

Parks and Recreation Aquatics Audit Report

February 2011

City Internal Auditor's Office

City of College Station

File#: 10-04

Audit Executive Summary: **Parks and Recreation Aquatics Program**

Why We Did This Audit

Parks and recreation revenue generating programs are identified as an area of risk based on the results of the 2009 Citywide Cash Handling Questionnaire, the 2010 Citywide Risk Assessment, and findings from previous audit work. Because Aquatics is the second largest revenue generating program within the Parks and Recreation Department, along with the largest expenditures and general fund subsidy between all of the programs, they represent a larger financial risk to the city than other programs within the department.

What We Recommended

- Aquatics personnel costs should be significantly reduced by determining appropriate staffing levels to move from a year-round staffing model to a seasonal model, and by discontinuing the staffing of CSISD Natatorium.
- Aquatics mission goals and objectives should be better defined by the Department Director in conjunction with the City Manager, and carried out by the Pool Supervisor by eliminating expenditures or programs not in line with the newly defined direction.
- Staffing levels of part-time, seasonal staff should be better managed to prevent the payment of overtime to these employees.
- Aquatics should explore and consider diverse training opportunities for part-time, seasonal staff along with the Pool Supervisor, in order to earn the maximum benefit available while also reducing training expenditures.

What We Found

The Aquatics Program utilizes cash handling best practices, which include appropriately segregated staff duties, sufficient receipting controls, adequate cash collection security measures, and sufficient management oversight and review. During this audit, we tested for potential areas of fraud, abuse, and waste. No signs of fraud or abuse were found; however, wasteful managerial practices and expenditures were identified.

On average, between fiscal years 2008 through 2010, the aquatics program generated over \$300 thousand in revenue. However, the total cost to operate the city's aquatics program during this time averaged to around \$984,000 per year. While benchmark cities, on average, were recovering 70 percent of their direct costs, College Station was recovering 32 percent. One reason for this difference in cost recovery was due largely to the amount of expenditures tied up in staffing temporary, seasonal workers during times when the pools are closed to the general public. Also, there were wasteful expenditures found in areas such as out of state training for temporary/seasonal part-time staff, along with engaging in programs that are outside the scope of the department's mission, goals, and objectives.

The City of College Station's aquatic season corresponds to CSISD calendar year; however, a significant portion of the highest paid aquatics personnel stayed employed year-round. Even though, on average, 83 percent of aquatics revenue is collected during summer months, almost 50 percent of aquatics personnel cost is incurred during months when city pools are closed. By discontinuing the staffing of the pools during the off-season this would generate around \$250,000 in direct savings.

Even though one of the purposes of seasonal or temporary employees is to reduce overtime costs during periods of peak workload, approximately \$25,100, \$16,200, and \$9,300 of overtime was paid to temporary/seasonal employees in fiscal years 2008, 2009, and 2010 respectively.

Aquatics Audit

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Introduction

The City Internal Auditor conducted this performance audit of the Parks and Recreation **Department's Aquatics** Program pursuant to Article III Section 30 of the College Station City Charter, which outlines the City Internal **Auditor's** primary duties.

A performance audit is an objective, systematic examination of evidence to assess independently the performance of an organization, program, activity, or function. The purpose of a performance audit is to provide information to improve public accountability and facilitate decision-making. Performance audits encompass a wide variety of objectives, including those related to assessing program effectiveness and results; economy and efficiency; internal control; compliance with legal or other requirements; and objectives related to providing prospective analyses, guidance, or summary information.

A performance audit of Parks and Recreation programs that generate revenue was included in the fiscal year 2011 audit plan based on the results of the Citywide Cash Handling Questionnaire completed in August 2009, results of the Citywide Risk Assessment completed in July 2010, and findings from previous audit work. On August 12, 2010, the City **Council approved the City Internal Auditor's audit plan**. This is the second report in a series of audit reports that review the primary revenue generating programs in the Parks and Recreation Department.

Aquatics Program Background

The Aquatics Program is one of **many programs in the city's** Special Facilities Division of the Parks and Recreation Department. Aquatics personnel maintain and operate three municipal outdoor pools, which are open during the summer months¹, and one indoor pool that is the property of the College Station Independent School District open year round. Activities at these four aquatic facilities include open swim, adult lap swim, pool parties, rentals, as well as support of the swim instruction

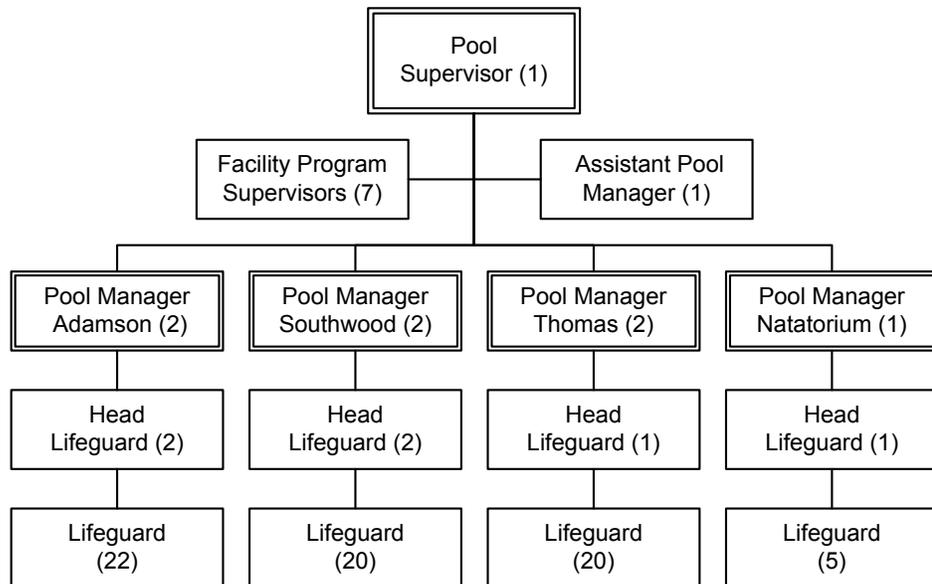
¹ The city's aquatic season corresponds with the College Station Independent School District (CSISD) calendar year. The last day of class is the end of May and the first day of class is the end of August. As a result, the three outdoor city-owned pools have a similar operating schedule. Southwood Pool, however, has a slightly longer period of operation, as it opens to the public in April.

program, competitive swim program, and Texas Public Pool Council. The Texas Public Pool Council is a non-profit organization that is dedicated to providing information and education to aquatic professionals.

