



**Agenda Item No. 9
September 4, 2013 Meeting**

DATE: August 23, 2012
TO: Children and Families Commission of Orange County
FROM: Christina Altmayer, Executive Director 
SUBJECT: Status Report on the Santa Ana YMCA Catalytic Investment

SUMMARY:

The Commission approved \$8.5 million catalytic funding for an agreement with the YMCA of Orange County to create and sustain physical fitness and obesity prevention and treatment services in Santa Ana. The site includes an aquatic center, an outdoor soccer arena and provides a home for Dr. Riba's Health Club for the assessment and treatment of children with obesity. While the initial planning focused on a larger facility and development of a permanent Wellness Center, the final approved plan in January 2010 was scaled-back to include only the pools, outdoor soccer facility, and modular buildings. The revised plan addressed the goal of implementing the Commission sponsored programs at the new facility as a stand-alone project which is not dependent on completion of the full campus.

The Commission investment is supported by a long-term service payback agreement to support the health and physical fitness of young children and families in Santa Ana and the adjacent communities. The priority for the Commission was to increase access to facilities that support health and physical fitness. Construction of the new facilities was completed and program operations commenced in 2011. This report provides an assessment of the YMCA's first two years of progress in meeting the targeted outcomes as well recommendations for the Commission's consideration to maximize the capacity of the site.

BACKGROUND:

From May 2008 through the final Commission action in January 2010, Commission staff worked in partnership with the YMCA of Orange County to design a service strategy that would address the significant need for physical fitness facilities in South Santa Ana. The Commission was committed to addressing the growing rate of obesity among very young children, particularly those in lower socio-economic communities. As noted in the 2012, *Healthy People, Healthy Places Report*, Santa Ana ranks as one of the lowest communities in Orange County in terms of the number of acres of park per 1,000 residents. The report also cited research that has shown that access to places for physical activity significantly increases level of exercise¹.

¹ Research finds that youth without access to opportunities for physical activity during nonschool hours are less likely to be as physically active as their peers, and at least one study shows that by increasing access to places for physical activity, youth not only have higher levels of activity but are less likely to be overweight or obese.

Commissioners

Executive Director

The originally proposed Santa Ana YMCA facility included a gym, community space, education and meeting rooms (approximately 31,000 square feet), three pools (including an Olympic sized pool shared with Santa Ana Unified School District (SAUSD)), and an arena soccer field. The projected total cost was over \$20 million, and at the time of the Commission's initial action, the YMCA had received significant pledges from community stakeholders and board members. Additionally, the market study and financial sustainability planning conducted prior to launching the capital campaign (2007) was structured around a sustainability plan focused on raising money through membership, use fees, and facility rentals and that this revenue would offset operational costs.

The Commission's allocation relied on a combination of Proposition 10 funds and included \$4.5 million of Medical Administrative Activities (MAA) reimbursements that the Commission had earned over a number of years (see attachment 1). Given that the MAA funds do not have the same age restrictions as Proposition 10 funds, this funding allows the program to provide services and activities for adults, older children, and families with older children, creating a more sustainable model of services for the community. The agreement requires YMCA to provide health and wellness services to the surrounding community for the next 10 years with a service pay back amount of \$3 million, reflective of the Proposition 10 funding.

In response to financial challenges and a loss of funding support, the Commission approved a revised implementation plan that included phasing for construction in January 2010. The phased construction included modular units for services and programs, a soccer arena, a splash pool, community pool and the olympic sized joint use pool with SAUSD (contingent on a 30 year joint use agreement). Under this revised plan, the construction of the main building that would hold a gym, administrative offices, the wellness center, and community space would be pushed to the second phase of construction. Under the two-phased construction proposal, the modular units, pools, and soccer arena would still allow for the agency to provide health, nutrition, physical fitness, pool safety, and community services. The executed agreement obligates the YMCA only to the first phase including the current modular buildings and programmatic service requirements. The focus of the grant agreement with the YMCA is on the increasing fitness and nutrition services within the geographic area.

The \$8.5 million in funding was separated into three separate but interdependent funding allocations. First was \$5.5 million for the construction of the pools that would be shared under a 30 year joint use agreement with SAUSD, a community pool, a splash pool, an arena soccer field, and a YMCA regional community facility including meeting space, gym, locker rooms, and space for Commission grantees to provide programs and services. The second allocation was for \$1 million held by the Orange County Community Foundation (OCCF) supporting the aquatics program focused on the pool safety and swim lessons by ensuring an aquatics director on staff and pool maintenance for all three pools for up to 10 years. The third fund, totaling \$2 million, is held by OneOC and targets support for the fitness and nutrition programs.

Attachment 1 includes a breakdown of the funding and current balance for each of the allocations.

PROGRAMMATIC & SUSTAINABILITY UPDATE

Over the past four months, the Commission staff has been working with YMCA staff to review their sustainability efforts and programmatic progress. This section includes an overview of the progress made and Attachment 2 summarizes the contractual targeted service levels as identified in the agreement and the progress made in reaching those targets to date.

