish?

Improve our cost recovery while supporting community programming and youth sports. Specifically...

- ESAC: Focus on max utilization with highest-revenue per lane hour blocks; goal = 90% cost recovery
- Plunge: Focus on max utilization and delivery of community services; goal = 40% cost recovery
- Hilltop: No change (focus on the other two)
- Develop an aquatics profit & loss model to define and measure success
- Increased equity across user group types - both in cost and allocation
- Price our facilities/services in-line with market (except lessons - keep them low)
- Identify and drive alternatives sources of revenue [focus on current utilization]

Status. Where do we sit today?

Snapshot:

- Financials aren't bad. Aquatics has been performing better than expected with ~74% cost recovery (ESAC at 88.5%).
- Net outflow was \$400k in 24/25. Adding the plunge, with a lower cost recovery, will increase net spend significantly.
- Non-water polo groups pay \$18.00. Water polo groups pay only \$9.80.
- Youth water polo has an extremely low portion of prime-time allocation; less than 1/10th of the time allocated to youth swimming
- ES provided 1,064 lane hours of swim lessons in 24/25; down from 1,800 in CY19 when the plunge was active.
- Rec swim hours are extremely limited. Plunge should help.

The goal of our plan is to address these gaps while optimizing the financial performance of our aquatics infrastructure.

FY2024-2025	Annual Hours Used		FY2024-2025	Prime Time Allocation	
	Lane Hours	%		Lane Hours	%
Lessons	1,064	0.9%	Lessons	1,664	6.2%
Open/Rec Swim	2,776	2.4%	Open/Rec Swim	0	0.0%
Lap Swim	66,990	58.9%	Lap Swim	3,456	12.9%
High Schools	8,866	7.8%	High Schools	8,630	32.1%
Youth Water Polo	8,539	7.5%	Youth Water Polo	882	3.3%
Youth Swimming	15,178	13.3%	Youth Swimming	12,242	45.6%
Other	10,312	9.1%	Other	0	0.0%
Total	113,725	100.0%	Total	26,873	100.0%

Operating Performance: Fiscal 2024-2025					
Revenue*	ESAC	Plunge	Hilltop	Overhead	Total
Permit Groups**	\$651,478	\$0	\$0	\$0	\$651,478
Instructional Programming	\$168,972	\$0	\$0	\$0	\$168,972
Drop-In Programming	\$321,746	\$0	\$9,214	\$0	\$330,960
Other Revenue	<u>\$32,464</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$32,464</u>
Total Revenue	\$1,174,661	\$0	\$9,214	\$0	\$1,183,875
Expense	ESAC	Plunge	Hilltop	Overhead	Total
Employee-Related	(\$857,139)	(\$17,181)	(\$41,169)	(\$200,454)	(\$1,115,942)
Supplies & Service Charges	(\$114,916)	(\$2,316)	(\$2,754)	\$0	(\$119,986)
Public Works	<u>(\$355,099)</u>	<u>\$0</u>	<u>(\$11,248)</u>	<u>\$0</u>	<u>(\$366,346)</u>
Total Costs	(\$1,327,154)	(\$19,496)	(\$55,170)	(\$200,454)	(\$1,602,274)
Net Income	(\$152,493)	(\$19,496)	(\$45,956)	(\$200,454)	(\$418,400)
Cost Recovery	88.5%	0.0%	16.7%	0.0%	73.9%

Note: *Timing for hourly revenue is based on timing of services provided; not invoice date; **High School use included in permit group revenue @ \$18.00 rate (~\$150k/yr)

Plan Overview – Proposal Summary

Take advantage of the Plunge coming online to initiate a limited set of pricing and blocking changes to push allocations and revenue generation toward our goals.