The Pool Supervisor and Assistant Pool Supervisor are the only employees within the program classified as full-time employees. All other aquatics employees are classified as temporary/seasonal workers. The Pool Supervisor is responsible for overseeing the operations and staff who work at the various aquatics locations, while the assistant supervisor performs basic maintenance and repairs of the aquatics facilities.

Figure 1 below provides a description of the current aquatics organizational structure. The organization is headed by the Pool Supervisor, who is directly responsible for 20 budgeted full-time equivalent (FTE) positions.

Figure 1: Aquatics Organizational Chart



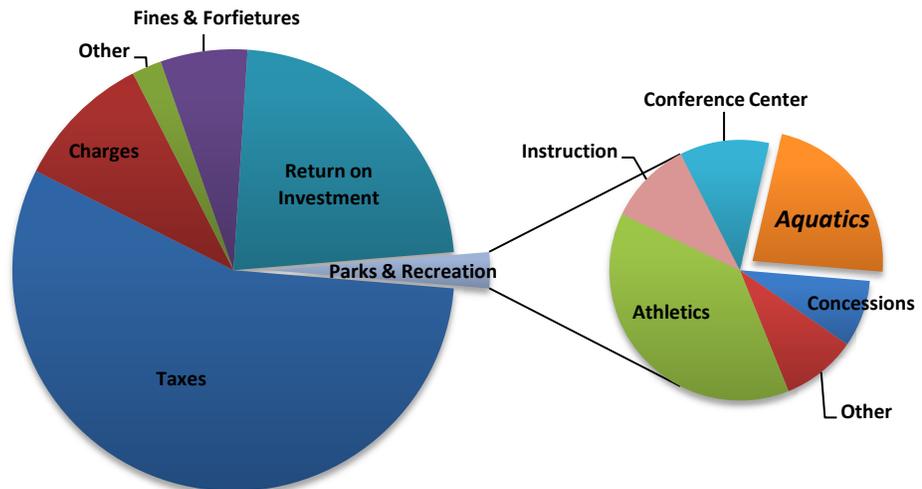
The duties of all other temp/seasonal workers fall into three main categories: lifeguard related functions, administrative duties, and cashiering responsibilities. In fiscal year 2010, lifeguard wages ranged from \$8.00 to \$9.70 per hour. Head lifeguards’ pay rates ranged anywhere from \$8.70 to \$9.70 per hour. Managers’ pay rates ranged from \$8.00 to \$14.00 per hour. Lastly, the facility/program supervisors’ pay rate ranged from \$8.70 to \$16.91 per hour.

The three municipal pools include Adamson Lagoon, Thomas Pool, and Southwood Pool. Adamson Lagoon is a 50 meter Olympic-size pool built in 1976, and later renovated and expanded in 1992. Adamson is the largest aquatic facility in the city; which includes a wading pool, baby pool, and two large water slides. **In 2009, the facility's bathhouse was** remodeled to include aquatic offices and concessions. The Southwood facility is a 25-yard, zero depth swimming pool built in 1984. It has a beach entry in the shallow end, and slopes to an overall depth of 4 feet in the deep end. This shallow pool caters more to families with younger children. Thomas Pool is a 25 meter swimming pool built in 1980. It was later renovated in 2002, and includes a small tube slide and a diving board. The annual participation for these three pools averages around 114,000 visitors a year.

The College Station Natatorium is owned by The College Station Independent School District (CSISD). However, CSISD contracts with the City of College Station Parks & Recreation Department for the operation of the pool. The Natatorium is housed within the CSISD Middle School, and is a 25 meter swimming pool that can be divided into eight lanes that primarily service local swim teams.

Aquatic's revenue accounts for the second largest source of total Parks and Recreation revenue, but only a small fraction of a percentage of overall revenue collected by the city. Figure 2 below illustrates this relationship.

Figure 2: City Revenue to Parks Revenue Breakdown



The Parks and Recreation Department accounted for fewer than two percent of the total General Fund revenue in fiscal year 2010, with total receipts of approximately \$1.1 million. Of these receipts, Aquatics accounted for approximately \$321,500 in fiscal year 2010. Total aquatics expenditures for fiscal year 2010 were approximately \$939,700—resulting in a 618,200 general fund subsidy, which is a 34 percent cost recovery for the program. Not included in the general fund subsidy to the Aquatics Program are revenues and expenditures from swim lessons, swim team, stroke clinic, and water fitness programs. The revenue collected from these programs is approximately \$147,000 per year. However, the costs associated with these programs are approximately \$305,000 per year. Therefore, the aquatics subsidy would grow to over three quarters of a million dollars if the costs and revenues of these programs were included in the aquatics budget.

Audit Objectives

This audit addresses the Parks and Recreation Aquatics **program’s cash** handling policies, procedures, processes and practices; in addition to a review of the **program’s operational effectiveness and efficiency**. This report answers the following questions:

- Does Aquatics have adequate procedures to receive, handle, safeguard, and deposit cash and cash equivalents and does aquatics staff comply with those procedures?
- Based on an examination of expenditures and revenues, are there ways the efficiency and profitability of aquatics operations can be enhanced?

Scope and Methodology

This audit was conducted in accordance with government auditing standards, which are promulgated by the Comptroller General of the United States. Audit fieldwork was conducted from July 2010 through December 2010.

