



2018 Menlo Swim and Sport Annual Report  
Presented to Parks and Recreation Committee of Menlo Park  
March 27, 2019

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## **I. Who is Menlo Swim and Sport/Brief History**

Menlo Swim and Sport originated in May 2006 to prove the vision that premium level leadership and instruction, along with an attention to high quality customer service, accompanied by a full spectrum of aquatic services and a facility that stayed open all day, every day could change the paradigm of how public pools operated and succeeded. Simply put, give everyone what they want, while demonstrating and preaching the concept of sharing a community resource.

A new company, operating a new aquatic facility, implementing a radically different model was a recipe ripe for stringent public scrutiny and fierce pessimism. But, it also ignited a fire in a small but highly committed operating team to succeed.

A demanding but mostly satisfied public allowed for modest business success in our first five-year agreement. With some momentum and optimism, Menlo Swim and Sport agreed to a second five-year agreement with the City of Menlo Park. The second agreement was much more demanding and draining on company resources.

In an effort to survive, Menlo Swim and Sport searched for new revenue streams and evolved by diversifying and expanding services of the company outside of Menlo Park, in the effort to secure long-term financial stability.

Menlo Swim and Sport forged ahead and met all the demands in Menlo Park until the first part of 2017. After 11 years of experiencing growth, both incremental and substantial, year over year, we ran into the proverbial storm: a membership decline in our main youth revenue departments, coupled with extreme and costly challenges of securing the volume of the workforce necessary to operate our model, and lean company reserves.

With the changes in the community that resulted in the downturn of total pool users and increase in cost of labor, Menlo Swim and Sport negotiated a third agreement, but for a shorter term. The new agreement shifted the responsibility of pool, facility and equipment repairs, as well as any contributions for capital repairs, off of Menlo Swim and Sport, allowing for continued operation without interruption.

The latest agreement has now been in place for an entire year. The new agreement has allowed Menlo Swim and Sport to return to the original company mission of providing premium level services to the entire aquatic community.

## **II. 2018 Year in Review**

1. January - March: Completing new/revised agreement and negotiating terms with City officials. Culminating a two-year period of uncertainty towards the long-term viability of being pool operators for the City of Menlo Park. Since the City of Menlo Park had been out of the aquatic operating business for over 10 years, there was a considerable amount of uncertainty when it came to understanding the intricacies, complexities, and high cost of the aquatic industry.

This led to an extensive negotiating period resulting in detrimental effects on the company culture.

2. April - June: Transitioning to new normal. Preparing for another 2.5-year agreement while readying for Summer operations.

3. July - September: Welcoming mostly all new program managers into their roles while streamlining and reorganizing company structure. Undergoing extensive facility repairs and upgrades by the City of Menlo Park

4. October - December: Dome construction, along with replacing water of both pools, resulting in cleaner water quality and increased user satisfaction. Achieving company stability along with a new, more positive outlook on the future of operating in Menlo Park.

### **Community benefits of the new agreement between the City of Menlo Park and Menlo Swim and Sport/Team Sheeper, Inc.:**

Increased City of Menlo Park support of aquatics leads to Menlo Swim and Sport/Team Sheeper, Inc. increasing support of the company workforce. This, in turn, leads to an increase in quality of services to community, which leads to an increase in customer satisfaction.

#### **The Benefits:**

1. Company returns to focusing on strengths: programming and customer service. (departure from managing repairs and replacement of mechanical equipment in a degrading facility with slim resources)
2. Company invests time, energy, and resources into developing leaders in every programming and service department, for long term sustainability and personal staff developments.
3. Company returns focus to internal business improvements and optimization, rather than searching externally for revenue streams to ensure overall company stability.
4. Company experiences a positive work culture shift; pressure from uncertainty of possible business closure and/or discussions of transitioning to other aquatic sites has ended.
5. Facility benefits from long overdue and crucial repairs and upgrades with the resources contributed by the City, accompanied by scheduled long term aquatic capital improvements.