- Allocations and Blocking
 - Move prime time (3-7pm) lane swimming and lessons to Plunge; frees up instructional pool at ESAC
 - Split allocation of ESAC North and South – dedicate one each to youth swimming and youth water polo
 - Youth swimming gains access to the instructional pool
 - Bring Plunge online with similar blocking structure as pre-close
- Pricing
 - Create two pricing blocks; \$20.00 before 7pm and \$12.00 after
 - Push pricing on drop-in where possible (proposing \$1.00 increase for non-residents)
- Operations / Costs: Variable costs are lifeguards and swim instructors.
 - Work with city attorney to minimize lifeguards on duty during club activities
 - Explore additional pool closures during low revenue periods (i.e. lap swim, esp when lap swim is going at both pools)

Plan Overview - Implications

Financial:

- Plunge online at >50% cost recovery; ESAC at 85%
- Options remain to increase prices / return

Allocations and Programming

- Significant increase in lesson allocation (note: staffing limitations could prevent full utilization)
- Additional lap swim and rec swim availability at the plunge
- Increased youth sports prime time parity

	FY 2024-2025 - Actual					FY 2026-2027 - Forecast**				
	ESAC	Plunge	Hilltop	Admin	Total	ESAC	Plunge	Hilltop	Admin	Total
Revenue	\$1,174,661	\$0	\$9,214	\$0	\$1,183,875	\$1,298,535	\$670,478	\$14,837	\$0	\$1,983,849
Expense	(\$1,327,154)	(\$19,496)	(\$55,170)	(\$200,454)	(\$1,602,274)	(\$1,642,403)	(\$1,081,344)	(\$76,305)	(\$353,212)	(\$3,153,264)
Net Income	(\$152,493)	(\$19,496)	(\$45,956)	(\$200,454)	(\$418,400)	(\$343,868)	(\$410,866)	(\$61,468)	(\$353,212)	(\$1,169,415)
Cost Recovery	88.5%	0.0%	16.7%	0.0%	73.9%	79.1%	62.0%	19.4%	0.0%	62.9%
Lane Hours	115,348	0	NA	NA	115,348	113,685	27,244	NA	NA	140,930
Revenue / Lane Hour	\$10.18	NA	NA	NA	\$10.26	\$11.42	\$24.61	NA	NA	\$14.08
Cost / Lane Hour	(\$11.51)	NA	NA	NA	(\$13.89)	(\$14.45)	(\$39.69)	NA	NA	(\$22.37)
Net Income / Lane Hour	(\$1.32)	NA	NA	NA	(\$3.63)	(\$3.02)	(\$15.08)	NA	NA	(\$8.30)

Overall Allocation	Hours		%	
	FY24-25	FY26-27	FY24-25	FY26-27
Lessons	1,064	4,823	0.9%	3.2%
Open/Rec Swim	2,776	5,148	2.4%	3.4%
Lap Swim	66,990	81,419	58.9%	53.9%
High Schools	8,866	8,866	7.8%	5.9%
Youth Water Polo	8,539	19,370	7.5%	12.8%
Youth Swimming	15,178	23,582	13.3%	15.6%
Other	10,312	7,813	9.1%	5.2%
Total	113,725	151,021	100.0%	100.0%

Prime Time Alloc	Hours		%	
	FY24-25	FY26-27	FY24-25	FY26-27
Lessons	1,664	3,744	6.2%	10.3%
Open/Rec Swim	0	1,053	0.0%	2.9%
Lap Swim	3,456	1,170	12.9%	3.2%
High Schools	8,630	8,866	32.1%	24.5%
Youth Water Polo	882	8,320	3.3%	23.0%
Youth Swimming	12,242	13,026	45.6%	36.0%
Other	0	0	0.0%	0.0%
Total	26,873	36,179	100.0%	100.0%

*Timing for hourly revenue in model is based on timing of services provided - not invoice date; **FY 2026-2027 forecast is based upon 2025-2026 budget with full year of plunge operations; ***High School use included in permit group revenue @ \$18.00 rate (~\$150k/yr)

Analyses conducted to support this proposal

- Researched pricing for comparable facilities – across both user types and region
- Constructed a ground up historical P&L with detailed (and trackable) revenue and costs
- Developed forward-looking model for facility management going forward
- Reviewed of current and historical user group blocking and utilization

Result: We structured a proposal to meet our stated goals while also minimizing disruption for user groups (not trying to recreate the wheel)

Proposal Details

Capacity Allocation - Proposal

We open up the instructional pool for youth swimming and split the 50m pool between water polo and swimming – North & South

- Splitting the pool creates a clear mechanism to appropriate scarce availability
- Consolidating lessons at the Plunge helps address capacity constraints at ESAC
- We create additional availability for youth sports at ESAC with the opening of the instructional pool.
- With the plunge we have a wide and consistent window for after school lessons at the Plunge – tripling lesson capacity (subject to staff availability)
- Explore “use it or lose it” policy with permit groups