The audit scope included procedures and practices used by aquatics staff to receive, handle, record, and deposit cash and credit card payments during the time of fieldwork. The scope also included a review of

revenue and expenditure transactional data for fiscal years 2008 through 2010.

The audit methods used to complete the audit objectives included:

- Reviewing the work of auditors in other jurisdictions and researching professional literature to identify best practices for cash handling functions.
- Interviewing staff responsible for performing cash handling, recording, and oversight functions.
- Conducting data analysis using specialized auditing software to test for fraud indicators and system control failings.
- Reviewing cash receipt support documentation, the **city's** fiscal policy on cash handling, and parks and recreation and aquatics procedures.
- Observing aquatics staff perform their cashiering and financial recording responsibilities; and the receipt reconciliation processes **performed by the program's supervisor**.
- Reviewing various financial and participation records related to aquatics operations and associated parks and recreation activities.
- Visiting aquatics facilities to analyze the differences in facilities and operations and maintenance requirements between locations.
- Examining every individual purchase made by aquatics staff during the scope of the audit. Purchasing methods were scrutinized, vendors were verified, and support documentation was reviewed for specific purchases.

Findings and Analysis

Cash Handling Best Practices have been Implemented

Cash may include currency, coins, checks, money orders, or credit/debit card transactions. The following are generally considered to be best practices in cash handling: (1) appropriate segregation of duties, (2) effective receipting controls, (3) proper security measures regarding daily balancing and depositing of cash collections, and (4) sufficient management or officer review. Policies and procedures were reviewed, aquatics staff was interviewed, system functional access authority was analyzed, and operations were observed to determine if the Parks and Recreation Aquatics Program exhibited these characteristics.

Aquatics Staff Duties Are Appropriately Segregated

Separation of duty, as a security principle, has as its primary objective the prevention of fraud and errors. Aquatics has accomplished this objective by disseminating the tasks and associated privileges for a specific business process among multiple users. For example, cashiering and reconciliation/approval functions are performed by separate aquatics employees. In addition, two separate aquatics employees are present during the daily closeout process. Because no billings or adjustments are performed for aquatics related transactions, adequate separation of duties exists.

Aquatics Receipting Controls are Adequate

Aquatics has sufficient receipting controls. For example, duplicate receipts are provided to the customer for each transaction. In addition, official pre-numbered receipts are used that contain the necessary information to reconcile them to the cash register records for each point-of-sale transaction.

Cash Collection Security Measures Are Adequate

Aquatics has effective security measures for balancing and depositing cash collections. For example, cashiers have a lockable cash drawer, to which access is limited to the employee collecting the cash and a supervisor. There is no more than one person receiving cash at the same time at each pool; therefore, each cashier is responsible for his/her own

cash drawer. In addition, all cash receipts are balanced daily by comparing the pre-numbered receipts issued with the actual amount of cash in the drawer, and reconciling these amounts to cash register documentation. Cash deposits are also made daily, they occur at the earliest possible time, and with all funds intact. The entire amount of receipts collected is deposited so that all collections are posted as receipts to the city's accounts. Finally, the deposit receipts are reconciled to cashiers' receipt documents after the deposit has been made by the Pool Supervisor.

Management Oversight and Review is Sufficient

Aquatics has sufficient management oversight and review. Aquatics staff have been instructed on appropriate cash handling practices contained in their policies and procedures manual. In addition, both the Parks and Recreation and the Aquatics written policies and procedures conform to best practices. Supervisory oversight during hours of operation is sufficient, and review of transactions processed by cashiers is performed regularly by the Pool Supervisor.

Significant Savings Can be Realized in the Aquatics Program

Over the last three fiscal years, the total cost to operate the city's aquatics program averaged \$984,000 per year. Included in this cost is a 21 percent overhead and administrative cost factor. For every dollar of direct operations cost, another 21 cents is tacked on for overhead and administrative cost. This 21 percent consists of four layers. One layer is top-level city overhead. Parks and Recreation has no control over specific components of this city overhead, such as the central accounting or central human resources costs. The second layer is top level Parks and recreation department overhead. The third is facilities division overhead. The fourth layer is made up of the salary of the Pool Supervisor.

Although the Aquatics Program generated on average over \$300 thousand in revenue over the last three fiscal years, this covered only 32 percent of their cost. Personnel cost represent the largest expenditure to the program, with 43 percent of all costs being tied up in staffing temporary/seasonal workers. Table 1 on the next page summarizes aquatic expenditures and revenue over the past three fiscal years. Based on audit findings, significant savings can be realized in the Aquatics Program by reducing the amount of wasteful or unnecessary

expenditures and reducing staffing cost during periods when the city pools are closed to the general public.

TABLE 1: Aquatic Expenditures and Revenue

Location	FY 2008	FY 2009	FY 2010
City Overhead	58,000	58,000	58,000
Department	30,000	30,000	30,000
Facilities Division	18,500	18,500	18,500
Supervisor	<u>100,300</u>	<u>103,900</u>	<u>101,500</u>
Total Admin Cost:	206,800	210,400	208,000
Temp/Seasonal	410,500	433,400	414,700
Employee Benefits	86,500	89,200	86,400
Overtime Pay	28,900	18,900	9,700
Travel & Training	<u>14,700</u>	<u>13,500</u>	<u>9,200</u>
Personnel Cost:	540,600	555,000	520,000
Supplies	85,600	88,500	75,900
Utilities	58,800	52,900	54,400
Maintenance	55,300	85,100	44,800
Other	<u>31,100</u>	<u>41,000</u>	<u>36,600</u>
Operation Cost:	230,800	267,500	211,700
Total Cost:	978,200	1,032,900	939,700
Total Revenue:	<u>309,300</u>	<u>298,900</u>	<u>321,500</u>
Subsidy:	668,900	734,000	618,200
% Cost Recovery:	32%	29%	34%
Admin Cost Factor	21%	20%	22%

Note: The other category of operation costs is made up of professional services, rental equipment, insurance premiums, advertising, printing, postage, and fleet and radio replacement accounts.

