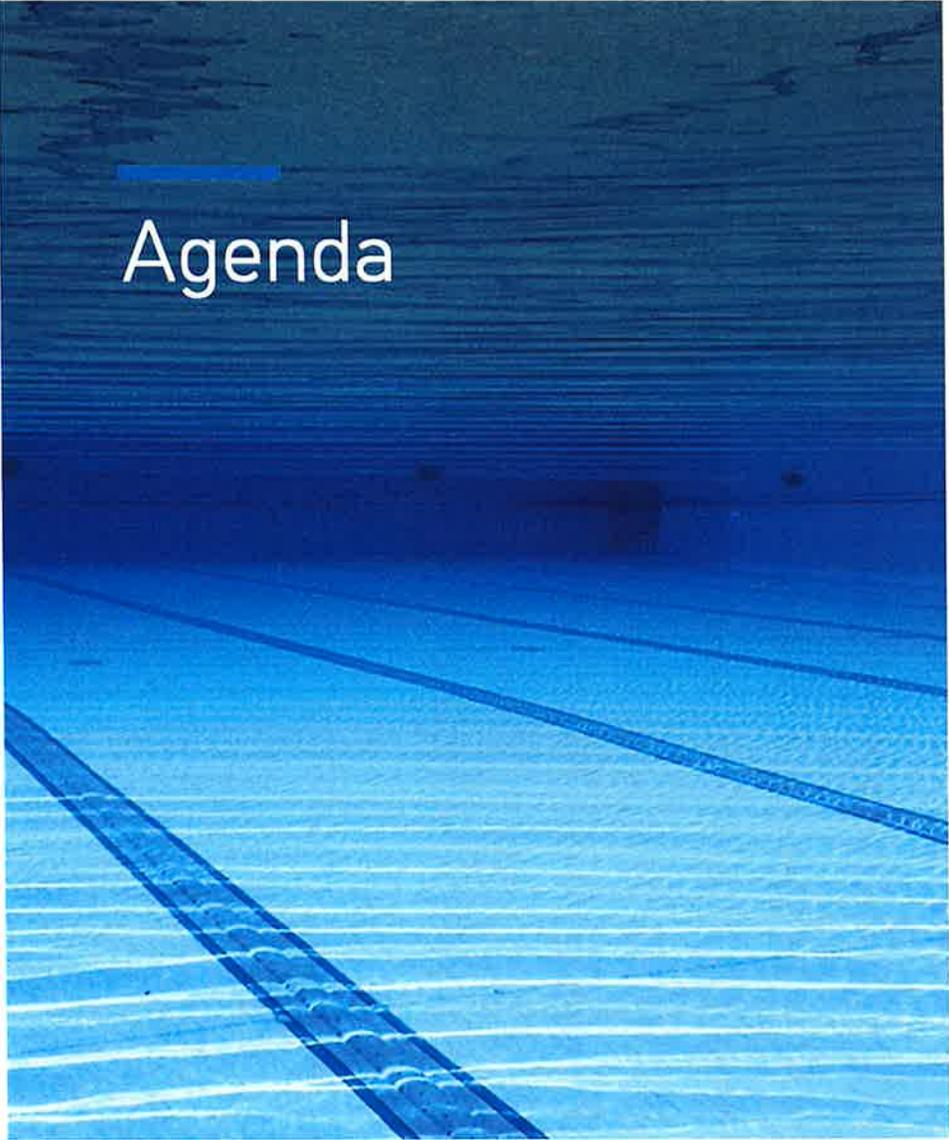




# City of El Segundo Proposed Aquatics Business Plan

October 7, 2025

Director Aly Mancini



# Agenda

- Plan Overview
  - Relevant History
  - Plan Goals
  - Analysis & Data Collection
  - Current Look
  - Proposal Summary
  - Implications
- Business Plan Proposal
  - Allocation / Blocking
  - Pricing
  - Alternative Revenue Sources
  - Operations
  - Financial Forecast
- Next Steps / Continued work

