



500 West Big Beaver
Troy, MI 48084
troymi.gov

CITY COUNCIL AGENDA ITEM

Date: July 20, 2023

To: Mark F. Miller, City Manager

From: Robert J. Bruner, Deputy City Manager
Rob Maleszyk, Chief Financial Officer
Brian Goul, Recreation Director

Subject: Aquatic Center Fund

The purpose of this memo is to make City Council aware of the potential need to increase advances from the General Fund to the Aquatic Center Fund in order to open the Aquatic Center again in 2024.

Fiscal Years Ending 2019, 2020, 2021, and 2022 Financial Summary

The Aquatic Center traditionally opens Memorial Day weekend and closes Labor Day weekend so each fiscal year includes activities from two calendar years. Fiscal year 2018-2019 was the last fiscal year before the COVID-19 pandemic the Aquatic Center was open in both calendar years. Both fiscal year 2019-2020 and fiscal year 2020-2021 included portions of the 2020 calendar year when the Aquatic Center remained closed. Fiscal year 2021-2022 was the first fiscal year after the COVID-19 pandemic the Aquatic Center was open in both calendar years. While the Aquatic Center generated modest income in fiscal year 2021-2022, it lost more than \$500,000 in those four fiscal years. Accordingly, advances from the General Fund to the Aquatic Center Fund increased by \$500,000 from \$180,302 in fiscal year 2019-2020 to \$680,302 in fiscal year 2020-2021.

Fiscal Year Ending	Income (Loss)
2019 Actual	(\$140,963)
2020 Actual	(\$205,349)
2021 Actual	(\$233,775)
2022 Actual	\$46,325
Total	(\$533,762)

Fiscal Years Ending 2019, 2020, 2021, and 2022 Daily Attendance

Attendance by daily visitors and season pass holders totaled 96,590 during these same four fiscal years the Aquatic Center Fund losses totaled \$533,762. Accordingly, the City's General Fund subsidized attendance by \$5.53 per visit (\$533,762 / 96,590 visits) with Troy residents accounting for 44% (\$234,415) and non-residents accounting for 56% (\$299,347).



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Fiscal Year Ending	Resident Attendance	Non-Resident Attendance	Total
FYE 2019	10,716	14,804	25,520
FYE 2020	7,880	10,788	18,668
FYE 2021	5,631	5,641	11,272
FYE 2022	18,193	22,937	41,130
Total	42,420	54,170	96,590

Fiscal Years Ending 2023 and 2024 Financial Summary

On May 9, 2022, City Council approved a fiscal year 2022-2023 Aquatic Center Fund budget including an \$189,978 Appropriation of Fund Balance. City Council approved fiscal year 2022-2023 budget amendments on March 20, 2023 (\$125,000 for pump replacement; Resolution #2023-03-047) and May 22, 2023 (\$1,177 for water slide repairs; Resolution #2023-05-083) increasing the Appropriation of Fund Balance from \$189,978 to \$316,155. On May 8, 2023, City Council approved a fiscal year 2023-2024 Aquatic Center Fund budget including an \$234,808 Appropriation of Fund Balance.

Revenue	2023 Adopted	2023 Amended	2024 Adopted
Charges for Services	\$563,000	\$563,000	\$717,000
Interest and Rent	\$29,100	\$29,100	\$28,100
Appropriation of Fund Balance	\$189,978	\$316,155	\$234,808
Total	\$782,078	\$908,255	\$979,908

Accordingly, the Aquatic Center Fund is budgeted to lose another \$550,963 (\$316,155 + \$234,808) in two fiscal years. 2023 Estimated Beginning Fund Balance is \$355,257 so advances from the General Fund to the Aquatic Center Fund would increase by \$195,706 (\$550,963 - \$355,257) from \$680,302 to \$876,008. Based on these estimates, Aquatic Center Fund losses will total more than \$1 million in six fiscal years.

Fiscal Year Ending	Income (Loss)
2019 Actual	(\$140,963)
2020 Actual	(\$205,349)
2021 Actual	(\$233,775)
2022 Actual	\$46,325
2023 Amended	(\$316,155)
2024 Adopted	(\$234,808)
Total	(\$1,084,725)



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Most of the recent losses can be attributed to capital expenditures. The fiscal year 2023-2024 budget includes \$400,000 for capital expenditures; \$200,000 to replace the two (2) pool heating boilers and \$200,000 to replace a broken pipe if it fails. The existing boilers may fail at any time so replacement will be necessary to open the Aquatic Center again in 2024. A proposal to replace the boilers will be submitted to City Council in August. The other \$200,000 will only be expended when necessary. Looking ahead, City staff estimates additional capital expenditures of \$1.25 million will be required in the next several years. Once again, City Council will have to decide whether to continue subsidizing the Aquatic Center.