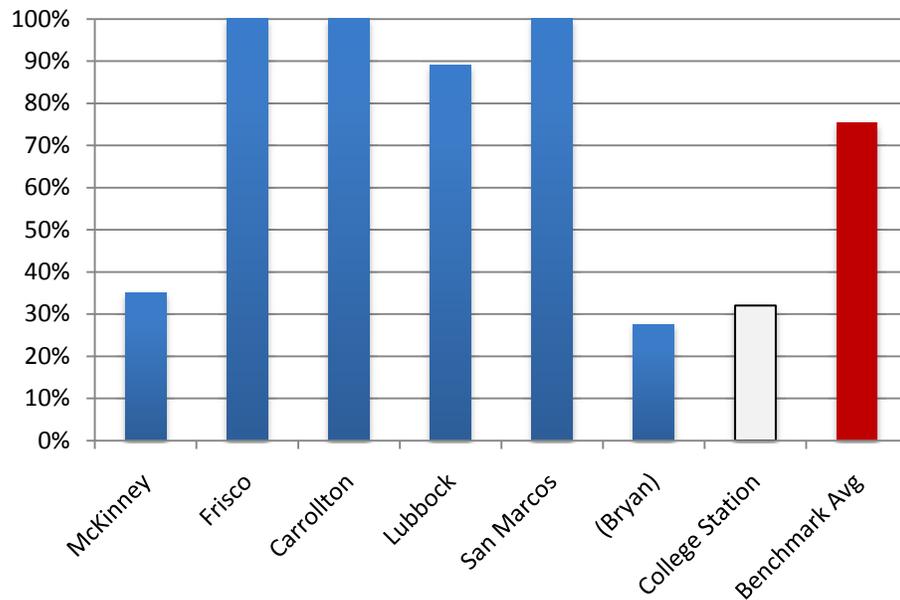
The Aquatics Program's Cost Recovery Is Below Other Cities

Many facilities such as the development of family-oriented recreation centers, aquatic centers, tennis facilities and even athletic fields provide an opportunity for cost recovery. The amount of cost recovery is largely dependent on the number and products provided by other nearby providers; the design of the facility; the product mix chosen for the facility; and the city's choices regarding fee and pricing policies. No national average cost recovery for municipal aquatic centers could be identified. However, a California study of 100 regional aquatic facilities identified a cost recovery rate of approximately 70 to 80 percent for facilities with mixed usage (i.e. recreational swim, swim lessons, and

competition swim).² Nationally, over the last decade, municipal recreation centers have generated an average of about 65 percent revenue to costs. In comparison, the direct costs (i.e. does not include administrative overhead) of the city's aquatics program is approximately 32 percent in fiscal year 2009.

The city's aquatics program's cost recovery is below most benchmark cities. As mentioned previously, several factors impact aquatics program cost recovery. In addition, no two aquatics programs are exactly the same. However, other Texas municipal aquatics programs have developed facility, product and service mixes that maximize revenue, while making managerial decisions that minimize costs—resulting in cost recovery rates that far exceed the recovery rates of the city's Aquatics Program. The City of College Station commonly uses McKinney, Frisco, Carrollton, Lubbock, San Marcos, and Bryan to compare service performance. Several of these cities reported completely covering their fiscal year 2009 direct aquatics costs with program specific revenue—on average these cities recovered over 70 percent of their direct costs. Figure 3 below summarizes these results.

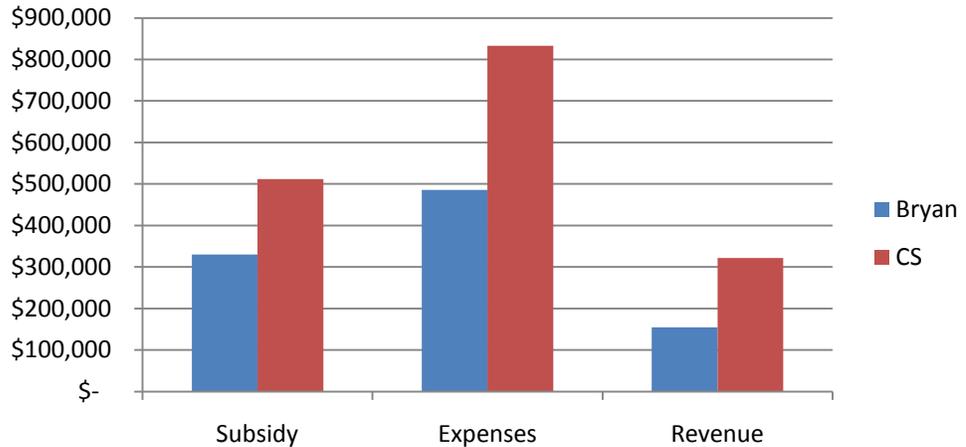
Figure 3: FY09 Percent of Direct Cost Recovery Comparison



² The study examined 100 California regional facilities and categorized them by the following three types: competition only facilities, recreational only facilities, and facilities that offered a mix of both. Based on the results of the study: the cost recovery for competition only ranges from 50-60 percent, recreation only ranges from 120-140 percent, and mixed use ranges from 70-80 percent. In addition, the study found that 55 percent of aquatic revenue comes from open recreation swim, 3 percent comes from competition, and 26 percent comes from lessons.

Although Bryan has a lower direct cost recovery rate than College Station, **Bryan's aquatics expenditures are significantly lower. As a result, Bryan's general fund subsidy to their aquatics program is approximately \$180,000 less than College Station's subsidy,** as can be seen in Figure 4 below.

Figure 4: FY10 College Station & Bryan Aquatics Cost Comparison



College Station's aquatics related direct expenditures are almost twice that of Bryan's; however, the city aquatic's revenue doubles that of Bryan's. There are two reasons for this revenue discrepancy. First, **Bryan's customer base is smaller than College Station's, despite comparable facility offerings.** This is possibly due to **the city's strategic competitive advantage in the location of its swimming facilities to the most favorable customer base.** Second, Bryan has a lower fee structure than College Station and lower general admission rates compared to other Texas municipal pools. Table 2 below compares the fee structure of several commonly used benchmark cities.