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# Relevant History

- User Group Engagement
  - May 6, 2025 – Trojan, Coastal Masters
  - May 7, 2025 – Beach Cities Swimming, SCAQ, South Bay United
  - May 8, 2025 – Tower 26, Alpha Aquatics
- City Meeting History
  - 3/18/25 City Council Meeting– Request about user group metrics and use of ESAC
  - 4/15/25 City Council Meeting– Presentation of User Group Success Criteria
    - Council directs staff to a goal of 90% and 50% cost recovery for ESAC and the Plunge (Respectively)
  - 7/1/25 –City Council Meeting– 50% Review of Aquatics Business Plan by Councilman Hunsaker
    - Council reiterates cost recovery goals
    - Council direction to improve equity between water polo and swimming.
    - Council direction to continue subsidy of swim lessons
  - 9/15/25 – Plan presented to Aquatics Subcommittee

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# Plan Goals

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

- ESAC: Deliver revenue; targeting 90% cost recovery
- Plunge: Focus on community programming with 40%+ cost recovery
- Increase equity across user group types - in pricing and lane allocation
- Price City aquatics programs and services in-line with market (keep lessons affordable)
- Develop an Aquatics Division profit & loss model to report and measure performance
- Identify and increase opportunities for revenue generation through rentals and events

Plan works to address these through a combination of changes across (1) pricing, (2) allocations, and (3) cost management

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# Analysis and Data Collection

- 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
- Review of current and historical user group blocking and utilization

Result: Draft plan meets goals while also minimizing disruption for user groups

# Current Look

## Pricing:

- Water polo groups pay \$9.80/lane hour (below market).
- Non-water polo groups pay \$18.00/lane hour (at market).

## Current Cost Recovery & Considerations:

- ~74% overall cost recovery (ESAC at 88.5%).
- Cost recovery at ESAC 24/25 was higher due to fulltime vacancies
- Due to Recent lifeguard pay increases in 2025 and additional Plunge costs the overall cost recovery for Aquatics will be lower

## Allocation:

- Significant disproportion of "prime time" use (3-7pm).
  - Club swimming has >20x the prime time allocation of club water polo.

	FY 2024-2025 - Actual				
\$K	ESAC	Plunge	Hilltop	Admin	Total
Revenue	\$1,175	\$0	\$9	\$0	\$1,184
Expense	<u>(\$1,327)</u>	<u>(\$19)</u>	<u>(\$55)</u>	<u>(\$200)</u>	<u>(\$1,602)</u>
Net Income	(\$152)	(\$19)	(\$46)	(\$200)	(\$418)
<i>Cost Recovery</i>	88.5%	0.0%	16.7%	0.0%	73.9%

Allocation	Fiscal 2024-2025	
	Prime	All
Lessons	1,664	2,288
Open/Rec Swim	0	2,028
Lap Swim	3,456	70,009
High Schools	8,630	8,901
Youth Water Polo	557	14,311
Youth Swimming	12,058	16,712
Other	0	10,361
Total	26,364	124,609

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# Plan Overview – Proposal Summary

Use Plunge reopening to implement pricing and allocation changes aligned with goals.

Pricing Strategy: Apply modest price increases to support cost recovery where justified. Base price differences on times of day (Prime Time and Non-Prime Time), not on sport (Swim and Water Polo).

- Set two pricing tiers: Prime Time \$20 before 7pm (\$2 p/h increase), Non-Prime Time \$12 after 7pm (\$2.20 p/h increase).
- Raise lap swimming and rec swimming fees by \$1-\$2 for non-residents.

Allocation Adjustments: Reallocate lanes to balance swim/water polo equity and expand swim lesson access.

- Shift 3–7pm lane swim and lessons to the Plunge to free ESAC instructional pool for youth Club swimming.
- Split competition pool into North and South halves. Assign ESAC South to youth Club swim, ESAC North to youth Club water polo.

Cost management: Lifeguards are top expense – limit redundancy and reduce coverage if/where feasible.

- Consider closing pools during low-revenue windows (e.g., dual lap swim).

# Plan Overview – Implications

## Program Expansion & Allocation:

- Increase in swim lesson capacity, pending staffing.
- Expand lap swim and rec swim access at Plunge.
- Improve equitability for Youth Club Swim and Youth Club Water Polo during Prime time (3pm–7pm).