6. Increased overall customer satisfaction resulting from company focusing on improving community experience, such as through lobby upgrades, communication upgrades, curriculum upgrades, and a happier staff.

### III. 2018 Operational and Program Data

#### Program Data:

2018 Menlo Park Annual Report: The following is the library of the offerings to the community along with the number of members each service/department administers to.

Estimated annual visits per year (wet/dry/total):

#### **Burgess Pool**

Wet: Est. 355,000

Dry: Est. 105,000

Total: 460,000

#### **Belle Haven Pool**

Wet: Est. 11,500

Dry: Est. 3,000

Total: 14,50

Monthly membership averages by program:

<b>Program</b>	<b>Monthly Membership Average</b>
Lap Swim	341
Open Swim	70 Summer Passes
Masters	320
Triathlon	56
Menlo Fit Boot Camp	34
Masters Water Polo	17
Aqua Fit/Water Exercise	103
Swim School	910
Menlo Aquatics Youth Team	220 Year Round/75 Summer
Belle Haven Lap Swim	18
Belle Haven Youth Water Polo	29

### 3-Year Comparisons:

#### 1. Comparison of recreational activity over the past 3 years

	<b>2018</b>	<b>2017</b>	<b>2016</b>
Burgess Lap Swim- Members	341	343	356
Burgess Lap Swim- Member Visits	44,475	N/A	N/A
Burgess Lap Swim Drop In Visits	16,224	15,971	18,497
Burgess Open Swim- Members	70	120	54
Burgess Open Swim- Member Visits	480	N/A	N/A
Burgess Open Swim- Drop In Visits	18,218	21,400	25,000
Belle Haven Lap Swim- Members	19	15	7
Belle Haven Lap Swim- Member Visits (includes Facebook Staff)	3,957	N/A	N/A
Belle Haven Lap Swim Drop In Visits	460	674	626
Belle Haven Open Swim- Drop In Visits	2,883	2250	2291

#### 2. Comparison in youth programming in the past 3 years.

	<b>2018</b>	<b>2017</b>	<b>2016</b>
Swim School (lessons per week)	910	1,100	1,500
Menlo Aquatics (member avg/month)	220/75 Summer	300/67 Summer	330/80 Summer

#### 3. Comparisons in adult programming in the past 3 years

	<b>2018</b>	<b>2017</b>	<b>2016</b>
Masters	320	325	325
Triathlon	56	60	55
Aqua Fit	103	94	102
Masters Water Polo	17	19	18

The comparison tables demonstrate the decline in youth programming in 2017 and the continuation of the decline through 2018. In contrast, the adult programming has remained constant year over year. It is also worth noting the decline in open-swim drop-ins at Burgess. A majority of these drop-ins happen during the summer months, and are comprised of youth being brought to the pool by parents. In contrast, the lap swim drop-ins at Burgess have remained relatively constant; these lap swim drop-ins are dominated by adults.

### **Operational Data:**

1. Number of employees on staff in 2018: 328
2. Number of new hires in 2018: 93
3. Average length of stay of each employee: 6 months - 2 years
4. Average cost to hire an employee: \$1200
5. Average compensation rate for an employee: 66% at \$15/hr (215 employees), 20% at \$16-\$25/hr (66 employees), 14% at \$26+/hr (47 employees)
6. Average length of time for the on-boarding process: 2 - 4 weeks
7. Average number of staff member working on a typical day: 40
8. Number of departments in Menlo Swim and Sport: 20
9. Most effective mode of recruiting a staff member: Face to Face Recruiting
10. Greatest staffing challenges facing Menlo Swim and Sport: Compensation and Cost of Living
11. Average number of days per week Menlo Swim and Sport is understaffed: 4 days

### **Operational Data Conclusions:**

1. Business model requires extensive hiring of introductory level staff members
2. Staffing has become increasingly more difficult to recruit and retain, and more costly. We have hired a full-time virtual/in-person recruiter as part of our HR team.
3. Understaffing results in limited programming, closures, and extensive over-time for staff members.
4. Minimum wage is now \$15/hr.

