



Agenda Report

21-1194

Agenda Date: 1/12/2021

REPORT TO COUNCIL

SUBJECT

Action on Amendment No. 1 to the Management Agreement between City of Santa Clara and The Santa Clara Swim Club, Inc. for Mary Gomez Pool to address COVID-19 Impacts to Programs & Revenue

COUNCIL PILLAR

Enhance Community Sports, Recreational and Arts Assets.

BACKGROUND

The Parks & Recreation Department operates and maintains eleven pools at five sites throughout the City. Seasonal pools, such as the Mary Gomez Pool located at 651 Buchser Drive, have been open to the public only for an eight-week summer season. In February 2013, Council approved a five-year Agreement with The Santa Clara Swim Club ("SCSC") to open Mary Gomez Pool for year-round community aquatic programs and SCSC activities. The agreement helped to expand public swim hours and provided an 8% resident discount on SCSC learn-to-swim programs, while providing additional revenue to the City General Fund in the amount of \$32,000 per year and 25% of maintenance costs. In April 2018, the Council approved a new five-year Management Agreement (Attachment 1) that allows SCSC to operate the Mary Gomez Pool through 2023 with two five (5) year potential extensions. The agreement provides aquatics programs and requires payment in the amount of \$35,000 plus annual escalation based on the Consumer Price Index (CPI). On November 3, 2020, the City received a request for Management Fee Reduction from the SCSC for FY 2019/20 and FY 2020/21.

DISCUSSION

In March of 2020, the global coronavirus pandemic and State and County Health Orders shut down non-essential business activities including SCSC. As updated State and County Orders have allowed, some operations and activities have been able to resume under required health and safety Protocols, but not without significant disruptions in services, added cost to implement protocols, and lower participation rates and corresponding reductions in revenue.

Since March of 2020, the City has worked with the SCSC to assess and address the impacts of the pandemic on programs at Mary Gomez Pool, implement required health and safety Protocols, and to restore services to the extent permitted. However, the Mary Gomez Pool was closed for the last 109 days of the FY2019/2020 (approximately 30%) and since July 1, 2020, Mary Gomez Pool was closed for the first 96 days, or a reduction of 26% for the current fiscal year. The SCSC has implemented cost cutting measures including reductions in staff.

In November 2020, SCSC requested a reduction of \$10,976 (from \$36,587 to \$25,611) to its required maintenance fee for FY2019/20 and a reduction of \$9,845 (from \$37,867 to \$28,022) for FY2020/21.

Should the SCSC be able to continue operations without further COVID-19 shutdowns, payment will be made by June 30, 2021.

The City has provided various support programs to local businesses, non-profits and workers. Adjusting/reducing the management fee for SCSC in the total amount of \$20,821 on a one-time basis to address the pandemic and unprecedented fire/air quality issues this year would help the SCSC meet its obligations. Fees would resume at the pre-COVID19 impact amount in FY2021/22. The recommended fee adjustment is recorded in Amendment No. 1 (Attachment 2).

If approved, the Amendment will reduce the City's General Fund and Parks & Recreation Department's anticipated revenues by approximately \$21,000, which will be absorbed through cost reductions in the Department, such as not filling a position vacancy until the salary savings have been achieved which will result in a minimal, short term Recreation service reduction.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(4) in that it is a fiscal activity that does not involve commitment to a specific project which may result in potential significant impact on the environment.

FISCAL IMPACT

Amendment No. 1 will reduce General Fund revenues from SCSC by \$20,821 over a two-year period, including \$10,976 for FY2019/20 (from \$36,587 to \$25,611) and \$9,845 for FY2020/21 (from \$37,867 to \$28,022) to account for the COVID-19 closures. The annual payments are typically received within 30 days of the close of each fiscal year, but given the current circumstances, payments for both years are expected to be received by the end of FY 2020/21 assuming no additional COVID-19 closures. Adjustments to the revenue estimates may be brought forward later in the fiscal year based on actual receipts and overall General Fund performance.

For FY2021/22 and FY 2022/23, the management fee is proposed to be set at the FY 2019/20 pre-COVID-19 level of \$36,587 in both years rather than adjusted by the CPI each year.

COORDINATION

This agreement has been coordinated with the Finance Department and the City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

Authorize the City Manager to execute Amendment No. 1 to the Management Agreement between the City of Santa Clara and Santa Clara Swim Club for the operation of Mary Gomez Pool and delegate authority to make minor modifications to the Agreement as needed.

Reviewed by: James Teixeira, Director of Parks & Recreation
Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Management Agreement for Mary Gomez Pool
2. Amendment No. 1