Programmatic Update

Based on service level projections, it was anticipated that it would take 10 years to reach the \$3 million required for service payback; note that the service payback provisions were not applicable to the MAA grant provisions. The agreement with the YMCA of Orange County identifies key elements of the service payback which include direct services for the 0-5 community including health and nutrition services, water safety, swim lessons, and opportunity to play sports. In addition to the direct service provisions, there were also requirements to provide community space at no cost. Attachment 2 includes a description of service payback requirements and the progress to date. As shown, the YMCA in the first two years of operations has met approximately 28% of its 10 year contractual service targets of the number of children to be served through health, fitness and physical activity services.

The YMCA allowed Commission to review all membership data for the Santa Ana facility from 2011 to May 2013 which indicated:

- 13,000 total memberships
 - 11.8% are under the age of 5
 - 19.4% are 5-9 years of age
 - 7.2% are 10-11 years of age
 - 9.9% are 12-17
 - 51.8% are 18 years and older
- The top three most represented cities are: Santa Ana (66.8%), Costa Mesa (9.4%) and Tustin (5.5%).
- From 2011-2013, there were 21,367 member visits

The membership data indicates that the facilities are a resource to the surrounding community and there is utilization by families with children ages 0-5. Commission staff is interested in continuing the discussion and to refine the data to better determine the specific types of services the 0-5 community is accessing. The YMCA has committed to improving the data reporting and reviewing the services that are the highest demand for the 0-5 community.

Consistent with the services and space provisions described in the agreement, the YMCA is required to provide space to the Dr. Riba's Health Club at no cost. The agreement also requires that Dr. Riba annually enroll a minimum of 133 children into her multi-disciplinary program. With the phased construction plan, Dr. Riba has had the use of a modular building, outdoor exercise space including the pools and soccer arena. Since 2011, Dr. Riba has enrolled 289 children ages 0-5, which is slightly above her target of 266. The program continues to grow with expanded referrals from CalOptima providers and is now working on expanding their private

payor base. Balancing sustainability and cash flow with increasing demands for service will be key factors for Dr. Riba in the coming year.

Sustainability Update

From the outset, the Commission was committed to ensuring the long-term sustainability of the operations of the pools and other facilities. The facilities' sustainability plan anticipated the ability to charge for non YMCA use of the pools and the soccer arena. These charges would be able to offset the costs of maintenance once programs were established. The YMCA has had significant success with the arena soccer field and currently the field is booked for all available hours with a waiting list of clubs and teams looking for field time. The use of the soccer arena spans age groups and has a geographic reach throughout the county. The soccer arena is one of only a few arenas that size in Southern California and has the ability to draw a significant amount of continued interest.

The aquatics center shared with Segrestrom High School is gaining momentum and has several swim teams and a waterpolo program that rents the facility for practice time and tournaments. The facility struggled initially with equipment failures that were costly to replace and negotiating scheduling conflicts and fee structures for pool use. The YMCA has been aggressively working with the school to refine the scheduled use of the pool by the high school teams to allow as much time as possible to make available to others for a fee.

Both the aquatics center and arena soccer field will be critical to sustainability efforts and revenue opportunities for the YMCA. Once the fund at the Orange County Community Foundation (\$1 million) is exhausted, all maintenance costs will be the responsibility of the YMCA.

NEXT STEPS

Staff's review of the first two years of operation of the Santa Ana YMCA has determined that the YMCA is meeting the service payback requirements, and in partnership with the YMCA has identified three priorities for ongoing planning and coordination:

1. Improve data reporting to more specifically report and document the services to the 0-5 population - The YMCA has committed to working with the Commission's evaluation staff to improve data collection and report.
2. Continue to address ongoing sustainability issues, particularly as the program reserve funds are drawn down - The YMCA is fully aware of this issue and has been aggressively exploring fee-based strategies to support facility operations.
3. Develop strategies to implement the permanent, expanded full scope of services for the facility- As outlined below, staff recommends a review of alternative strategies that may be explored to support full and permanent facilities on the YMCA Santa Ana campus. This will include a reconsideration of the phase two plans and development of alternatives.

Staff has discussed with YMCA management the status of the capital campaign to complete the second phase of construction that includes the development of the main building to house the gym, wellness center, administrative offices, and community space. The YMCA has expressed concern about the feasibility of completing and sustaining the second phase as originally

planned. Based on YMCA's experience at the Santa Ana location, sustaining a facility of that magnitude would require significant levels of paid memberships for gym use. A main building in the size and scope originally planned may not be feasible, given the current economic climate and based on preferences of the surrounding communities for fitness opportunities.