## Anticipated Financial Performance in FY26/27:

- Plunge operating at 62% cost recovery
- ESAC operating at 80% cost recovery
- Total cost recovery for Aquatics at 63%

Lane Hours	Overall Allocation		Prime Time	
	FY24-25	FY26-27	FY24-25	FY26-27
Lessons	2,288	4,823	1,664	3,744
Open/Rec Swim	2,028	5,148	0	1,053
Lap Swim	70,009	77,441	3,456	1,170
High Schools	8,901	8,866	8,630	8,866
Youth Water Polo	14,311	19,370	557	7,670
Youth Swimming	16,712	23,582	12,058	12,038
Other	<u>10,361</u>	<u>7,813</u>	<u>0</u>	<u>0</u>
Total	124,609	147,043	26,364	34,541

FY 2026-2027 - Forecast	FY 2026-2027 - Forecast				
	ESAC	Plunge	Hilltop	Admin	Total
\$K Revenue	\$1,265	\$670	\$15	\$0	\$1,950
Expense	<u>(\$1,572)</u>	<u>(\$1,081)</u>	<u>(\$76)</u>	<u>(\$353)</u>	<u>(\$3,083)</u>
Net Income	(\$308)	(\$411)	(\$61)	(\$353)	(\$1,133)
Cost Recovery	80.4%	62.0%	19.4%	0.0%	63.2%

# Proposal Details



# Capacity Allocation – Current

*Given limited availability, there has been significant competition between user groups for the prime-time slots: weekdays from 3-7pm.*

- Pool use by high school from 3-6pm (ESHS and Wiseburn)
- Swimming (Beach Cities & Alpha) utilized nearly all Prime-time hours
- Water polo (SBU and Trojan) received Non-Prime hours
- The ESAC instructional pool has been used for lessons

FY2024-2025	Overall Allocation	
	Lane Hours	%
Lessons	2,288	1.8%
Open/Rec Swim	2,028	1.6%
Lap Swim	70,009	56.2%
High Schools	8,901	7.1%
Youth Water Polo	14,311	11.5%
Youth Swimming	16,712	13.4%
Other	<u>10,361</u>	<u>8.3%</u>
<b>Total</b>	<b>124,609</b>	<b>100.0%</b>

FY2024-2025	Prime Time Allocation	
	Lane Hours	%
Lessons	1,664	6.3%
Open/Rec Swim	0	0.0%
Lap Swim	3,456	13.1%
High Schools	8,630	32.7%
Youth Water Polo	557	2.1%
Youth Swimming	12,058	45.7%
Other	<u>0</u>	<u>0.0%</u>
<b>Total</b>	<b>26,364</b>	<b>100.0%</b>

# Capacity Allocation - Proposal

- Open ESAC instructional pool for Youth Club Swimming
- Split the 50m pool into North and South, North for Youth Water Polo and South for Youth Club Swim

- Splitting the pool creates a clear mechanism to more fairly appropriate scarce availability
- Consolidating lessons at the Plunge helps address capacity constraints at ESAC
- Creates additional availability for youth sports at ESAC with the opening of the instructional pool for Youth Club swim.
- Plunge can host after school swim lessons at the Plunge – potentially tripling swim lesson capacity and revenue (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	2,288	4,823	1.8%	3.3%
Open/Rec Swim	2,028	5,148	1.6%	3.5%
Lap Swim	70,009	77,441	56.2%	52.7%
High Schools	8,901	8,866	7.1%	6.0%
Youth Water Polo	14,311	19,370	11.5%	13.2%
Youth Swimming	16,712	23,582	13.4%	16.0%
Other	<u>10,361</u>	<u>7,813</u>	<u>8.3%</u>	<u>5.3%</u>
Total	124,609	147,043	100.0%	100.0%

Prime Time Alloc	Hours		%	
	FY24-25	FY26-27	FY24-25	FY26-27
Lessons	1,664	3,744	6.3%	10.8%
Open/Rec Swim	0	1,053	0.0%	3.0%
Lap Swim	3,456	1,170	13.1%	3.4%
High Schools	8,630	8,866	32.7%	25.7%
Youth Water Polo	557	7,670	2.1%	22.2%
Youth Swimming	12,058	12,038	45.7%	34.9%
Other	0	0	0.0%	0.0%
Total	26,364	34,541	100.0%	100.0%

# Pricing – Market Rates

With the exception of water polo, El Segundo rental rates and drop-in costs are near parity with the local market.

