

Ng, Judy

From: Ng, Judy
Sent: Monday, December 10, 2018 5:14 PM
To: Council Members; ORG - Clerk's Office; Council Agenda Email
Cc: Keene, James; Ed Shikada (Ed.Shikada@CityofPaloAlto.org); Robert.DeGeus@CityofPaloAlto.org; Flaherty, Michelle; Gaines, Chantal; Tanner, Rachael; Stump, Molly; O'Kane, Kristen; leConge Zieshenne, Monique
Subject: 12/10 Council Agenda Questions for Item 14

**Council Question Response**

Dear Mayor and Council Members:

On behalf of City Manager Jim Keene, please find below in **bold** staff responses to inquiries made by Council Member Tanaka in regard to the December 10, 2018 council meeting agenda.

Action Item 14: Approval of 5-Year Aquatics Operating/Revenue Agreement with Team Sheeper – CM Tanaka

Item 14: Approval of 5-Year Aquatics Operating/Revenue Agreement with Team Sheeper – CM Tanaka

Q.1. Why is the City Council being asked to approve a new five-year contract at this time based on 2017 user survey data? Shouldn't the city council wait until we have the 2018 user survey data to evaluate this contract? Does the survey data (2017 and 2018) include results from each of the major pool user constituencies? If not, why not?

A.1. The user survey data included in the staff report is for calendar year 2018. The recommendation to City Council to approve a new contract is based on the results of the RFP process. The user survey data provides additional supporting data to help inform that decision.

Survey data is collected from all pool users with the exception of PASA and Masters swimmers since those are managed by their respective head coaches through a subcontract agreement with Team Sheeper. Feedback is communicated directly between the coaches and Team Sheeper.

Q.2. Could the vote on the Team Sheeper contract be postponed/removed from the November 26, 2018 City Council meeting? What would be the ramifications if the city council were to take more time to evaluate this proposed contract? Would an interim extension of the existing contracts be feasible?

A.2. The agenda item was postponed until December 10, 2018 to allow for additional time for Sheeper and Rinconada Masters to discuss a future subcontract. The

preference is to start the new contract at the beginning of a new season so there aren't changes to the pool schedule and prices mid-season.

Q.3. Has the Parks and Recreation Commission recommended that the City Council approve the new Team Sheeper contract? If not, why? If yes, please provide the materials used in reaching their recommendation. In either case, what was the Commission's vote?

A.3. A presentation was made to the Parks and Recreation Commission by Community Services Department staff on October 23, 2018. The Commission provided feedback but did not take action as it is not typical for a Commission to take action on a contract. The Parks and Recreation Commission did encourage the City to find a solution to keep Rinconada Masters at the pool.

Q.4. If I understand the timing correctly, the city did not send the RFP out to the bidders until July 18, 2018. The RFP process closed on August 21, 2018. Was this a reasonable amount of time to give bidders that are not as familiar with the Rinconada operations enough time to submit their proposals? Is it possible that some new potential vendors did not submit proposals because they would have had only a few months to negotiate their new contract plus initiate their new operations at the Rinconada Pool?

A.4. We believe this was a reasonable amount of time. The timeframe for issuing the RFP and the length of time it was open were recommended by the ASD's Purchasing Team and match standards used across the City.

Q. 5. Given the financial numbers and projections provided when Team Sheeper's current contract was approved by the City Council in 2017, why does the city manager recommend that we approve a new contract with Team Sheeper now without a reasonable review of those numbers and projections versus the actual numbers during the past two years? Are those future projections still accurate and reliable?

A.5. Staff have reviewed financials throughout the term of the current contract. Aquatics revenue and revenue shares came in lower than expected in Calendar Year 2018 (based on data through October 31, 2018.) However, the lower revenue is not significant – revenue shares will be approximately \$10,000 as compared with budgeted expectations of \$30,000.

Team Sheeper submitted lower revenue expectations with this new RFP bid than what they'd proposed in their 2015 bid. This was based on their actual experience over current contract term. FY 20 revenue share projections are approximately \$10,000 and approximately \$20,000 in FY 21 as Sheeper expects programs to slowly grow.

Q.6. During the 2017 process to approve Team Sheeper's current contract, the Aquatics Department forecast 2019 revenue sharing paid to the City of \$125,000. Is that still a valid assumption for 2019? If not, what is the City's current 2019 revenue forecast (based on its revenue share with Team Sheeper) and how does that compare to the actual 2017 and 2018 revenue numbers?

A.6. Staff is still reviewing these numbers and will have them available at the Council meeting tonight.

Q.7. What is Team Sheeper's forecast for overall revenue from operating and managing Rinconada pool for 2019?

A.7. The new contract estimates \$823,000 of overall revenue for Calendar Year 2019.

Q.8. During the approval process in 2017, the Aquatics Department forecast 2019 City operating pool costs of \$60,000. Does this include both operating costs and non-operating (capitalized pool maintenance and improvements) costs? Please provide the actual numbers for 2017 and 2018. What are the City's current forecasted 2019 and 2020 operating costs? How will the City cover any operating costs in excess of the \$60,000 forecasted amount? What are the similar numbers for non-operating costs?

A.8. Direct operating costs are approximately \$60,000 per fiscal year between staffing, supplies and materials. We have another \$300,000 annual cost for Public Works maintenance and utilities. We do not expect major capital investments in the near future. We also do not expect these City expenses to change during the contract term. Some of the operating costs are offset by the 1% revenue the City receives from Sheeper.

Q.9. For the Masters swim program only, what are the actual 2017 and 2018 numbers for 1) gross fees collected by Team Sheeper and 2) the revenue sharing percent and amount paid or due to the City? How do these compare to amounts paid to the City by the masters team before the current Team Sheeper contract began? What does Team Sheeper forecast for revenue for the masters program for 2019 based on the 2019 pool schedule that Team Sheeper submitted?

A.9. Before the Sheeper contract, the Masters program paid the City about \$14,000 per year for use of the pool. Masters pays Team Sheeper approximately \$20,000 per year under the current contract. The city received 1% of the Masters revenue in 2018.

Q.10. Will the city receive its revenue share payments on a monthly basis or on another payment schedule?

A.10. Yearly. Team Sheeper will provide monthly revenue estimates and yearly payments.

Thank you,
Judy Ng



Judy Ng
City Manager's Office | Administrative Associate III
250 Hamilton Avenue | Palo Alto, CA 94301
Phone: (650) 329-2105
Email: Judy.Ng@CityofPaloAlto.org