
OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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Memorial Park Swimming Pool Improvements

OVERVIEW

On Tuesday, January 27, 2009, the City Council will consider authorizing a \$750,000 increase in the Fiscal Year 2009 Capital Improvements Program Budget to provide Development Impact Fee funding from the Southeastern San Diego community for improvements to be made to the swimming pool at Memorial Park.

The City continues to experience an ongoing structural budget deficit. To address the annual budgetary gap, discussions have taken place about the ability of the City to continue to provide the same level of recreational opportunities, including the ongoing operations of community pools, to its citizens.

In light of this, the IBA believes it is important to review capital projects for new facilities, or for improvements to existing facilities, which may impact future City operations and related costs. Additionally, the docket materials do not discuss the funding source for the remaining balance of the project costs.

FISCAL/POLICY DISCUSSION

As described in the materials accompanying the request, the Memorial Park pool is forty years old, suffers from deferred maintenance, and does not meet accessibility requirements. The community is interested in expanding the number of swim lanes, and in providing a children's area. Total costs for the project are estimated at \$2.5 million.

In a memo to the Mayor dated August 27, 2008, Council President Hueso requested the transfer of \$750,000 in Southeastern Development Impact Fees to the Memorial pool. If approved, the requested Council action will authorize this transfer. Future Council actions will likely be needed to initiate consultant work.

Capital Improvement Program (CIP) Budget

According to the adopted Fiscal Year 2009 Capital Improvements Program Budget, this project (CIP # 29-893.0) is described as the demolition of an existing pool and the design and construction of a new pool, in order to address deterioration of the existing pool decking and piping due to age. Although a change in scope of work is noted, cost estimates do not reflect the scope change and would need to be developed along with a schedule, once a consultant is hired. The budget reflects authorized funding of \$322,000 for this project.

Information provided with the requested Council action indicates that \$250,000 (of the \$322,000) in State Park Bond funds previously authorized for this project are to be transferred to other uses by the Park and Recreation Department. These other uses include staffing costs for the restoration of pool hours at eligible locations.

Development Impact Fees

Development Impact Fees (DIF) are determined, collected, and expended consist with the City's Public Facilities Financing Plans, which are created and maintained by the City Planning and Community Investment Department for various community planning areas. These funds are used by the City to provide needed public facilities such as streets, libraries, parks, and fire stations. The current Southeastern San Diego Public Facilities Financing Plan was adopted by the City Council on June 10, 2003, and is in the process of being updated. This community is shared by Council Districts 4 and 8. Among other uses, the current plan identifies the need for swimming pool upgrades and for a new community swimming pool. This Council request for the use of DIF funds for the Memorial Pool is consistent with the current plan.

Joint Use with San Diego Unified School District

The City currently has a lease agreement with the San Diego Unified School District (SDUSD) for the use and rental of the City's pools. Memorial Preparatory for Scholars and Athletes (or Memorial Academy) is a middle school located adjacent to the Memorial Park and its pool. Preliminary discussions have begun with SDUSD for possible joint use of the new and improved facility, and the potential exists for the school district to contribute to the project's costs from the recently voter-approved Proposition S funds. A site-specific agreement with SDUSD would require additional action on the part of the City Council.

Deferred Maintenance Financing

City staff has indicated that this project has been identified as a candidate for funding through the City’s proposed deferred maintenance bond financing. As previously proposed and authorized by the Council in April 2008, the deferred maintenance financing was to provide \$102 million in project funding towards approximately \$800 – 900 million in deferred maintenance for the City’s facilities, streets, storm drains and sidewalks. The private financing has been delayed due to outstanding legal issues. In the meantime, the City’s credit rating has been reinstated and/or upgraded, and the City just conducted its first public bond offering since 2003. Now that the City has regained access to public bond markets, it may make sense to restructure the proposed short-term private financing to take advantage of lower longer-term borrowing costs. It is unclear if the use of this source for the Memorial Pool project would be considered a high priority, given all of the unmet needs.

Operating Costs

The requested action states that any additional non-personnel operating expenses will be offset by greater efficiency of new equipment. The new pool is intended to be bigger and to offer more amenities to accommodate expanded use and offer additional programs. While future operating costs are not expected to increase, the substantial investment of public funds to improve the pool may potentially obligate the City to continue to operate and maintain the pool and its programs in future years. Given that the City has considered the closure of park and recreational facilities (including its pools) to address budgetary issues, some may question this investment to develop plans and to create expectations for a new and expanded pool.

CONCLUSION

The City continues to experience an ongoing structural budget deficit. In light of this, the IBA believes it is important to review capital projects, which may impact future City operations and costs. Given that the City has considered the closure of park and recreational facilities to address budgetary issues, some may question the investment of scarce public resources to develop plans and to create expectations for a new and expanded pool facility.

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Elaine DuVal
Fiscal & Policy Analyst

[SIGNED]

APPROVED: Andrea Tevlin
Independent Budget Analyst