SPECIAL MEETING OF THE EL SEGUNDO CITY COUNCIL
&
EL SEGUNDO UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION
THURSDAY, DECEMBER 14, 2017
6:00PM

6:00 P.M. SESSION

CALL TO ORDER

PLEDGE OF ALLEGIANCE
ROLL CALL

PUBLIC COMMUNICATIONS – (Related to City Business Only) – 5 minute limit per person, 30 minute limit total) Pursuant to Government Code § 54954.3(a), the only public comment that will be permitted during this Special Meeting is that pertaining to the agenda item listed below. Individuals who have received value of $50 or more to communicate to the City Council on behalf of another, and employees speaking on their behalf of their employer, must so identify themselves prior to addressing the City Council. Failure to do so shall be a misdemeanor and punishable by a fine of $250. While all comments are welcome, the Brown Act does not allow Council to take action on any item not on the agenda. The Council will respond to comments after Public Communications is closed.

SPECIAL ORDERS OF BUSINESS:

1. Consideration and possible action regarding those items set forth on Exhibit 1 (Joint Meeting agenda from Management Partners, Attachment 2.A and Attachment 2.B) (some of which relate to City aquatic facilities and some of which relate to the relationship and financial issues that affect both the City and School District).

   Recommendation – 1) Take action on or provide direction regarding those matters identified on Exhibit 1.

2. Discussion, consideration and possible action to 1) Review options and terms of a potential agreement or revise the existing Joint Use Agreement (regarding the shared use of City and School District facilities) 2) Formalizing the terms between the City and El Segundo Unified School District regarding the new El Segundo Aquatics Center at Wiseburn High School at 201 N. Douglas Street and Urho Saari Swim Stadium (also known as the plunge located at 219 West Mariposa Ave ((Joint Meeting agenda from Management Partners, Attachment 2.A and Attachment 2.B)).

   Recommendation – 1) Discuss the potential financial and use terms of the agreement(s) with the El Segundo Unified School District Board; and,2) Provide direction to the City Manager on the terms and format of an agreement(s) between the City and ESUSD for future use of the new El Segundo Aquatics Center.

ADJOURNMENT

POSTED:                         DATE:     December 8, 2017
TIME:                          NAME:     [Signature]
Joint Meeting
El Segundo City Council and Board of Education, El Segundo Unified School District
City of El Segundo Police Department, EOC
348 Main Street, El Segundo, CA 90245
December 14, 2017, 6:00 PM

Meeting Purpose:
To discuss and reach agreement on:
• The process for formalizing the terms of ESUSD’s use of the El Segundo Aquatics Center, including the length of the use agreement; and
• ESUSD’s financial contribution to the City toward the renovation of the Plunge: methodology for calculating, total amount, and timing of payment(s).

1. Opening Items
   A. Welcome and Call to Order (Mayor, Board President)
   B. Pledge of Allegiance
   C. Agenda Hearing Period – Public Communication (Mayor, Board President)

2. Discussion and Possible Action

The joint meeting will be facilitated by Karen Orlansky, Management Partners

   A. Review of Answers to Questions and Interests Amendments from October 10, 2017 Joint Meeting (See Attachment 2.A, pages 1-3) 10 minutes

   B. Overview of the Issues to be Decided (City Manager and Superintendent) (See Attachment 2.B, pages 4-5.) 10 minutes

   C. Discussion and Possible Action (City Council Members, Board Members) 90 minutes

   D. Review of Agreed-Upon Next Steps (City Manager and Superintendent) 5 minutes

3. Closing Items
   A. Brief Remarks – Oral Communication from the Audience
   B. Adjournment
Answers to Questions from Members of the City Council and ESUSD Board

1. What was the basis for ESUSD's estimate that the ESUSD use rate at the Plunge is 24% of total pool time available?

The calculation is the number of scheduled school-related program hours at the Plunge divided into the total number of hours the Plunge is operational on an annual basis. More specifically, ESUSD swimming and water polo programs utilize approximately 876 hours of the 3,650 total operational hours at the Plunge. The usage varies during season, off-season, and summer practice schedules, and can fluctuate depending on match, meet and tournament schedules. The Recreation and Parks Department has reviewed and verified the ESUSD analysis.

