

**Germantown Athletic Club Advisory Commission
Minutes
Tuesday – December 1, 2009**

Members Present: Chairman Stephen Wilensky, Mr. Rob Ayerst, Ms. Dee Dee Dunechew, Mr. Clint Hardin, Ms. Laura Jaggar, Mr. Paul Mosteller, Ms. Teresa Rando, Mr. Garth Thompson and Mr. Larry Williams

Members Absent: Alderman Ernest Chism and Mr. Walker Uhlhorn

City Staff Present: Ms. Danelle Toole and Ms. Debbie Powers

Call to Order

Chairman Stephen Wilensky called the December 1, 2009 meeting to order. The meeting was held in the Blue Room at the Development office.

Approval of the Minutes

Chairman Stephen Wilensky asked for a motion to approve the minutes, motioned by Mr. Clint Hardin and seconded by Mr. Garth Thompson, all in favor.

Club Reports

Danelle opened up club reports discussing handouts on marketing and membership reports. Our membership reports show that for the month of October our renewal rate is at 57% and the overall membership count increase is at 29 up from a negative 80.

Danelle stated we had a very successful Gobble Wobble 5k in November, our participation was approx. 280-300, almost triple what we have had in the past and we were able to raise approximately \$7400.00 for Baptist Rehab. Danelle commended the staff for all the donations; which they solicited from the local vendors. Whole Foods was a great sponsor of the event. One of their gifts was a meal for 12.

Laura Jaggard added that she was very impressed with the prizes for the drawings, there was nothing given away she didn't want. She felt like the whole event was a success.

Danelle stated we are now getting ready for the Memphis Tiger sport season; we will have booths at the FedEx games including the New Year's Eve game, with handouts on the facility. Screenvision advertisements at the theatres are still going and we are getting positive feedback on that. Also Scarlet is working with the Chamber sponsoring the Move It Memphis 10k in February. We are getting really active in the community events.

Scarlet is now advertising Christmas specials at the Club: personal training discounts, massage therapy discounts, along with pro shop and café products discounts through December 24th as well as gift cards or gift certificates available.

Danelle discussed the winter camps Amy has set up for holiday school breaks. Amy is also working on a fit camp for the kids.

Mr. Ayerst asked if coming events and the date for the locker rooms opening would be emailed to the members.

Danelle said we would be emailing members of the locker rooms and winter camps but we try not to blast them with too many emails.

Mr. Ayerst added he was at the Tigers game and was surprised to see our advertisement at the FedEx Forum. Mr. Ayerst said Wow that is the G.A.C on the big screen.

Chairman Wilensky added that others may want to comment but looking back from one month to the next and looking to the future, the energy, the passion, creativity, fun and health and wellness we have focused on, during a time with the locker room renovations going on, he wanted to offer major kudos to Scarlet and everyone for their work on bringing the members in.

Mr. Mosteller added that these things seem to foster a sense of belonging among the members and he is very complimentary of that.

Mr. Ayerst said there is a big difference compared to three years ago.

Danelle agreed but three years ago we only had about \$20,000.00 for marketing.

Chairman Wilensky said already for the Open House planned for January, we know that is the time people create their resolutions and we will have a jump start on that with the advertisement we have already begun at the FedEx Forum. Last week alone, the Forum had about 18,000 – 19,000 people in the building seeing our advertisements.

Danelle moved the discussion to the handouts on the FY09 and FY10 comparison report. On the report you can see that the expenses went down for the month of October compared to last year by approximately \$67,000.00. Revenue compared to last October was down by \$20,000.00.

Mr. Mosteller asked why we thought the expenses were high in July.

Danelle responded that in July we are operating with a full staff for the pool area, concessions and we also pay on our lease for the fitness equipment downstairs.

Mr. Thompson asked if this expense report reflects our capital expenditures as well. Danelle replied it does not represent capital expenditures, and that is shown on the next page.

Chairman Wilensky recommended that in January, since we will have new commission members on board that we invite Ralph Gabb from Finance to come and give a general detailed review of the budget for the Club.

Mr. Ayerst asked about the revenue in the comparison report not reflecting increases with the new rates.

Danelle and Mr. Hardin agreed that a high number of our old members are still on the annual or six month plan that they were able to extend in February and that affects our revenue. November and December should reflect an increase in renewals for those people. Also, Life Time fitness opened in June.