Facility Rental Costs (Source: Facilitron, direct correspondence)

Pool / Location	Lanes	Cost / Lane	Notes:
Torrance Aquatic Center	8.0	\$22.50	50 meter all-deep pool
Redondo Union	15.0	\$16.00	40m x 25y pool
Mira Costa High School	12.0	\$15.63	25y x 40m pool
Manhattan Beach Begg Pool	5.0	\$40.00	5 lanes x 25y; \$220 for non-residents
Santa Monica Swim Center	20.0	\$16.50	50m x 25y; \$11 for youth; \$22 for adult
El Camino College	14.0	TBD	35m x 25y
City of Hawthorne	9.0	\$11.44	9 lanes x 25y pool
Woollett Aquatic Center (low)	34.0	\$5.76	2 x 50m pools (direct staffing costs only)
Woollett Aquatic Center (high)	34.0	\$13.29	2 x 50m pools
Marina High School Huntingt	14.0	\$17.36	35m x 25y pool
Los Alamitos High School	20.0	\$15.44	50m x 25y pool
Westminster High School	16.0	\$15.19	40m x 25y pool
Ocean View High School	20.0	\$12.15	50m x 25y pool
Median Cost / Lane		\$15.53	
Mean Cost / Lane		\$16.77	
ESAC (Water Polo)	10.0	\$9.80	Half pool: 10 lanes x 25 yards
ESAC (Full Price)	10.0	\$18.00	Half pool: 10 lanes x 25 yards

Lane Swim / Reservation Adult Rates (Source: CH and

Pool / Location	Pass (Res)	Pass (Non)
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	\$4.75	\$5.00
Mean Cost / Pass	\$4.58	\$5.83
City of El Segundo (Current)	\$5.00	\$7.00

# Pricing – Swim Lessons

El Segundo's pricing for municipal swim lessons is at the low end of the market.

A 20% price increase from \$6.25 p/h to \$7.50 p/h could generate \$85k of incremental revenue (+2.8% cost recovery) but that is NOT in the proposed plan.

## Group Swim Lessons (Source City information)

Pool / Location	Resident	Non-Res
City of Manhattan Beach	\$13.50	\$14.88
City of Redondo Beach	\$13.75	\$13.75
City of Hawthorne	\$6.88	\$6.88
City of Torrance	\$13.60	\$13.60
City of Santa Monica	\$6.63	\$13.12
Culver City	N/A	N/A
Median Cost / Class	\$13.50	\$13.60
Mean Cost / Class	\$10.87	\$12.44
City of El Segundo	\$6.25	\$11.25

# 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 (\$2.00 increase over current rate)
2. Raise instructional pool rate from \$12.00 to \$14.00
3. Create low demand rate of \$12.00 for less desirable times
4. Increase non-resident drop-in rates by \$1.00

Category	Current	Market	Proposal	\$ Change (%)	Impact
Permit Groups – Non-WP (/lane hour)	\$18.00	\$16-20	\$20.00	+\$2.00	+\$109K
Permit Groups – WP (/lane hour)	\$9.80	\$16-20	\$20.00	+\$10.20	+\$177K
Permit Groups – Instructional Pool	\$12.00	N/A	\$14.00	+\$2.00	+\$11K
<b>Permit Groups – After 7pm (/lane hour)</b>	<b>\$18.00</b>	<b>\$16-20</b>	<b>\$12.00</b>	<b>-\$6.00</b>	<b>-\$99K</b>
Swim Lessons – Group (/30 min)	\$6.25	\$6-10	\$6.25	\$0	NA
Swim Lessons – Private (/30 min)	\$25.00	\$25-35	\$25.00	\$0	NA
Drop-In – Resident	\$5.00	\$4-5	\$5.00	\$0	NA
Drop-In – Non-Resident	\$7.00	\$5-9	\$8.00	+\$1.00	+\$34K

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

# Alternative Revenue Sources

- The team continues to pursue ad-hoc event rentals – though they are infrequent
- Event rentals tend to bring in \$1-2K more than existing programming