### **20 Extremely unique aspects of Menlo Swim and Sport that will not be found in total at any other public municipal aquatic facility in the nation:**

1. Year-round professional youth and adult swim school
2. Two different year-round professional youth swim teams
3. Summer-only focused youth swim team
4. Water exercise program
5. Water therapy program
6. Women's only water polo program
7. Youth water polo program
8. Underwater hockey program
9. Adult world-class triathlon team
10. Adult triathlon program for challenged athletes
11. Adult world-class masters swim team
12. Two year-round swim professionals focusing only on private instruction
13. Two Recreation/Wellness therapists focusing on private instruction
14. Water polo professional focusing on small group instruction
15. Extensive youth summer camp services in swimming, tennis and lifeguarding
16. Extensive Red Cross lifeguarding certification courses



17. Fully supported and functioning retail Pro-shop with food and merchandise
18. Seasonal Air-Dome to enclose an outdoor facility during winter months
19. Land based strength and conditioning program to complement aquatic athletes
20. Fully supported scholarship system for our underserved population

#### **IV. 2018 Community Survey Results**

Menlo Swim and Sport conducted the annual customer survey in the fourth quarter of 2018. A digital survey was sent to our entire database. We received 193 responses representing feedback from all our programs.

1. Most responses came from:
  - Lap Swimmers (72 responses)
  - Masters Swimmers (68 responses)
  - Swim School (46 responses)
2. Customer satisfaction levels on programming and service were measured on a scale of 1-10. 10 being the best.
  - 54% rated -10
  - 14% rated - 9
  - 17% rated - 8
3. When asked what could we do to become a 9 or 10. We received 76 responses. The responses highlighted the following areas:
  - 24 responses: Related to cleaner restrooms or upgraded building/showers
  - 12: Requesting more programming or lane space for programming
  - 7: Decreasing cost of programming
  - 5: Improving communication
  - 2: Improving the conditions of the Dome experience
  - 2: Improving water qualityThe remainder of the responses were positive affirmations
4. We asked what is the limiting factor of the facility? We received 52 responses. The responses highlighted the following areas:
  - 7 responses: More time and lane space needed
  - 4: Locker rooms have insufficient space and low quality of showers
  - 3: Dome is a low quality experience
  - 1: High cost of servicesThe remainder of the responses were positive affirmations
5. We asked: What would attract you to spend more time at the facility? We received 77 responses. The responses highlighted the following areas:
  - 9 responses: More open lane time and/or more programming
  - 8: Improved locker room shower experiences
  - 3: Lower cost for programming
  - 2: Improved water quality
  - 1: Improved communicationThe remainder were positive affirmations or personal time constraints
6. We asked: What could management do to improve your time spent at the facility? We received 90 responses . The responses highlighted the following:

- 35 responses: Better locker room and shower experience
- 6: More open time and/or more open lane space
- 5: Improved communication of operational changes
- 4: Improved water quality
- 2: Improved Dome experience
- 2: Improved staff quality

The remainder were positive affirmations of our current operations

7. We asked: What is missing from the Aquatic Center? We received 64 responses, which highlighted:

- 26 responses: Sufficient Locker room experience
- 4: Upgrade of facility furniture
- 4: Improved dome experience
- 3: Improved baby pool operations
- 2: Increased open time and lane space
- 2: Improved staff quality
- 1: Improved water quality
- 1: Increased shade
- 1: Lower cost of services

The remainder were positive affirmations

8. We asked: How satisfied are you with our customer service? We received 160 responses.

- 87% of respondents said they were satisfied or extremely satisfied with the service

9. The final questions of the survey asked for Additional Comments. We received 50 responses. The comments included:

- 11 responses: Pleaded for improved conditions in locker room/showers
- 6: Concerned about homeless/mentally unstable presence in locker room
- 4: Wanted Evening Masters workouts
- 3: Improve Dome experience
- 3: More lap swim lanes
- 3: Increased communications
- 2: Lower cost of services
- 1: Improved water quality

The remainder of the responses were praises of their aquatic experience

The conclusions drawn from customer responses related to the Menlo Park aquatic experience are simply that the programming and services are enjoyable and satisfying, while the locker room and shower experience is less than desirable. It appears that the expectations of the respondents are to have an entirely parallel and congruent recreational experience where the preparation to get into the water and/or the preparation to transition from the water to civilian clothing needs to match the positive and fulfilling water experience.

