

FINANCIAL ANALYSIS



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Operating Assumptions

The following rates were used in the development of the revenue and expense analysis, assuming the facility would be owned and operated by the City of St. Marys.

- Outdoor swimming pool: open seasonally (8 to 10 hours per day)
- Aquatic programs: swim lessons, water fitness, lap swim, rentals
- Staffing:
 - One full-time aquatics manager
 - Part-time management, lifeguards, admissions, program instructors
- Studied rate structure
 - \$8.00 to \$10.00 daily admission
 - \$30.00 monthly membership
- Utilities
 - Electric based on \$0.12 per KWH
 - Water based on \$6.00 per 1,000 gallons
 - Liquid Chlorine, \$2.00/gallon
 - Pool Heating, \$1.50/therm
- Revenue generation
 - Daily visits
 - Seasonal memberships (individual and family)
 - Aquatic programs (swim lessons, water fitness)



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Expense Overview

The following information details operating expenses for the aquatic center, focusing on major cost categories and estimation methodologies. Projections are made through a combination of historical data, industry benchmarks, and relevant factors like local conditions and user projections.

Key Expense Areas:

- **Facility Staff:** Annual payroll considers benefits, taxes, and scheduling based on user demand and established procedures. Pay rates align with existing job classifications and wage scales. Costs associated with staff dedicated to program delivery such as swimming lessons and water fitness classes are factored into the expense table.
- **Direct Expenses:** This category encompasses day-to-day operational supplies, including office, program, custodial, repair, and chemical needs. Chemical costs consider the use of liquid chlorine and muriatic acid, adjusted based on the demand for each of the swimming pools.
- **Utilities:** Total costs include energy, demand charges, and delivery fees. It is crucial to exercise caution when comparing these costs with facilities outside the immediate area due to potential regional variations.
- **Electricity:** Calculations are based on both demand and energy costs obtained from utility rate information provided by the project committee. The table outlines the estimated electricity costs for various operational scenarios.
- **Water & Sewer:** Water and sewer services are required for domestic use, compensating for evaporation and backwashing purposes. Backwash and domestic water are released into the sanitary system, excluding landscape irrigation.
- **Repair & Maintenance:** This budget allocation covers facility repairs and general maintenance for the building and pool mechanical systems.
- **Capital Replacement Fund:** Certain equipment manufacturers recommend annual maintenance programs to ensure optimal performance, often requiring contractors. Additionally, unforeseen repairs throughout the year may also necessitate external services. This fund reserves money for such maintenance and replacement needs.



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Annual Operating Budget

This chart outlines operating budget options for the studied new outdoor swimming pool in St. Marys, Pennsylvania. The primary categories of expenditure include Personnel, Operating Expenses, Utilities, and Programs. Total labor costs range from \$173,211 in Options 1 and 2, increasing to \$205,782 in Option 3, largely due to higher lifeguard personnel costs. Direct operating expenses, which exclude insurance (not included in any option), vary from \$58,930 in Option 1 to \$82,440 in Option 3, with Repair and Maintenance showing the most significant fluctuation across options. Regarding utilities, expenses for HVAC, electricity, pool heating, and water & sewer see a steady increase from Option 1 (\$51,076) to Option 3 (\$84,004), suggesting higher operational demands due to the larger pool sizes. Program costs, encompassing food and beverage and part-time program staff, also rise with each option, from \$22,238 to \$28,711. When a capital replacement fund is included, the total estimated annual expenses for the new pool range from \$357,255 for Option 1 to \$486,237 for Option 3.

Annual Operating Budget				
		Option 1	Option 2	Option 3
Personnel	Full Time Employment	\$40,000	\$40,000	\$40,000
	Full Time Benefits	\$12,000	\$12,000	\$12,000
	Part-Time Management	\$15,360	\$15,360	\$15,360
	Lifeguard Personnel	\$82,944	\$82,944	\$114,048
	Front Desk Personnel	\$7,680	\$7,680	\$7,680
	Part-Time Maintenance	\$9,600	\$9,600	\$9,600
	Personnel Equipment Cost	\$1,627	\$1,627	\$2,094
	Training	\$4,000	\$4,000	\$5,000
	Total Labor	\$173,211	\$173,211	\$205,782
Operating Expenses	Insurance	Not Included	Not Included	Not Included
	Repair and Maintenance	\$25,900	\$34,200	\$34,200
	Credit Card Fees	\$8,431	\$9,102	\$11,442
	Operating Supplies	\$15,540	\$17,100	\$17,100
	Chemicals	\$6,559	\$9,530	\$14,699
	Advertising	\$2,500	\$2,500	\$5,000
	Direct Expenses	\$58,930	\$72,432	\$82,440
Utilities	HVAC	\$5,046	\$6,247	\$7,286
	Electricity	\$30,618	\$40,878	\$48,065
	Pool Heating	\$7,427	\$11,519	\$14,857
	Water & Sewer	\$7,985	\$9,307	\$13,796
	Total Utilities	\$51,076	\$67,951	\$84,004
Programs	Food and Beverage	\$17,282	\$18,723	\$23,657
	Part-Time Program Staff	\$4,957	\$4,957	\$5,054
	Total Programs	\$22,238	\$23,680	\$28,711
Total Operating Expenses		\$305,455	\$337,274	\$400,937
Capital Replacement Fund		\$51,800	\$68,300	\$85,300
Total Expense		\$357,255	\$405,574	\$486,237
Estimate Current as of:		5/25/2025		
Source: Counsilman-Hunsaker				