TABLE 2: Municipal Pool Swim Rate Comparison

City	General Admission	Swim Pass 20-30 Visits	Family Pass	Swim Pass Annual	2 Hr Group Rental
College Station	\$3-6	\$60-100	\$150-250	\$75-125	\$125-900
Bryan	\$1-3	\$35-42	\$160-192	\$85-102	\$125-600
McKinney	\$1.25-2	\$25-35	n/a	\$50-75	n/a
Frisco	\$6-8	n/a	n/a	n/a	n/a
Carrollton	\$2-7	\$32-64	\$90-120	\$40-50	\$100-225
Lubbock	\$2-2.5	\$45-60	\$150	\$65-90	\$1.5-2 ea
San Marcos	\$2-3	n/a	n/a	n/a	n/a

Aquatics Exhibits a Pattern of Wasteful Expenditures

Wasteful expenditure refers to unnecessary expenditure that should have been avoided if reasonable care had been exercised. Within the context

of a public program, a wasteful expenditure can be defined as an expenditure that is outside the mission, goals, or objectives of the program. The stated mission of the Aquatics Program is as follows: **“provide the public with safe, clean, attractive, professional operation of three city owned pools and one school owned pool for a reasonable fee.”** Several instances of wasteful expenditures or potential cost savings were indentified.

The city funded out-of-state travel for part-time/seasonal aquatics staff. Out-of-state training expenditures for part-time/seasonal staff occurred on at least two occasions during the period reviewed. In fiscal year 2008, six part time/seasonal aquatics employees were sent to Chicago, Illinois to compete in a lifeguard competition. The travel and lodging cost to the city for these employees to compete at this event was approximately \$3,400. In fiscal year 2009, a part-time/seasonal aquatics employee accompanied the Pool Supervisor to a conference held in Arizona. The cost of this trip was approximately \$3,000. During the period reviewed, part-time/seasonal personnel have **also been sent to Austin and Waco at the city’s expense.** City policies and procedures regarding supervisory approval were followed for these travel related expenditures.

The cost benefit of an accountable plan is negated when daily travel expenses exceed allowable per diem rates. The city currently operates under an accountable plan³ for business related travel expenditures. An acceptable alternative to accountable plans are to offer employee allowances under Internal Revenue Service defined daily per diem rates. As of October 2010, the daily per diem rates the city would be subject to are \$70 for lodging and \$46 meals and incidental expenses. Accountable plans are more expensive to administer, but are justified by tighter control and approval over employees expenses to prevent excessive or wasteful expenditures. When employee expenditures exceed these daily per diem rates, the benefit of accountable plans comes into question. For the period reviewed, there were several instances where individual meal expenditures exceeded \$46 for aquatics personnel. Incidental travel expenses for training may have also been excessive in some occasions. For example, there were three instances where the rental car expense for a single training excursion was \$470,

³ Employee expenses are not considered taxable income if they are made under an accountable plan as defined by the Internal Revenue Service. Under these rules, expenses must have a business connection and be substantiated to the employer (within 60 days of the transaction) by the employee providing adequate documentation of the amount, time and place, and business purpose of the expense.

\$330, and \$420—which exceeded the cost of airfare for the trip on two occasions.

Recreational related purchases were common in the three fiscal years reviewed. These purchases included gift cards, movie tickets, cameras, compact disc and radio players, recreation equipment and other toys, laser tag and bowling outings for staff, craft supplies, and holiday decorations. Although these expenditures account for a very small percentage of the overall aquatics expenditures, their frequency constitutes a material finding.

Savings could have been realized in the supplies account. Supply purchases constituted the largest operational expenditure in all three fiscal years reviewed. Supply costs can be broken down into three categories—justifiable operation supplies, discretionary supplies, and possible unnecessary or wasteful expenditures. Table 3 below describes these expenditures.

TABLE 3: Aquatics Supply Expenditures

	FY 2008	FY 2009	FY 2010
Justifiable Operation Supplies	67,400	64,600	61,300
Discretionary Supplies	6,900	10,400	7,400
Wasteful Expenditures	<u>11,300</u>	<u>13,500</u>	<u>7,200</u>
Total Supplies:	85,600	88,500	75,900

Supply expenditures that aligned with the mission of the aquatics program were defined as justifiable operational supplies. Justifiable operational supplies include chemical supplies, minor tools, first aid or medical supplies, and fuel. Over 75 percent of these expenditures result from purchases of chemicals to treat the pools. Discretionary supply purchases include expenditures that may have been reduced if other alternatives would have been pursued. For example, the city could require lifeguards to purchase their own swim suits. These expenditures included certain office supplies or equipment and clothing. Additional discretionary expenditures not within the supply account include printing and postage expenditures which are summarized in Table 4 below.

TABLE 4: Aquatics Printing and Postage Expenditures

	FY 2008	FY 2009	FY 2010
Printing Expense	2,900	3,600	7,300
Postage Expense	2,100	600	700
Totals:	5,000	4,200	8,000

Wasteful expenditures included food and food supplies and some promotional and recreation materials. For example, approximately \$5,900, \$4,200, and \$3,200 were spent on food related items in fiscal years 2008, 2009, and 2010 respectively. Some of these food related expenditures are the result of aquatics personnel providing catered pool parties for customers. For example, in fiscal year 2010, approximately \$2,100 of food and food supplies were spent on catered parties at city pools and \$2,000 in revenue was collected for these events. These expenditures for catered parties do not include staff costs and equipment costs such as the cost of fuel when traveling to obtain food and party supplies.

Training Costs are Excessive in Comparison to Other Programs

Aquatics travel and training expenditures were \$14,700, \$13,500, and \$9,200 in fiscal years 2008, 2009, and 2010 respectively. The primary training expense is the result of lifeguard training and certification performed by Ellis and Associates⁴. Additional Ellis and Associate expenditures not included in the travel and training account include \$13,900 in professional services for fiscal years 2008 through 2010.

