



BALLARD* KING
& ASSOCIATES LTD
Recreation Facility Planning and Operation Consultants

Operational Impact

For: Your Parks, Your Future Project
City of Walnut Creek
Arts & Recreation Department

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Prepared by: Ballard*King & Associates

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Section I – Methodology, Data and Assumptions

Purpose

The purpose of this report is to provide operational expense ranges and revenue impacts for the program categories that were discussed in the Program Analysis and Program Recommendations report. The ranges will focus on areas where the Department may realize a change in revenue and/or operational expenses.

Assumptions

Operational Expenses

Operational expenses may include the following:

- Staffing (full-time, part-time, contract)
- Maintenance
- Commodities
 - Pool Chemicals
 - Program Supplies
- Contractual Obligations
- Utilities

The operational ranges do not include any ongoing capital investment in the facility.

For each park location, Heather Farm Park, Civic Park and Shadelands Art Center, three facility scenarios have been identified: Optimized, Hybrid, and Status Quo. For each scenario, the operational expense impact will fluctuate. Based on trends in the field, different levels of operational expense increases have been assumed for each of the scenarios.

Revenue Generation

Revenue generation is assumed to be equal to the amount of increased participation in the arts and recreation programs. For example, a 5% increase in participation is assumed to result in a 5% increase in revenue generation. The factors assumed to play a role in increased participation include, but are not limited to:

- Increase in Marketing
- Appeal of Renovated/New Facilities
- New Programs Introduced by the Department
- Old Programs Being Removed by the Department
- Space Availability
- Increases Other Agencies Have Experienced in the Greater Bay Area



The analysis conducted assumes the same cost recovery philosophy the Department currently employs will continue to apply. It is assumed for the purposes of this analysis that program fees stay the same. However, if program fees are increased and participation numbers are maintained, it is possible the Department could generate more revenue and increase the cost recovery percentage.

Below is a summary of participation data that B*K utilized while creating the operational expense range increases. By forecasting potential increases in participation by program category, B*K can translate those participation increases into increased revenue generation by site. The sources of this information are from:

- 2014 Cost Recovery & Pricing Plan
- 2017 Critical Infrastructure Priority – Programming Plan Perspective (Arts and Recreation Department of Walnut Creek, November 2017 presentation)

B*K took the participation numbers from both reports and cross referenced the information, and in some cases rounded those to the nearest hundredth, or thousandth. In the case of some activities like Performing/Visual Arts, assumptions were made as to how the participation numbers were split amongst Beginner, Intermediate, and Advanced. This was largely determined by number of programs offered for each. For other categories, like aquatics, the numbers were split between the two pool facilities Larkey and Clarke and weighted based on the number of amenities provided at each.



Participation Numbers for All 3 Facilities Combined (minus aquatics):

Category	Current Participation or Hours	Projected Future Participation	Potential Percent Increase
Performing/Visual Arts Classes (beg)	1,300 pt	1,495 pt	15%
Performing/Visual Art Classes (int)	1,300 pt	1,495 pt	15%
Health/Fitness Classes (youth)	150 pt	180 pt	20%
Health/Fitness Classes (adult)	2,000 pt	2,400 pt	20%
Performing/Visual Art Classes (adv)	2,000 pt	2,020 pt	3%
Personal Enrichment (youth)	800 pt	880 pt	10%
Personal Enrichment (adult)	1,000 pt	1,100 pt	10%
Preschools	215 pt	237 pt	10%
Camps	1,200 pt	1,365 pt	14%
Recreation Classes (seniors)	1,100 pt	1,210 pt	10%
Senior Social Services/Drop-In Services	1,300 pt	1,365 pt	5%
Specialized Recreation	650 pt	663 pt	5%
Senior Transportation/Meals	11,000 pt	11,220 pt	5%
Indoor Rentals	9,500 hr	10,308 hr	9%

- Blue – Expand/Enhance
- Green – Maintain
- Purple – Monitor
- pt – Participants
- hr – Hours

Participation Numbers for Clarke Swim Center:

Category	Current Participation or Hours	Projected Future Participation	Potential Percent Increase
Instructional Aquatics	1,850 pt	1,980 pt	7%
Recreation/Fitness Aquatics	19,500 pt	23,400 pt	30%
Aquatic Rentals	3,825 hr	3,825 hr	0%

- Blue – Expand/Enhance
- Green – Maintain
- pt – Participants
- hr – Hours



Section II – Estimated Operational Costs and Revenue Generation

Revenue Generation & Operational Expenses

The following revenue generation ranges along with expense ranges were made with best available information at the time of the study. When developing operational expense ranges, B*K takes a conservative approach.

- Civic Park
 - Option A
 - Revenue/Participation Increase 3-7%
 - Revenue/Rental Increase 5-10%
 - Operational Expense Increase 3-5%
 - Option B
 - Revenue/Participation Increase 1-3%
 - Revenue/Rental Increase 0-1%
 - Operational Expense Increase 2-3%
 - Option C
 - Revenue/Participation Increase 0-1%
 - Revenue/Rental Increase 0-1%
 - Operational Expense Increase 0-2%

- Heather Farm Park
 - Option A
 - Revenue/Participation Increase 8-13%
 - Revenue/Rental Increase 10-15%
 - Operational Expense Increase 5-7%
 - Option B
 - Revenue/Participation Increase 2-5%
 - Revenue/Rental Increase 5-10%
 - Operational Expense Increase 3-5%
 - Option C
 - Revenue/Participation Increase 0-1%
 - Revenue/Rental Increase 0-1%
 - Operational Expense Increase 0-2%



- Clarke Swim Center
 - Option 1 – Leisure Pool + 25M Pool
 - Revenue/Participation Increase 14-23%
 - Revenue/Rental Decrease 40-50%
 - Operational Expense Increase 3-5%
 - Option 2 – Leisure Pool + 50M Pool
 - Revenue/Participation Increase 19-28%
 - Revenue/Rental Increase 3-5%
 - Operational Expense Increase 10-15%

- Shadelands Art Center
 - Option A
 - Revenue/Participation Increase 6-10%
 - Revenue/Rental Increase 1-2%
 - Operational Expense Increase 3-5%
 - Option B
 - Revenue/Participation Increase 3-7%
 - Revenue/Rental Increase 1-2%
 - Operational Expense Increase 2-3%
 - Option C
 - Revenue/Participation Increase 0-1%
 - Revenue/Rental Increase 0-1%
 - Operational Expense Increase 0-1%



Summary of Potential Revenue Generation & Operational Costs

Facility Scenario	Increase in Revenue Generation	Increase in Operational Cost	Net Change
Civic Park			
Option A	4-8%	3-5%	+1 to 3%
Option B	1-2%	2-3%	-1%
Option C	0-1%	0-2%	0 to -1%
Heather Farm			
Option A	9-14%	5-7%	+4 to 7%
Option B	4-8%	3-5%	+1 to 3%
Option C	0-1%	0-2%	0 to -1%
Clarke Swim Center			
Option 1	4-14%	3-5%	+1 to 9%
Option 2	16-25%	10-15%	+6 to 10%
Shadelands			
Option A	4-6%	3-5%	+1%
Option B	2-4%	2-3%	+0 to 1%
Option C	0-1%	0-2%	0 to -1%

- Increase in revenue generation was based on combining the increase in participation in various program categories, plus rentals.
- Increase in operational cost was based on B*K's collective experience of 40+ years of operating arts, recreation, and aquatic facilities, our work in San Francisco, San Manteo, Millbrae, San Mateo, San Jose, and maintaining consistency with the City's cost recovery policy by program category.