Overall Allocation	Hours		%	
	FY24-25	FY26-27	FY24-25	FY26-27
Lessons	1,064	4,823	0.9%	3.3%
Open/Rec Swim	2,776	5,148	2.4%	3.5%
Lap Swim	66,990	77,441	58.9%	52.7%
High Schools	8,866	8,866	7.8%	6.0%
Youth Water Polo	8,539	19,370	7.5%	13.2%
Youth Swimming	15,178	23,582	13.3%	16.0%
Other	<u>10,312</u>	<u>7,813</u>	<u>9.1%</u>	<u>5.3%</u>
Total	113,725	147,043	100.0%	100.0%

Prime Time Alloc	Hours		%	
	FY24-25	FY26-27	FY24-25	FY26-27
Lessons	1,664	3,744	6.2%	10.3%
Open/Rec Swim	0	1,053	0.0%	2.9%
Lap Swim	3,456	1,170	12.9%	3.2%
High Schools	8,630	8,866	32.1%	24.5%
Youth Water Polo	882	8,320	3.3%	23.0%
Youth Swimming	12,242	13,026	45.6%	36.0%
Other	0	0	0.0%	0.0%
Total	26,873	36,179	100.0%	100.0%

Pricing – Market Rates

El Segundo rental rates and drop-in costs are near parity with the local market.

The lone exception is our special rate for water polo which is well outside market norms.

Facility Rental Costs (Source: Faciltron)

Pool / Location	Lanes	Cost / Hour	Cost / Lane	Notes:
Torrance Aquatic Center	8.0	\$180.00	\$22.50	Half of 50 meter all-deep pool
Redondo Union	15.0	\$240.00	\$16.00	40m x 25y pool
Mira Costa High School	12.0	\$187.50	\$15.63	Full 25y x 40m pool
Manhattan Beach Begg Pool	5.0	\$200.00		Full pool; 5 lanes x 25y \$220 for non-residents
City of Hawthorne	9.0	\$103.00	\$11.44	9 lanes x 25y pool; waiting on data
Huntington Beach HS	16.0	\$243.00	\$15.19	50m pool
LA Southwest College	8.0	\$110.00	\$13.75	Indoor 25y pool
Marina High School Huntington Bea	14.0	\$243.00	\$17.36	35m x 25y pool
Los Alamitos High School	20.0	\$308.84	\$15.44	50m x 25y pool
Westminster High School	16.0	\$243.00	\$15.19	40m x 25y pool
Whittier High School	13.0	\$132.00	\$10.15	13 lanes x 25 yards
Ocean View High School	20.0	\$243.00	\$12.15	50m x 25y pool
Median Cost / Lane			\$15.19	
Mean Cost / Lane			\$14.98	
ESAC (Special)	10.0	\$98.00	\$9.80	Half pool: 10 lanes x 25 yards
ESAC (Full Price)	10.0	\$180.00	\$18.00	Half pool: 10 lanes x 25 yards
Plunge	7.0	\$126.00	\$18.00	Full pool; 8 lanes x 25 yards

Lane Swim / Reservation Costs (Source: CH and websites)

Pool / Location	Pass - Res	Pass - NonRes
Manhattan Beach Begg	\$5.00	\$7.00
Redondo Union	\$4.00	\$5.00
City of Hawthorne	\$5.00	\$5.00
Torrance City (Plunge)	\$5.00	\$5.00
Santa Monica City	\$4.50	\$9.00
Culver City	\$4.00	\$4.00
Median Cost / Pass	\$4.50	\$5.00
Mean Cost / Pass	\$4.50	\$6.00
City of El Segundo	\$5.00	\$7.00

Pricing – Proposed Changes

We are generally at market rates excluding water polo. To maximize revenue, we recommend the following:

1. Bring all permit groups to the same rental rate of \$20.00
2. Create low demand rate of \$12.00 for less desirable times
3. Increase non-resident drop-in rates by \$1.00