Aquatics training expenditures rival that of police and fire departments’ training cost per FTE. Compared to other public safety training programs, aquatic’s training cost per full-time equivalent (FTE) is within a few hundred dollars of other public safety departments’ expenditures. Table 5 below describes these training costs.

TABLE 5: Training Cost per FTE

Dept/Program	FY 2008	FY 2009	FY 2010
Police Dept	880	830	800
Fire Dept	1,180	1,200	580
Aquatics	730	680	460

The difference between the Aquatics Program and other public safety departments is that most aquatics employees are temporary, seasonal employees. In addition, the city pools are only open during a short season, while other public safety officials are servicing the public year round. Also, these numbers tell us that the training cost for part-time employees in the aquatics department is almost equivalent to training expenditures for full-time employees in the Police and Fire departments.

⁴ Jeff Ellis and Associates Inc. is a for profit organization specializing in lifeguard training and aquatic safety awareness.

Another way to compare training cost amongst public safety programs is to examine the ratio of personnel cost over training expenditures. Each year, this ratio for the Aquatics Program remains below Police and Fire departments' ratios. Most organizations would spend more money to train higher salaried, full-time public safety personnel instead of lower paid temporary employees; however, these ratios indicate the opposite. Table 6 below summarizes these results.

TABLE 6: Personnel Cost over Training Cost Ratio

Dept/Program	FY 2008	FY 2009	FY 2010
Police Dept	73.82	77.58	81.49
Fire Dept	64.67	64.24	136.07
Aquatics	42.73	47.66	66.23

The city of Bryan's method of training lifeguard personnel is a revenue generating model. Bryan requires all lifeguards to be American Red Cross certified. However, unlike College Station they do not pay for this certification for their employees. Instead, Bryan teaches the certification class for lifeguards through the American Red Cross, and these prospective lifeguards pay them for the class. In addition, Bryan makes the class available for anyone else who wishes to have American Red Cross CPR or lifeguard training. Overall, this method generates revenue for Bryan instead of incurring cost to their training account.

Temporary or Seasonal Employees are Receiving Overtime

Seasonal employment is defined as annually recurring periods of work of at least six months, but less than twelve months, during a calendar year. Recurring work that last less than six months is generally considered as temporary employment. One of the purposes of seasonal and temporary employees is to reduce overtime costs during forecasted periods of peak workload. Therefore, temporary or seasonal employees typically do not earn overtime. However, there were approximately \$25,100, \$16,200, and \$9,300 overtime expenditures for aquatics staff classified as temporary/seasonal employees in fiscal years 2008, 2009, and 2010 respectively.

Off-Season Personnel Expenditures Cost the City \$250,000

The city's aquatic season corresponds with the College Station Independent School District (CSISD) calendar year. The last day of class is the end of May and the first day of class is the end of August. As a

result, the three outdoor city-owned pools have a similar operating schedule. Although most city-owned pools are open for less than four months during a year, a significant portion of the aquatics staff remains employed throughout the year. As a result, almost 50 percent of aquatic personnel cost is incurred during months when city pools are closed. Table 7 below compares the cost of aquatic personnel during months city-owned pools are open to the cost of personnel during months the pools are closed.

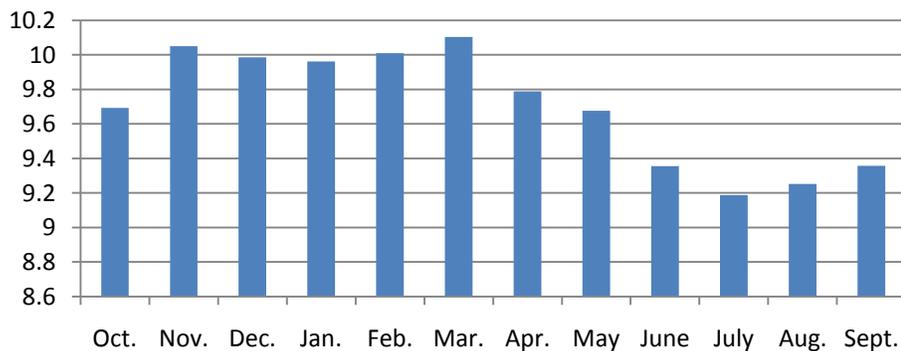
TABLE 7: Staff Cost Comparison during On and Off-Season

Dept/Program	FY 2008	FY 2009	FY 2010
Staff Cost (when pools open)	302,600	308,000	233,000
Staff Cost (when pools closed)	<u>238,000</u>	<u>247,000</u>	<u>287,000</u>
Total Staff Costs:	540,600	555,000	520,000

The Parks and Recreation Department would realize significant savings in their personnel costs by going to a summer only aquatics program. The direct savings to the city would be around \$250,000 per year. High personnel cost during off-season months are caused by two primary factors. First, the highest hourly rate part-time, seasonal personnel are employed year-round in lieu of lower hourly-rate staff. Second, the following aquatics programs or activities are conducted during non-summer months: pool-trout fish-out, train the trainer, staffing of the Natatorium, and off-season maintenance.

The most costly temporary seasonal workers are employed year-round. During the non-summer months the average wage increases as much as \$1.00 per hour. This reveals that during non-summer months, more costly personnel are being kept on the payroll. Figure 5 below describes the average hourly wage for aquatics personnel, excluding the Pool Supervisor, for fiscal years 2008 through 2010.

Figure 5: FY 08-10 Average Wage Per Hour



Cutting Off-Season Programs Has Negligible Service Level Effect

According to the Pool Supervisor, off-season programs and pool maintenance drive aquatics personnel cost during the majority of the calendar year when city-owned pools are closed to the public. These off-season programs include the pool-trout fish-out, train the trainer, and staffing of the Natatorium. In previous years, the Texas Public Pool Council annual conference was held in College Station; however, this event was held in Austin in January 2011⁵. The costly managerial decision to employ a large number of aquatics staff in the off-season cannot be justified solely by these programs and routine pool maintenance. In addition, if these programs were eliminated, the public would see negligible impact to the aquatic services the city provides.