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 (Old)		Weekend	234.0	\$1,771.99	\$7.57	\$1,921.21	(\$149.22)
Summer Ave (New)		Weekend	234.0	\$2,386.63	\$10.20	\$1,921.21	\$465.42

# Operations – Managing Staffing & Costs

Aquatics costs are expected to double as the Plunge reopens

- Employees drive 70% of costs – and guards/instructors are 85% of that.
- Guards pay recently increased by 30% which has helped with recruitment and retention but impacts cost recovery

To reduce costs consider:

- 1) Closing Plunge on Sundays (lap swimming only)
- 2) Passing costs for lifeguards to user groups during user group hours
- 3) Reduced staffing (or closing) during off-peak times (1-3pm weekdays as example)

EXPENSE SUMMARY	FY24/25 (A)	%	FY26/27 (E)	%
Employees	(\$1,115,942)	69.6%	(\$2,210,897)	71.7%
Supplies & Services	(\$119,986)	7.5%	(\$242,160)	7.9%
Public Works	<u>(\$366,346)</u>	<u>22.9%</u>	<u>(\$630,189)</u>	<u>20.4%</u>
Total Expenses	(\$1,602,274)	100.0%	(\$3,083,246)	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>33.8</u>
Total Staff (FTE)	23.4	30.5	36.8

Staffing Cost Summary	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>(\$1,591,153)</u>
Total Staff (FTE)	(\$957,936)	(\$1,605,169)	(\$1,880,934)

# Financial Forecast Summary

Plan puts us at 80% 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) new part-time hires for plunge and (3) aquatics supervisor (open admin req)