Category	Current	Market	Proposal	Change (%)	Impact	Jan '27*
Permit Groups – Non-WP (/lane hour)	\$18.00	\$16-20	\$20.00	+\$2.00 (11%)	+\$109K	+5.0%
Permit Groups – WP (/lane hour)	\$9.80	\$16-20	\$20.00	+\$10.20 (+104%)	+\$177K	+5.0%
Permit Groups – After 7pm (/lane hour)	\$18.00	\$16-20	\$12.00	-\$6.00 (-33%)	-\$99K	+5.0%
Swim Lessons – Group (/30 min)	\$6.25	\$6-10	\$6.25	\$0 (0%)	NA	+5.0%
Swim Lessons – Private (/30 min)	\$25.00	\$25-35	\$25.00	\$0 (0%)	NA	+5.0%
Drop-In – Resident	\$5.00	\$4-5	\$5.00	\$0 (0%)	NA	+5.0%
Drop-In – Non-Resident	\$7.00	\$5-7	\$8.00	+\$1.00 (+14%)	+\$34K	+5.0%

*Analysis assumes annual 5% increase in rates beginning every calendar year

Alternative Revenue Sources

- Approach for identifying event bookings
- Financial performance of private rentals (against current pricing)

Event	Date	Day	Lane Hours	Revenue	Rev / Lane Hr	Staffing Cost	Margin
SBU	5/18/2025	Sun	312.0	\$3,605.00	\$11.55	\$ 1,922.93	\$1,682.07
JG Tryouts	3/15/2025	Sat	264.0	\$3,549.00	\$13.44	\$ 1,586.96	\$1,962.04
BCS Meet	11/16/2025	Sat	312.0	\$4,997.00	\$16.02	\$ 2,332.14	\$2,664.86
BCS Meet	11/17/2025	Sun	312.0	\$4,997.00	\$16.02	\$ 2,249.59	\$2,747.41
Summer Ave (Current)		Sat	234.0	\$1,938.66	\$8.28	\$1,921.21	\$17.45
Summer Ave (Current)		Sun	234.0	\$1,605.32	\$6.86	\$1,921.21	(\$315.89)

Operations – Managing Staffing & Costs

Aquatics costs are expected to double as the plunge comes on-line – but our knobs are limited.

- Employees drive 70% of costs – and guards/instructors are 85% of that.
- We just increased part-time employee comp by 30%

To reduce costs as we grow, we are exploring a couple of options:

- 1) Closing Plunge on Sundays (lap swimming only)
- 2) Reduced staffing during permit group hours
- 3) Reduced staffing (or closing) during off-peak times (1-3pm weekdays as example)

#2 and #3 require clear direction from city attorney's office

EXPENSE SUMMARY	FY24/25 (A)	%	FY26/27 (E)	%
Employees	(\$1,115,942)	69.6%	(\$2,280,914)	72.3%
Supplies & Services	(\$119,986)	7.5%	(\$242,160)	7.7%
Public Works	<u>(\$366,346)</u>	<u>22.9%</u>	<u>(\$630,189)</u>	<u>20.0%</u>
Total Expenses	(\$1,602,274)	100.0%	(\$3,153,264)	100.0%

Staffing Headcount Summary	FY2024-2025	FY2025-2026	FY2026-2027
Total FT Staff	2.0	3.0	3.0
Total Part-Time Staff (FTE)	<u>21.4</u>	<u>27.5</u>	<u>35.2</u>
Total Staff (FTE)	23.4	30.5	38.2

Staffing Cost Summary (unburdened)	FY2024-2025	FY2025-2026	FY2026-2027
Total FT Staff	(\$161,547)	(\$289,782)	(\$289,782)
Total Part-Time Staff (FTE)	<u>(\$796,390)</u>	<u>(\$1,315,387)</u>	<u>(\$1,661,170)</u>
Total Staff (FTE)	(\$957,936)	(\$1,605,169)	(\$1,950,951)

Financial Forecast Summary

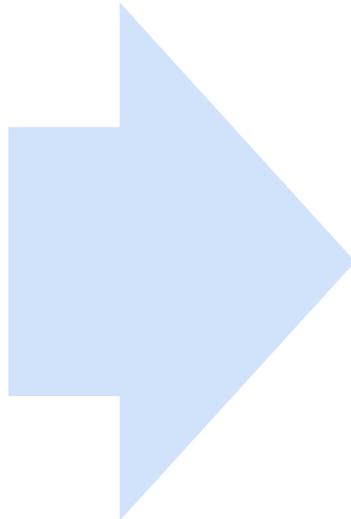
Plan puts us at 79% and 62% cost recovery for ESAC and Plunge; 63% cost recovery overall

Plunge cost recovery is tied directly to our ability to drive swim lesson revenue