2. Do you expect ESUSD's use rate at the new El Segundo Aquatics Center to be equivalent, lower, or higher than ESUSD's use of the Plunge?

The projected usage of ESUSD programs at the new facility will increase the number of hours to include the addition of before-school morning practices and possibly an additional tournament. The increase in hours, however, will not result in an increase in the overall percentage of ESUSD's usage at the new facility due to the fact that the El Segundo Aquatics Center will offer 2-3 times more programmable pool space than currently available at the Plunge.

3. What is the rate of return that ESUSD is earning on the $22 million received from sale of the surplus school site?

On November 14 2017, the ESUSD Board of Education approved a Memorandum of Understanding with the Los Angeles County Treasurers Office to authorize the Superintendent to place $16 Million of the Imperial Street School proceeds into a special investment. The rate of the return on the investment has yet to be determined, but more likely will fall within a range of 2% to 3.25%. The remaining balance of $6.625 Million earns 1.39%.

4. How was the annual operating deficit of the new El Segundo Aquatics Center estimated to be $600K, and what is the City's plan for addressing this?

According to the most recent financial projections, the City's annual operating deficit for the new Aquatics Center is expected to be approximately $100K as a stand-alone facility. The current operating deficit of the City's existing aquatics facilities (Plunge + 2 outdoor seasonal pools) is $556K. When the new Aquatics Center is fully operational, the Plunge is expected to generate increased revenue, and the total projected net deficit for the entire City Aquatics Program is as follows in the table on the next page, which uses data projected for the second full year of operations.
The City is optimistic that the addition of the new Aquatics Center will be cost-neutral to the overall General Fund budget. Revenues generated at both the Plunge and the new Aquatics Center will offset about 68% of the expenses. The revenue projections are based on assumptions that the City will establish fees consistent with current market conditions, program fees will incrementally increase, and non-traditional aquatics programming (e.g., SCUBA) and event rentals will be a vital component to achieving cost-recovery.

5. **Could ESUSD enter into an agreement with Wiseburn regarding ESUSD’s use of the new El Segundo Aquatics Facility?**

The City of El Segundo and Wiseburn entered into a Settlement Agreement in which the City agreed to operate the aquatics facility. In order to modify this arrangement, all parties would have to agree to amend the Settlement Agreement and Wiseburn and ESUSD would need to agree to the terms of the operation of the aquatics facility. This possibility has not been discussed with Wiseburn. In addition, ESUSD has stated that they do not have the capabilities (staffing, finances) or desire to operate the new El Segundo Aquatics Facility. There is also the question of whether such an arrangement would meet the objectives of serving broader community access to the facility and how the programming at this facility would coordinate with the operations of the Plunge.

6. **Could the City of El Segundo sell the Plunge to ESUSD?**

The City of El Segundo could sell the Plunge to ESUSD if the school district had an interest in purchasing it. However, the school district has no interest in purchasing the Plunge.

7. **If the City and ESUSD reach an agreement on ESUSD’s financial contribution, then will the City also agree to a three-way joint use agreement for the new El Segundo Aquatics Center?**

The response to this question is subject to discussion at the Joint Meeting scheduled for December 14, 2017.

8. **Regarding the City’s options 2 and 3, what is the amount the City is looking for?**

The response to this question is subject to discussion at the Joint Meeting scheduled for December 14, 2017.