Staff recommends that the Commission explore potential alternative models. The YMCA management is interested in looking at alternatives, including expanding the soccer arena or a different configuration of the phase two facility. Commission staff is focused on maximizing the use of the facility in a way that is reflective of the community interests and would be sustainable. Staff will continue to engage with the YMCA leadership to fully explore all opportunities for the site. Staff has also begun to reach out to the broader community and other Commission funded agencies about how to leverage the Commission's investment and build a sustainable platform for community and health-promotion services. Staff will return to the Commission in February 2014 with a report on continued service progress as well as recommendations for service expansion.

STRATEGIC PLAN & FISCAL SUMMARY:

Funding for YMCA Santa Ana project was approved at the May 2008 Commission meeting and included in the 2007- 2008 Fiscal Year Budget under Healthy Children.

PRIOR COMMISISON ACTIONS:

- January 2010 – Approved Revised Project Plan
- January 2009 – Project Update – Phasing Plan
- September 2008 – Authorized a maximum 10 percent contingency allocation for facility costs for a total final agreement not to exceed \$7,500,000 for the construction and services at the new YMCA of Santa Ana facility, and the allocation of up to \$400,000 from the Health and Fitness Fund managed by the Orange County Community Foundation if necessary to offset the construction costs of the aquatics center and related facilities.
- July 2008 – Approved redirecting \$2 million for the YMCA Health and Nutrition Fund to the YMCA construction project.
- May 2008 – Approved Agreement FC-YMCA-01 for the YMCA construction project

RECOMMENDED ACTION:

Receive report on the Santa Ana YMCA facility and provide direction to staff.

ATTACHMENTS:

1. Fund Distribution Description
2. Service Payback Targets and Progress to Date

Contact: Kim Goll

Santa Ana YMCA – Commission Approved Funding Allocations

Fund and Intended Use	Approved Allocation	Funding Source	Current Balance as of 7/31/2013	Comments
YMCA Agreement <i>Construction of Pools, Soccer Arena, and two modular units</i>	\$5.5 million	\$2.5 million Proposition 10 \$3 million MAA Revenues	All funds were expended as of 02/11/2011	
YMCA Program Operating Endowment (established at OneOC) <ul style="list-style-type: none"> • <i>Support for programs promoting Health Club/Wellness Center (Dr. Riba's Health Club)</i> • <i>Support of operating costs related to services targeted to children 0-5 at the Aquatic Complex, and and sports fields</i> 	\$2 million	Proposition 10 Funds	Approximately \$1,217,923	Amount includes approx. \$2,923 in YTD interest earned in the account since June 2011.
YMCA Health and Fitness Fund established at the Orange County Community Foundation <ul style="list-style-type: none"> • <i>\$400,000 from fund may be used for construction of the facilities</i> • <i>\$600,000 and any unused portion of the \$400,000 will be used to support aquatic operations at the project or other YMCA operated aquatic facilities in Santa Ana</i> 	\$1 million	MediCal Administrative Activities Revenue	Approximately \$ 221,467	Current balance estimate is based on the account balance as of 12/31/2012 provided by OCCF minus YTD expenditures approved for payment in 2013.
	\$8.5 Million		\$1,439,390	

Service Payback Targets and Progress to Date

As defined in the agreement with the YMCA of Orange County, there are three activities that can generate a service credit. Each of those activities is described below.

- A. Wellness Center Services** - the YMCA receives a service payback credit of \$1,500 for every child enrolled in the multi-disciplinary obesity prevention and treatment program. The Dr. Riba's Health Club is the service provider for the obesity prevention and treatment program, which includes fitness activities, nutritional services, cooking classes, and medical intervention over a six month period. The Dr. Riba's Health Club uses the Santa Ana YMCA location for services at no cost; the space includes clinical space and access to the soccer facility, pools, and parking. The service targets include approximately 133 children x \$1,500 = \$200,000 of annual service credit for a total credit of \$2,000,000 during the term of the Agreement.
- B. Swim Lessons and Fitness Activities** - The YMCA receives a service payback credit of \$100 for every enrolled child ages 0-5 to participate in either their swimming lessons or sports programs. The service targets include approximately 780 children x \$100 = \$78,000 of annual service credit for a total credit of \$780,000 during the term of the Agreement.
- C. Auxiliary Space** - a monthly rate of One Thousand Dollars (\$1,000) was to be the amount applied to the service payback schedule (12 months x \$1,000 = \$12,000). \$120,000 during the term of the Agreement. No service credits have been applied for this service.

Service Credit Type		Agreed Upon Annual Target	Total Ten Year Service Target	Progress as of 8/31/2013 (Two Years)	Percent Complete as 8/31/13	Service Credit as of 8/31/2013
A	Children receive multidisciplinary obesity prevention and treatment program	133 children	1,330 children	289 children	22%	\$433,500
B	Children receive swim lessons	390 children	3,900 children	1885 children	48%	\$188,500
B	Children received age appropriate opportunities to play sports (for example soccer & basketball)	390 children	3,900 children	369 children	9%	\$36,900
	TOTAL	913 children	9,130 children	2,543 children	28%	\$658,900