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Swimming Pool Revenue

For an outdoor seasonal swimming pool, key revenue categories are primarily driven by user access and aquatics amenities. The most significant income streams will come from seasonal recreation users, who contribute through various admission options. This includes both daily admission fees for individual visits and the sale of season passes, catering to both individual swimmers and families seeking regular access throughout the summer. Beyond general admission, the pool can generate additional revenue from the rental of dedicated spaces such as cabanas and pavilions, offering patrons enhanced comfort and privacy for their 2-to-4-hour length of stay. Lastly, food and beverage sales, provide refreshments and snacks to pool users enjoying the facility.

Daily Admissions / Memberships	Option 1	Option 2	Option 3
Admissions / Memberships (Indoor)	\$146,371	\$158,581	\$200,366
Aquatic Programs			
Swim Lessons	\$9,235	\$9,235	\$9,235
Lifeguard Certification	\$678	\$678	\$873
Food and Beverage			
Food and Beverage	\$28,803	\$31,206	\$39,428
Rentals			
Birthday Party	\$1,600	\$1,600	\$3,200
Private (Full Pool)	\$4,200	\$4,200	\$4,200
Total Revenue	\$190,888	\$205,499	\$257,302




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Revenue/Expense Comparison

The chart compares the financial implications of the three studied options for a new outdoor swimming pool in the City of St. Marys. It presents the construction and project costs, projected attendance, expense and revenue budgets, cash flow, and cost recovery for each option.

Key Findings

- Construction and Project Costs: Costs increase from Option 1 to Option 3. Option 3 has the highest construction cost (\$13,182,323) and project cost (\$17,052,653).
- Attendance: Projected attendance also increases from Option 1 to Option 3, with Option 3 expected to have the highest attendance (29,211).
- Expense and Revenue Budgets: Both expense and revenue budgets are highest for Option 3 and lowest for Option 1.
- Cash Flow: All three options are projected to have an operational subsidy, indicating that expenses are expected to exceed revenues. The subsidy is highest for Option 3 (-\$143,635) and lowest for Option 1 (-\$114,568).
- Cost Recovery: Cost recovery, which represents the percentage of expenses covered by revenues, is relatively similar across all options. Option 1 has the highest cost recovery (62.49%), while Option 2 has the lowest (60.93%).

	Option 1	Option 2	Option 3
Construction Cost	\$8,006,592	\$10,554,599	\$13,182,323
Project Cost	\$10,357,327	\$13,653,429	\$17,052,653
Attendance	21,929	23,531	29,211
Expense Budget	\$305,455	\$337,274	\$400,937
Revenue Budget	\$190,888	\$205,499	\$257,302
Cashflow	(\$114,568)	(\$131,775)	(\$143,635)
Cost Recovery	62.49%	60.93%	64.18%



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Sources of Funding

Communities utilize a variety of funding mechanisms for parks and recreation and aquatic facilities. Below are a few that could be considered by the City of St. Marys.

- General Obligation and Revenue Bonds
 - General Obligation Bonds and Revenue Bonds are issued directly by the City.
 - A third-party owner, set up expressly for this purpose, and using the tax-exempt issuing authority of the city, issues Certificates of Participation and Lease Revenue Bonds. The City would simply be leasing the aquatic center from this entity.
 - A municipality obligates itself to levy and collect sufficient property taxes without limit as to the rate or the amount in order to pay principal and interest as it comes due.
 - In selling Certificate of Obligation Bonds, the debt instrument is secured by the revenue from the proposed facility, and the municipality obligates itself to levy and collect sufficient property taxes, without limit as to the rate
- Revenue Bonds
 - Revenue Bonds are to be repaid out of the revenues generated by the operation of the aquatic center. The risk that the center's revenues will prove insufficient to cover interest and principal payments on the bonds is borne by the investor.
 - It is possible that the facility will not generate sufficient revenue to cover all of its debt service obligations. A revenue bond may be appropriate for use if an entity were to underwrite the operating cost of operating the swimming pool and thereby release the revenue stream to secure revenue bonds.
- Community Contributions
 - For different reasons, various private individuals and corporations may have an interest in supporting an aquatic project.
 - Building civic pride
 - Promoting economic development
 - Enhancing community facilities
 - Properly structured, any of the financing and ownership options selected will permit tax-deductible giving from most private contributors.
- Capital Markets Financing
 - Local Discretionary Sales Surtax
 - Specific Sales Tax issued to pay for the principle and interest of the new complex