The pool-trout fish-out program represent unnecessary aquatics expenditures. Each year the Southwood Pool is drained, cleaned, and stocked with 1,000 pounds of trout for a program called pool-trout fish-out. In fiscal year 2009, approximately \$3,500 was spent on chemicals, advertising and fish to stock the pool. Not included in this amount are supplies for the program, the cost to supervise the event, and the staff costs to convert the pool into a fishing pond and then back into a swimming facility. The pool-trout fish-out is also a program that overlaps a service that is already being provided to the community by the city. Currently, the Parks and Recreation Department has an urban fishing program. John Crompton Park, Cy Miller Park, Brothers Pond Park, and Gabbard Park are periodically stocked with fish for recreational fishing. At Central Park, the city keeps the pond continuously stocked with trout and catfish for its urban fishing program.

Train the trainer is a one to two day program, which has little impact on aquatics personnel costs. This one to two day free training event hosts speakers from within the community and outside the community to speak on topics such as leadership, teamwork, and aquatics. There are just over 100 attendees each year, some of whom travel from various cities across the state. The most recent event had one sponsored speaker; whereas, all other speakers gave presentations at little or no cost to the city. Staffing for the event consists of one employee to plan and administer the event and two employees for check-in on the days of the event.

⁵ The Texas Public Pool Council annual conference is planned to be held in College Station in 2012 and in Lewisville Texas in 2013.

Temporary/seasonal employees are not needed for off-season pool maintenance. The majority of off-season maintenance is routine in nature, and does not require the assistance of temporary/seasonal workers. The one exception is the annual draining, pressure washing and painting of the city-owned pools. However, other options exist other than keeping temporary staff employed year-round in order to help with this duty. For example, outsourcing options could be investigated to determine their cost effectiveness. In addition, the city could seek an independent opinion from a pool-maintenance professional to determine if the annual painting is needed, or if alternative (less costly) methods could be implemented to accomplish the same objective.

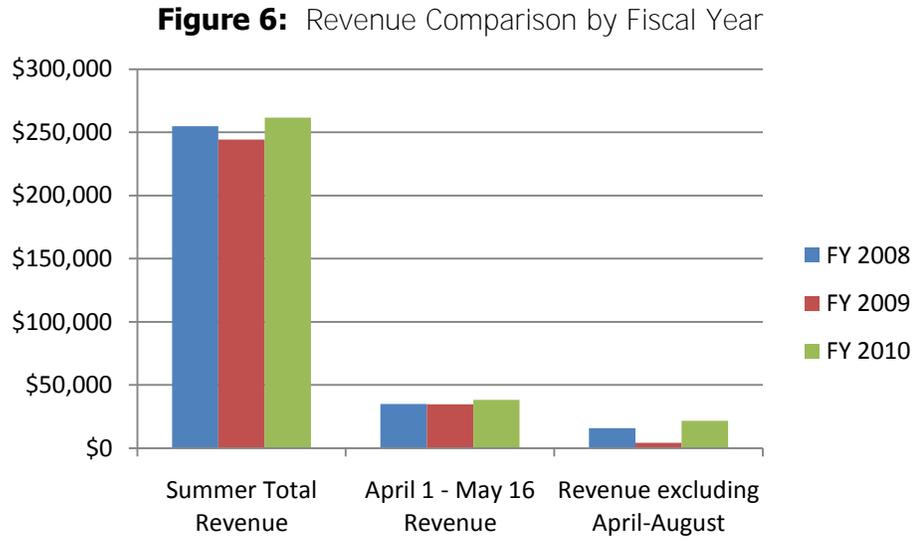
Staffing the Natatorium is an unnecessary aquatics expenditure.

The Natatorium is an indoor competitive swimming facility with eight, twenty five meter lap lanes. The facility is owned by CSISD, but staffed by two to three city employed lifeguards during hours of operation. The city bills the school district for this staffing, amounting to approximately \$6,800 per year. Currently, CSISD and city staff are working on the development of a Natatorium budget as a basis for sharing the expenses between both entities on a percent of use basis as called for in the current inter-local agreement. One estimate for the **Natatorium's** net cost (i.e. expenditures less revenue) is approximately \$52,000 per year. However, the details supporting this amount are currently being discussed between the city and CSISD. This amount could be higher based on potential capital improvement or major repair costs, or lower based on program cost and participation projections. Depending on discussions underway between the city and CSISD, these costs could be shared in some way between the two entities.

For 2009, approximately 17 percent of the use of Natatorium was due to CSISD programs and 30 percent was due to city programs—consisting of water aerobics and city swim team. A competitive swimming team restricted to the general public through try-outs and not managed by the city is responsible for 31 percent of the use. Based on hours of operation, general public usage constitutes the remaining 22 percent—although the actual patronage is small. In the past, the city swim team used city-owned outdoor pools for their swim meets; and city-run water aerobics classes were also held at city pools.

Eliminating off-season aquatic programs has marginal effect on aquatics revenue. The majority of the revenue the aquatics program generates during a fiscal year occurs during the summer months, making the revenue generated during closed season very minimal compared to

the open season. On average, 83 percent of revenue is collected during the summer months, 12 percent in April and May, and 5 percent the rest of the year. Figure 6 below describes these results.



Recommendations

Aquatics need a few improvements, encompassed in the following audit recommendations. Implementing these recommendations would reduce costs and increase the overall efficiency of the program.