Aquatics being such a unique sport or form of recreation in that it requires all participants to share close personal quarters in order to transition into or out of the water, and that time plays a large role in shaping the entire recreational experience.

Additional concerns were raised by numerous parents whose children need locker room use, including the difficulty for youth to use the showers and the inadequate facility amenities for young families.

The next most prominent request for improvement comes from individuals who want more time and space for their favorite program. Whether it is lap swimmers, open swimmers, Masters swimmers or water exercise users, all enjoy their experience so much that they would like more expansive opportunities to practice their favorite form of aquatic recreation.

The last, most prominent take-away from the survey exercise is that users would like better water and air quality relating to the Dome experience during the winter season, as well as improved water quality year-round.

## **V. Nationwide Aquatic Industry Trends**

Menlo Swim and Sport thought it would be helpful to share the results of Aquatic Trends based on 919 respondents from aquatic facilities nationwide. When reviewing an aquatic annual report, it is helpful to understand the aquatics industry, along with its complex operations, unique costs, and challenging staffing requirements.

Basic information and data will assist the reader of this report to calibrate the services and challenges of Menlo Park as compared to aquatic facilities across the country.

1. 57.4% of Aquatic facilities are year-round, the remainder are seasonal.
2. The average operating costs of a park aquatic facility is \$570,000.
3. Respondents from the West experience the highest operating costs in the nation.
4. Top issues facing aquatic facilities are staffing, budgets, and equipment maintenance.
5. 61% of respondents said staffing was the top issue, with finding lifeguards being the most difficult.
6. "The industry is undervalued, and aquatics is not treated as a career, so turnover is a constant."
7. Staff management and training is a nationwide challenge
8. Water safety and management of equipment is complex and a nationwide concern.

(Source: *Recreation Management*, February 2019)

## **VI. Future Needs for Menlo Park Aquatics Sustainability**

Basically, the aquatics business model in Menlo Park is robust, unique, refined and sustainable, with a couple of issues being addressed:

1. Locker rooms/Shower
2. Winter enclosure of instructional pool at Burgess Pool
3. Community aquatic attraction at Belle Haven Pool

1. Locker rooms/Shower: Clearly, the locker room situation at Burgess is the most outstanding issue that faces the facility. The locker rooms were value engineered to meet the building budget, but no one at the time could foresee the popularity of aquatics and the ensuing high locker room usage. The problem can be solved in two phases. Phase one is an upgrade to the existing shower situation. New showers should include lower handles, with on and off control (versus the current automatic shut off system), and improved shower heads with better water flow capability. As well, the shower facility requires upgraded tile and grout conditions and long term maintenance. Phase two is a capital improvement project increasing the square footage and internal traffic flow with designated space for young families.

2. Winter enclosure of instructional pool at Burgess Pool: The Air-Dome was a 2007 Menlo Swim and Sport investment that was an absolute necessity in order to conduct our proprietary year-round aquatic business model. The substantial investment was very risky at the time, but it was known that the desired business model would have failed if we depended on serving youth, seniors, and families in an outdoor facility during the winter and early spring. Cold, wet weather would keep patrons away from our instructional/therapy/play pool, which would in-turn lead to the entire business operating with short-term, temporary, seasonal employees with lower commitments, experience, and enthusiasm. The instructional pool is the revenue engine of the entire facility, so its maintenance and year-round ability to draw users is crucial to operational success.

The Air-Dome is currently in use past its expiration date. After more than a decade of weathering storms, corrosion from harsh elements, wear and tear of seasonal construction and deconstruction along with hardships of storage and transport, it is time to investigate new options for enclosing the most important asset of the operation.