Chairman Wilensky stated that one of the things we have worried about all year is the impact of the Life Time fitness opening up. One of the things that may be tied to the question of revenue and membership, we know that typically signup times are early in the year and a couple big pushes during the year and a decline at the end of the year. When we look at this year he asked how much of our membership we may have lost to Life Time fitness or due to economic situations with their jobs. He noticed the 50 and fit place in Germantown now has a lease sign in the window.

Mr. Mosteller added that the new rates went into effect in January, but many old members were given extensions until July. Life Time fitness opened in June and he thought we had done better at retaining members at that time.

Mr. Ayerst asked about the comparison report and said he can't tell by the reports if we are on tract with the new revenue. Hopefully, the new business manager can answer these questions.

Danelle added when the new business manager comes he will give us more information.

Chairman Wilensky agreed hopefully in January we will have a business manager and that person and someone from Finance can give them a better view of the budget.

Mr. Mosteller asked about the impact of the Kid's Klub and the summer membership increases for May and June. We are adding approximately 1000 members in those months. He wondered how many are children and how many are here for only two or three months. This is impacting our staff. He is not suggesting, but just asking if our staff is becoming a babysitting service for the mothers in Germantown? Is there any way to track their length of memberships? Our revenues for May, June and July are not keeping up with expenses for those months. Is this the time we need to discuss a different rate structure for the summer months? Is this a fair question?

Danelle said her personal view is not increasing a summer membership rate, but look at our application fee for summer months. These individuals now only pay the \$99.00 everyone else pays. If we raise our application fee for those months if you are month to month, and if we discount the members who sign up for six months, and provide a larger discount for people who pay for a year in advance.

Mr. Mosteller added that he knows this year we will have Life Time fitness with an outdoor pool as well. We have full time members who use the pool, who can't enjoy it because we have given discounted memberships. Are we doing them a disservice?

Danelle responded that this year we have Life Time fitness, which has an outdoor pool as well. In the past we were the only facility around with an outdoor pool. It may be an interesting summer due to Life Time fitness having a pool.

Mr. Thompson asked are we worrying unnecessarily about Life Time, you can't compare this facility to Life Time because we are like apples and oranges. He believes people are very irritated by application fees; we need to make it where you are either a member of this facility or you are not. We need to eliminate our summer time peaks; he believes is costing us money.

Mr. Hardin asked if we have discounted rates, and added that he didn't think we had any.

Ms. Dunehew asked what we offered in the summer that caused the spike in memberships.

Danelle responded we typically have those spikes in the summer because of the outdoor pool and the discounted application fees we offer during the July open house. But we have not offered a discounted membership fee.

Ms. Dunehew asked about the Open House and the expense to have the Open house every year. It appears to her we have everyone on staff here that day. This would add to our expenses for the month.

Ms. Rando asked if there is any way to find out how many members in the summer have the discounted application fee, how many months they averaged and if they are short timers. This does impact the regular memberships if they are not staying and paying for those expenses.

Mr. Thompson said he understands the summer peaks, and the expenses. But it seems to him we have peaks in expenses all during the year. There is a peak in expenses in March, June, July and September. What is happening here? He is not accusing anyone of anything. He probably just doesn't understand the recreational spikes in expenses.

Danelle said she can get a detailed report for the expenses if that would help, and this would include reports on the summer memberships and their average length of the memberships.

Chairman Wilensky added that everything was more difficult this year, due to our indoor pool being closed for repairs and construction. That drove the overcrowding even more so.

Mr. Mosteller added that Danelle had made a good point, Life Time does have an outdoor pool and they will be selling pool memberships and we could have a different situation this year.

Ms. Jaggar stated going back to Mr. Thompson's point about not comparing to Life Time fitness that she knows we are two different facilities, what we offer and their prices. But she does believe there is a fair portion or segment of G.A.C. members that may cross over and look at Life Time as valid competition.

Ms. Dunehew added that she thinks moms and kids do want a pool for the summer. She doesn't think a lot of them are working out but they just want a full time day destination.

Ms. Jaggar said a lot of them think they will work out, and have all the intentions of using the facility but they could get easily drawn in by all the bells and whistles at Life Time.

Mr. Thompson agreed if you drive by, it looks like a fantastic place.

Mr. Ayerst made a comment about the locker rooms opening up soon and our renovations.

Danelle responded on the construction in the locker rooms, and that Ambassador Construction believes they may be ready for a punch list by Friday. She will be meeting with them later in the week, and she will confirm the opening of the Locker rooms.