Expense increase follows (1) 30% pay raise for part-time staff, (2) additional part-time hires for plunge and (3) aquatics coordinator (OH)

OPERATING MODEL SUMMARY - EL SEGUNDO AQUATICS

Revenue*	FY 2024-2025 - Actual						FY 2026-2027 - Forecast**				
	ESAC	Plunge	Hilltop	Admin	Total		ESAC	Plunge	Hilltop	Admin	Total
Permit Groups***	\$651,478	\$0	\$0	\$0	\$651,478		\$914,737	\$72,025	\$0	\$0	\$986,762
Instructional Programming	\$168,972	\$0	\$0	\$0	\$168,972		\$84,373	\$504,988	\$0	\$0	\$589,361
Drop-In Programming	\$321,746	\$0	\$9,214	\$0	\$330,960		\$299,425	\$81,465	\$14,837	\$0	\$395,726
Other Revenue	\$32,464	\$0	\$0	\$0	\$32,464		\$0	\$12,000	\$0	\$0	\$12,000
Total Revenue	\$1,174,661	\$0	\$9,214	\$0	\$1,183,875		\$1,298,535	\$670,478	\$14,837	\$0	\$1,983,849
Expense	ESAC	Plunge	Hilltop	Admin	Total		ESAC	Plunge	Hilltop	Admin	Total
Employee-Related	(\$759,748)	(\$5,647)	(\$36,819)	(\$161,547)	(\$963,761)		(\$1,032,267)	(\$601,751)	(\$47,153)	(\$289,782)	(\$1,970,951)
Employee Benefits	(\$97,391)	(\$11,533)	(\$4,349)	(\$38,907)	(\$152,181)		(\$105,297)	(\$130,690)	(\$10,545)	(\$63,431)	(\$309,963)
Supplies	(\$24,606)	\$0	(\$2,440)	\$0	(\$27,046)		(\$27,360)	(\$48,400)	(\$5,200)	\$0	(\$80,960)
Service Charges	(\$90,310)	(\$2,316)	(\$314)	\$0	(\$92,940)		(\$122,380)	(\$36,660)	(\$2,160)	\$0	(\$161,200)
Public Works	(\$355,099)	\$0	(\$11,248)	\$0	(\$366,346)		(\$355,099)	(\$263,843)	(\$11,248)	\$0	(\$630,189)
Total Expense	(\$1,327,154)	(\$19,496)	(\$55,170)	(\$200,454)	(\$1,602,724)		(\$1,642,403)	(\$1,081,344)	(\$76,305)	(\$353,212)	(\$3,153,264)
Net Income	(\$152,493)	(\$19,496)	(\$45,956)	(\$200,454)	(\$418,400)		(\$343,868)	(\$410,866)	(\$61,468)	(\$353,212)	(\$1,169,415)
Cost Recovery	88.5%	0.0%	16.7%	0.0%	73.9%		79.1%	62.0%	19.4%	0.0%	62.9%
Lane Hours	115,348	0	NA	NA	115,348		113,685	27,244	NA	NA	140,930
Revenue / Lane Hour	\$10.18	NA	NA	NA	\$10.26		\$11.42	\$24.61	NA	NA	\$14.08
Cost / Lane Hour	(\$11.51)	NA	NA	NA	(\$13.89)		(\$14.45)	(\$39.69)	NA	NA	(\$22.37)
Net Income / Lane Hour	(\$1.32)	NA	NA	NA	(\$3.63)		(\$3.02)	(\$15.08)	NA	NA	(\$8.30)



*Timing for hourly revenue in model is based on timing of services provided - not invoice date; **FY 2026-2027 forecast is based upon 2025-2026 budget with full year of plunge operations; ***High School use included in permit group revenue @ \$18.00 rate (~\$150k/yr)



Next Steps

- Financial reporting: update systems to support effective measurement and reporting going forward
 - Update chart of accounts – add granularity to missing line items (primarily public works)
 - Separation of aquatics administrative costs from individual pool budgets
- Cost optimization: Work with city attorney to identify paths for reduced staffing at low-risk times
- Instructor comp: Adjust compensation for swim instructors to support increased swim lesson scheduling – lessons are valuable to the community and our bottom line, so staffing is imperative
- Expand strategic pricing: Rate adjustments for user groups in underutilized slots