With greatly increased City involvement in the new aquatics agreement, coupled with the emphasis on sustainability of aquatics in Menlo Park, it is imperative that the aquatics operation makes a decision to move away from an air supported structure in favor of a “rigid structure” that provides more stability during periods of inclement weather and requires significantly less “local knowledge” in keeping the dome inflated. There are two basic choices for a replacement. The first choice is a rigid temporary “Circus Tent” type of structure with roll up sides for ventilation. The second and most preferred choice is a permanent “Telescoping clear glass” structure. This system affords the option of opening or closing the structure year-round depending on the conditions of the day, rather than the season. Water and air quality will improve instantly when the air-dome is replaced. Simply put, pools are alive and need to breathe and do not like to be covered.

3. Community Aquatic Attraction at Belle Haven Pool: Belle Haven Pool is local neighborhood gem. At its peak, it was a first class seasonal pool. Originally built to serve the surrounding residential neighborhood during the warm months-evidenced by its windowless and heatless locker rooms, and heater-free baby pool. It is now an aging, outdated facility that has undergone many cosmetic facelifts, resulting in less than positive results. Alas, it is still a functioning pool, which by definition, makes it a neighborhood asset. The facility is in dire need of an identity...a calling card...a kid draw. The pool needs an attraction that kids will continually bother their parents until they bring them to the pool to have some fun. The safest and most useful attraction for Belle Haven will be a temporary-inflatable-floating-climbable-play structure for kids and adults. These temporary structures are constructed and deconstructed daily with each user's goal of progressing from one end to the other end, amidst several obstacles and challenges. It inhabits a portion of the pool during open swim time and requires very basic swim skills in order to enjoy hours of aquatic recreational time.

## VII. Menlo Swim and Sports 2019 Challenges and Goals

### Challenges:

1. Staffing: Our number one challenge is to staff the necessary team members to open the facility daily and deliver premium service in each of our departments. We have refined, upgraded, changed, added, aligned, partnered, and experimented with several methods and strategies over the past few years. We have discovered that the challenge we have in hiring individuals to work, pales in comparison to the challenges individuals face in trying to find work that will allow them to live in or around Menlo Park. We currently do not have a full-time or part-time regular employee that actually lives in Menlo Park. All employees commute to the pool from many miles away; only our seasonal high school and college-aged employees hail from Menlo Park because they live with parents who are established in the Menlo Park/Palo Alto area.

Here are the factors that our work force along with all service industry work forces in our region are facing:

- a. Higher rents and richer renters: median 2 bdrm rent in PA=\$4500, SM=\$3750, Fremont=\$2690
- b. “Out-of-towners continue to pour into Silicon Valley, driving up real estate and rental prices, many people here who aren’t part of the tech economy-and some who are-see life becoming more difficult, mostly because of rising cost of housing. No place is perhaps more squeezed than East Palo Alto, a city of about 30,000 with formidable neighbors: Facebook is just to the north and Google is to the south. For the past 50 years, the city largely has been a mixture of African-American and Latino families. Now new families, many white and Asian, are moving in. The median home price has already passed on million dollars-up from around \$260,000 in 2011, according to Zillow.” (Source: *National Geographic*, February 2019)
- c. We have a difficult time recruiting individuals who are either entering the workforce or beginning their career at junior level positions when they have to battle commute traffic to and from the middle of Menlo Park, where each our pools are located

### Goals:

1. Improve employment experience: Human resources based
  - a. Present a career path, along with personal and skill development opportunities
  - b. Build lasting work relationships focusing on cohesion around a purpose
  - c. Attract trainable individuals based on their personality traits and ability to connect to others
  - d. Improve communication and connection to candidates in entry and transition to company process
  - e. Rewarding present employees for modeling positive behavior and team building toward new staff
  - f. Instituting workplace initiatives that build connections leading to retainment
  - g. Compensate staff members with higher wages and benefit packages
  - h. Provide flexible work schedules as options to avoid commute traffic



2. Deliver on our mission statement: Provide a safe place where inspirational leaders and engaging activities build and strengthen community, so individuals can form meaningful connections to others in an effort to improve their health, strength and happiness.