Chairman Wilensky said he had gone into the gym to see what the hallway by the locker rooms looked like. The wood paneling looks great and the Sconce's lighting looks classy. It looks functional and clean. When it all opens up you want to see staff that looks you in the eye, treat you with respect, and who pay attention to your experience. You want a clean environment, it has to remain clean, and saunas have to keep working. Cleanliness is one of the things that drove people to other facilities. The reputation for the reopening, the curiosity of the people who come back to look and how they are greeted upon return, could really spike a difference on the first quarter of next year.

Danelle responded that as soon as she has the official date she will be sending out emails on the opening.

Danelle discussed the Finance report of Capital Expense. She noted on the report the capital funds we had this year have already been spent on the Ambassador Construction on the Locker rooms. She is getting ready to work on capital expenditures for next year's budget. What we are currently going to put before the board is purchasing dehumidifiers for the indoor pool, because our dehumidifier is on its last leg. Our maintenance contracts for the dehumidifiers expire at the end of this month. It is a million dollar project to replace the dehumidifiers. One reason for the high expense is because the roof is built around the old dehumidifiers, and we will have to break them down and take them out of the facility. This is very labor intensive. The new dehumidifiers will be put on the roof top. Another project she is looking at for next year is the basketball goals in the gym; we are requesting capital for automatic wrenches that will raise the basketball goals. These are goals from 1991. Right now we are hand cranking the individual goals. This cost for automatic wrenches is approximately \$6,000.00 - \$8,000.00. Another request is for capital funds for the refinishing of the racquetball courts, which will cost about \$15,000.00 dollars.

Mr. Ayerst asked about the Kid's Klub.

Danelle thanked him for reminding her of the Kid's Klub. Focus groups for the Kid's Klub have met. This is basically for research of what the members of the facility would like to see in the Kid's Klub. There are four groups; parents of children who use the Kid's Klub, two different age groups of children in the Kid's Klub, and members who are parents who choose not to use the Kid's Klub. She has met with Think Well the organization which is handling the Focus Groups, and she will get with them in mid January for a report of the data they gathered. Danelle has asked to have their representative at our February meeting to discuss their recommendations. If there are

things that need implemented we will try to budget in the capital expense or possibly operational expense.

Danelle talked about the position for the business manager position we have open. She will be interviewing candidates later in the week.

Mr. Mosteller asked if we had replaced the chillers last year, at the beginning of the construction.

Danelle said she didn't think we had completely replaced the old chillers but they had looked at this in the past and they were rebuilt from the inside out.

Ms. Dunehew asked if it was necessary to remove the old dehumidifiers. If we could save that cost. Why we can't just leave the chillers up there and save that cost if they are not hurting anything.

Danelle said she does not know, she is working with maintenance and their guidance. In the past they have asked this question. But she can say that when she took pictures over the past year for C.I.P., the pictures she has taken, shows how the Chlorine has corroded the piping. She is assuming over years with the chlorine and the exposure to the elements the chemicals will destroy the piping and possible fall into the pool.

Mr. Mosteller joked that in 20 years from now someone will discover this as a health hazard and close the facility for 2 years.

Ms. Rando agreed with Ms. Dunehew that it would be worth looking into if we could save that expense for a later time.

Chairman Wilensky brought the meeting to close. He added this will be the last meeting for the year, he thanked Danelle for the seem less transition, and the commission group for their time and he asked if there were any comments or observations from the group.

Mr. Hardin thanked Mr. Wilensky for his great work as Chairman of the Commission. He also thanked Danelle for her work and picking up where Derek left off. Other members thanked Danelle and Chairman Wilensky as well.

Danelle and the members agreed to keep the meeting on the first Tuesday of the month.

Ms. Rando asked if the decision of not allowing the children to go into the fitness area under a certain age caused any concerns.

Danelle said there was really no back lash from our decision, but we are offering other things for those children. She believes our decision went over very well.

Mr. Ayerst added that he had heard they were having problems with that over at Life Time and babysitting that area.

Chairman Wilensky added that when it came up, it was discussed the needs to train our staff on policing the area and other things we would need to put in place before we could open the fitness room to anyone under 16 years of age. He has a child that would like to go in there, but there are other things they can do; run the track, play basketball, take exercise classes, swim, or shoot pool.

Ms. Rando suggested if it were a problem that we may want to start a small group of training for fitness and equipment for certain age groups at extra cost. This would be a commitment and a small group manageable.

Danelle said she would talk to Amy and she thinks it is a great idea. We do have other fitness classes in place. But we don't want to orientate them on equipment they can't use until they are 16.

Adjournment

Meeting adjourned.