1. The Parks and Recreation Director should work with the Pool Supervisor to determine appropriate staffing levels to move from a year-round staffing model to a seasonal model. Employing part-time/seasonal aquatics personnel only during the periods when city-owned pools are open to the public would result in significant savings. Therefore, part-time/seasonal aquatics personnel should not be employed year-round. There may be a need to hire some staff prior to pool openings to receive specific training related to the operation of aquatic facilities. There may also be a need to continue the employment of some staff shortly after the pools close to assist in pool closing procedures. However, this should be limited and should not persist for a significant period of time.
2. The city should not staff the Natatorium with city aquatics personnel. In addition, the city should not use the facility for any city-run programs such as the recreational swim team or water aerobics classes. When the city renegotiates its inter-local agreement with **CSISD, the city's** relationship with the Natatorium should be removed from the contract. This will not only reduce staffing expenditures, but also reduce costs associated with potential CSISD billings to the city. CSISD should decide how much they want to charge or subsidize for competitive swimming programs and the general public for the use of their facility. In effect, this would place the responsibility of the amount of subsidization of a non-city run programs to the facility owner.
3. The mission goals and objectives of the aquatics program should be better defined by the acting Director of Parks and Recreation in **conjunction with the City Manager's Office**. The Pool Supervisor should be instructed to carry out the newly defined mission, goals, and objectives of the program by eliminating expenditures or programs that are not in alignment with them.

4. Staffing levels of part-time seasonal staff should be better managed to ensure that there is adequate staffing levels to prevent the payment of overtime to these employees. This audit finding was also addressed in the payroll audit released in May 2010. The second recommendation of the payroll audit should be referred to and implemented.
5. Part-time, seasonal staff training should be limited to what is necessary to fulfill essential job duties. Alternatives to reduce training expenditures should also be explored; such as the revenue generating model for lifeguard certifications utilized by the City of Bryan. In addition, the Pool Supervisor should consider diverse training opportunities. For example, instead of attending Ellis and Associates training in Arizona each year, alternatives such as National Aquatics Conference and National Aquatics Management School should be considered—which have training opportunity options that focus not only on safety concerns but also on operations, management, and cost management issues within the aquatics industry.

Appendix 1:
The Parks and Recreation Department's
Interim Director's Response to the Audit Recommendations

1. The Parks and Recreation Director should work with the Pool Supervisor to determine appropriate staffing levels to move from a year-round staffing model to a seasonal model. Employing part-time/seasonal aquatics personnel only during the periods when city-owned pools are open to the public would result in significant savings. Therefore, part-time/seasonal aquatics personnel should not be employed year-round. There may be a need to hire some staff prior to pool openings to receive specific training related to the operation of aquatic facilities. There may also be a need to continue the employment of some staff shortly after the pools close to assist in pool closing procedures. However, this should be limited and should not persist for a significant period of time.

Response: Management concurs. The operation of the Aquatics program during the October – March season is directly tied to the use of the CSISD Natatorium. If the decision were made to no longer utilize that facility, many of the issues listed would be addressed. If the ILA with the CSISD includes the Natatorium in the future, it would be our recommendation that the fees to area swim teams and programs would be increased so that additional revenue could offset expenses.

In regards to programs that we currently offer that are deemed “outside the core” of Aquatics, we would solicit sponsors to cover the expenses or, failing that, no longer offer them. Again, this is contingent upon the future use of the CSISD Natatorium.

2. The city should not staff the Natatorium with city aquatics personnel. In addition, the city should not use the facility for any city-run programs such as the recreational swim team or water aerobics classes. When the city renegotiates its inter-local agreement with CSISD, the city's relationship with the Natatorium should be removed from the contract. This will not only reduce staffing expenditures, but also reduce costs associated with potential CSISD billings to the city. CSISD should decide how much they want to charge or subsidize for competitive swimming programs and the general public for the use of their facility. In effect, this would place the responsibility of the amount of subsidization of a non-city run programs to the facility owner.

Response: Management concurs, however, the decision to continue the ILA with the CSISD that includes the Natatorium is a City Council decision.

3. The mission goals and objectives of the aquatics program should be better defined by the acting Director of Parks and Recreation in conjunction with the City Manager's Office. The Pool Supervisor should be instructed to carry out the newly defined mission, goals, and objectives of the program by eliminating expenditures or programs that are not in alignment with them.

Response: Management concurs. The mission goals and objectives of the Aquatics program will be re-examined with the staff and management, with policy direction from the City Manager's Office. New direction, programs, staffing, and program offerings will need to be planned and implemented.

4. Staffing levels of part-time seasonal staff should be better managed to ensure that there is adequate staffing levels to prevent the payment of overtime to these employees. This audit finding was also addressed in the payroll audit released in May 2010. The second recommendation of the payroll audit should be referred to and implemented.

Response: Management concurs. A plan for decreasing the amount of overtime will be reviewed with upper management. It should be noted that the amount of overtime has continued to decrease since 2008. It is the Aquatics programs mission for the overtime amount to continue in this downward trend. Reductions can be realized through hiring and training enough staff to be able to have a large enough labor pool to draw from at peak times of the season.

The second recommendation of the payroll audit is currently being reviewed by the Human Resource Department. If accepted, we will implement the policy immediately.

5. Part-time, seasonal staff training should be limited to what is necessary to fulfill essential job duties. Alternatives to reduce training expenditures should also be explored; such as the revenue generating model for lifeguard certifications utilized by the City of Bryan. In addition, the Pool Supervisor should consider diverse training opportunities. For example, instead of attending Ellis and Associates training in Arizona each year, alternatives such as National Aquatics Conference and National Aquatics Management School should be considered—which have training opportunity options that focus not only on safety concerns but also on operations, management, and cost management issues within the aquatics industry.

Response: Management concurs. The Department, and specifically the Pools Supervisor, is on board in relation to investigating different lifeguard training and certification opportunities and exploring different models. We will continue to explore and take advantage of varied training opportunities in the aquatics industry.

The revenue generating model for training is currently being investigated with the help of the Human Resources Department and the Public Communications Department. We are looking at offering lifeguard and swimming instructor training programs to the general public and then accepting applications from those that pass the classes versus the current method of hiring staff first and then training them at the full expense of the City.