## OPERATING MODEL SUMMARY - EL SEGUNDO AQUATICS

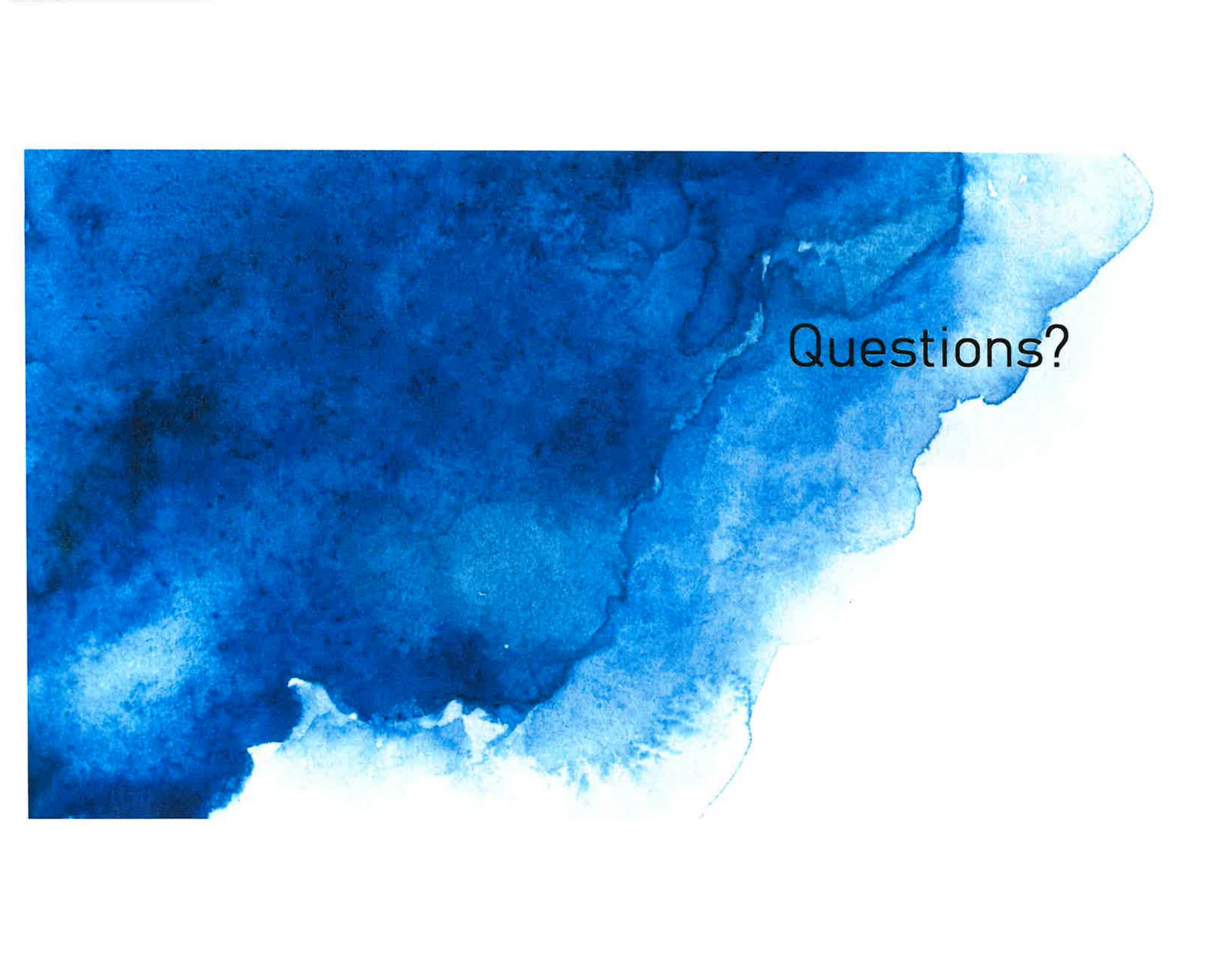
Revenue*	FY 2024-2025 - Actual					FY 2026-2027 - Forecast**				
	ESAC	Plunge	Hilltop	Admin	Total	ESAC	Plunge	Hilltop	Admin	Total
Permit Groups***	\$651	\$0	\$0	\$0	\$651	\$881	\$72	\$0	\$0	\$953
Instructional Programming	\$169	\$0	\$0	\$0	\$169	\$84	\$505	\$0	\$0	\$589
Drop-In Programming	\$322	\$0	\$9	\$0	\$331	\$299	\$81	\$15	\$0	\$396
Other Revenue	<u>\$32</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$32</u>	<u>\$0</u>	<u>\$12</u>	<u>\$0</u>	<u>\$0</u>	<u>\$12</u>
Total Revenue	\$1,175	\$0	\$9	\$0	\$1,184	\$1,265	\$670	\$15	\$0	\$1,950
Expense	ESAC	Plunge	Hilltop	Admin	Total	ESAC	Plunge	Hilltop	Admin	Total
Employee-Related	(\$857)	(\$17)	(\$41)	(\$200)	(\$1,116)	(\$1,068)	(\$732)	(\$58)	(\$353)	(\$2,211)
Supplies & Services	(\$115)	(\$2)	(\$3)	\$0	(\$120)	(\$150)	(\$85)	(\$7)	\$0	(\$242)
Public Works	<u>(\$355)</u>	<u>\$0</u>	<u>(\$11)</u>	<u>\$0</u>	<u>(\$366)</u>	<u>(\$355)</u>	<u>(\$264)</u>	<u>(\$11)</u>	<u>\$0</u>	<u>(\$630)</u>
Total Expense	(\$1,327)	(\$19)	(\$55)	(\$200)	(\$1,602)	(\$1,572)	(\$1,081)	(\$76)	(\$353)	(\$3,083)
Net Income	(\$152)	(\$19)	(\$46)	(\$200)	(\$418)	(\$308)	(\$411)	(\$61)	(\$353)	(\$1,133)
Cost Recovery	88.5%	0.0%	16.7%	0.0%	73.9%	80.4%	62.0%	19.4%	0.0%	63.2%

\*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 (~\$150k/yr)

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## Next Steps

- Begin new fee and allocation structure concurrent with the opening of the Plunge.
- 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 Division administrative costs from individual pool budgets
- Instructor comp: Explore compensation adjustment for swim instructors to support increased swim lesson scheduling – lessons are valuable to the community and generate revenue, making staffing imperative. This would necessitate an increase in swim lesson fees.

The image features a watercolor-style background with various shades of blue, ranging from deep navy to light sky blue. The colors are blended together, creating a soft, painterly effect. The word "Questions?" is written in a clean, black, sans-serif font, positioned in the upper right quadrant of the image. The overall composition is simple and artistic, with the text standing out against the textured blue background.

Questions?