<table>
<thead>
<tr>
<th></th>
<th>The Plunge/Outdoor Pools</th>
<th>New Aquatics Center</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses Total</td>
<td>$</td>
<td>731,729</td>
<td>1,067,800</td>
</tr>
<tr>
<td>Revenue Total</td>
<td>$</td>
<td>254,274</td>
<td>974,669</td>
</tr>
<tr>
<td>Net Revenue (Deficit)</td>
<td>$</td>
<td>(477,455)</td>
<td>(93,131)</td>
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## Updated List of Interests*

<table>
<thead>
<tr>
<th>City of El Segundo’s interests</th>
<th>El Segundo Unified School District’s Interests</th>
</tr>
</thead>
<tbody>
<tr>
<td>An ongoing collegial, constructive, <strong>and trusting</strong> working relationship between and among the leadership and staff of the City of El Segundo, ESUSD, and Wiseburn USD.</td>
<td>An ongoing collegial, constructive, <strong>and trusting</strong> working relationship between and among the leadership and staff of the City of El Segundo, ESUSD, and Wiseburn USD.</td>
</tr>
<tr>
<td>Timely resolution of the current question regarding ESUSD’s dollar contribution to the funding of aquatics facilities used by ESUSD’s students.</td>
<td>Timely resolution of the current unresolved issue regarding ESUSD’s dollar contribution to the funding of aquatics facilities used by ESUSD’s students within ESUSD boundaries.</td>
</tr>
<tr>
<td>Timely resolution of any outstanding issues regarding ESUSD’s future use of the El Segundo Aquatics Center.</td>
<td></td>
</tr>
<tr>
<td>Providing quality recreation services to all members of the El Segundo community, especially the children.</td>
<td>Ensuring a quality and predictable aquatics program for ESUSD students, to include formalizing ESUSD’s future use of the El Segundo Aquatics Center and SAARI Plunge in an agreement that has longevity and employs language to foster a collegial and trusting relationship.</td>
</tr>
<tr>
<td>Exercising fiscal responsibility, <strong>which includes entering into agreements that have sufficient flexibility to allow for termination in order to avoid increasing the City’s financial liability.</strong></td>
<td>Maintaining appropriate resources and services for ESUSD, to include exercising fiscal responsibility.</td>
</tr>
<tr>
<td>Following through on any previously made commitments, e.g., the January 2016 settlement agreement.</td>
<td>Ensuring that there is a legal nexus to tie any financial contribution ESUSD would make to the City compliant with the laws regarding the expenditure of school district funds in the State of California.</td>
</tr>
</tbody>
</table>

*Revisions to the table are shown in bold font.*
Outline of Issues and Options

A. The Agreement for ESUSD’s Use of the El Segundo Aquatics Center

1. Structure of the Use Agreement
   
   **Options**
   
   a. A three-part agreement among the City, El Segundo USD, and Wiseburn USD.
   b. A two-part agreement between the City and ESUSD that outlines the contribution to the Plunge AND a three-part agreement (City, ESUSD, Wiseburn USD) that outlines ESUSD usage of the Aquatics Center.
   c. A two-part agreement between the City and ESUSD that outlines the contribution to the Plunge AND a two-part agreement (City & ESUSD) that outlines ESUSD usage of the Aquatics Center.
   d. Other?

2. Length of the Agreement
   
   **Options**
   
   a. 10 years, which equates to the term of the current Joint Use Agreement for Public Recreation Facilities, negotiated between ESUSD and the City of El Segundo in 2012.
   b. 25 years, which equates to the term of the Settlement Agreement negotiated between Wiseburn USD and the City of El Segundo in 2016.
   c. Other?

B. ESUSD’s financial contribution

1. Amount and methodology
   
   **Options (not mutually exclusive)**
   
   a. Calculate an amount as the percent of ESUSD’s use of the Plunge applied to the cost of renovating the Plunge. The City and ESUSD agree that the current estimate of 24% fairly represents the usage: 24% of $2,398,020, equates to $576,362.
   b. Calculate an amount based on the estimated costs of the equipment needed in the new El Segundo Aquatics Center. The City has provided the District with a proposed necessary equipment list that totals roughly $400,000.
   c. Calculate an amount based on the estimated future operating costs of ESUSD’s use of the El Segundo Aquatic Center.
   d. Establish a cap on the amount(s) for purposes of budget and planning purposes.
   e. Other?
2. Timing of financial contribution
   Options
   a. One-time lump sum
   b. Schedule of payments over time
   c. Combination of lump sum and schedule of payments over time
   d. Other?