

**Germantown Athletic Club Advisory Commission
Minutes**

**Wednesday, August 2, 2017 – 6:00 pm
Great Hall & Conference Center**

- Members Present:** Chairman Ric Wolbrecht, Mr. Frank Baker, Mr. Jim Hastings, Mr. Keith James, Mr. Jason Orman, Mr. Ronald Poll, Mr. Albert Pope and Alderman Dean Massey
- Members Absent:** Mr. Justin Buck, Mr. Jason Herrington
- City Staff Present:** Mr. Phil Rogers, Mrs. Amy LaRusso, Mrs. Leala McLaughlin, Mr. Andrew Pitts and Mrs. Debbie Powers
- Guest:** Mr. Larry Gaschen, Club Member

Call to Order

Chairman Ric Wolbrecht called the August 2, 2017 meeting to order. It was held in the Media Room of the Great Hall and Conference Center.

Approval of the Minutes

Chairman Ric Wolbrecht asked for a motion to approve the minutes. Motion to approve the minutes was made by Mr. Hastings. Mr. Poll moved to postpone approving the minutes until revisions are made to the comments concerning the Task Force are included for public record. Chairman Ric Wolbrecht agreed to table the approval of the minutes until the next meeting on September 6.

Club Updates:

Mr. Rogers opened the Club reports by asking for feedback from the Commission member on the renovations.

Mr. Rogers called on Mr. Baker who stated by in large, everything was very positive; the cardio area is a welcome change. Mr. Polk stated he enjoyed the new cardio area. Chairman Wolbrecht said the members really like the new indoor flip tire and the new Jacobs ladders; although it takes time to get use to it. He added the nursery is still the talk of the club. Mr. Poll stated most of the comments were favorable, the only negative comment he has heard was about the children on the track and the noise level. He added when school starts that should correct itself; but he has noticed some of the parents are not supervising their children. Mr. James said he loved the new cardio deck and the space on the weight floor is awesome. He added studios A and B are incredible. Mr. Poll asked about posting the new rules for the running track and the children on the track. Mr. Rogers explained that the rules have not changed. Children under the age of 12 are required to be with parents and under their supervision. He added unfortunately we can't parent the parent, we don't allow strollers or children unsupervised and staff will address any members violating the rules. Mr. Herrington asked about signage for the track and cardio area regarding children under age. Mr. Rogers responded that staff is working on professional signage to replace the temporary signs.

Renovations update:

Phase III overview

Mr. Rogers stated he wanted to give a brief overview of Phase III, which included the lounge area upstairs, the new stairwell and the men's locker rooms. He added the bids went to the Board on July 24th and the bid was awarded to Legacy Construction. Mr. Rogers stated once Legacy Construction brings back their bond and insurance to the City, we can schedule a preconstruction meeting. Once we have the preconstruction meeting, we can plan a mobilization date and start with Phase III construction. Mr. Rogers said fall is upon us and most of the construction will take place in the slower part of the year for the facility. He stated staff is working on renderings of the renovations and those will be posted in the facility for members to view. Mr. Rogers explained there will be temporary walls put up during construction similar to the last phase of construction.

Mr. Baker clarified that the bid was awarded to a different construction company. Mr. Rogers stated that the city had a great turn out with bids but A & B Construction was not the lowest bid. He added all the references and subcontractors checked out with Legacy Construction and it is a local company. Mr. Rogers stated A & B employees are still in the building completing Phase II and he expects Phase III to take approximately five months.

Open Discussion:

There were questions about Phase III, and what will be put upstairs when the existing stairs come out and Mr. Rogers explained there will be a railing put up until Phase IV construction. He added Phase IV will consist of adding a mezzanine for a café, and the egress and ingress area. He explained originally there were three phases, but due to his budget and not wanting to borrow money and using the Club's cash flow, he planned to complete the renovations in a fourth Phase.

Rate Increase proposal:

Mr. Rogers discussed the need for an membership rate increase. He said he wasn't asking for a vote on a rate increase tonight, but he wanted to share a presentation with them to show why staff is looking at a rate increase.

- Last increase November 2011
- Important to stay up with competition
- Members need to see value for their dollar
 - Phase I and II complete
 - Licensed childcare
 - 100+ classes a week in all new spaces
 - New equipment every three years

Mr. Rogers shared price comparisons with other facilities that have similar amenities as the Club, which showed the Club is lower than most of the facilities other than a few ranges at the YMCA and Bartlett Recreation. He said it is important to maintain competitiveness; but the Club should not be the lowest price in town. Mr. Rogers called on Mrs. McLaughlin to discuss the childcare differences in the facilities. Mrs. McLaughlin stated that LifeTime is the only Club that offers a licensed childcare and amenities comparable to the Club. She added LifeTime and the Jewish Community Center also offers children's wellness classes.

Next Mr. Rogers shared a chart on Club usage and the rise in FY11; the Club jumped from 381,500 attendances to 586,187 in FY16. He added during the construction in FY17 the member attendance was 513,946. Mr. Rogers added the dip in FY17 was expected during construction, but these are awesome numbers to see in attendance.

Next Mr. Rogers asked Mrs. LaRusso and Mrs. McLaughlin to explain the childcare usage stats. Mrs. LaRusso shared usage comparisons between 2015-2016 vs 2016-2017 which showed increases during construction. Mrs. McLaughlin also explained during this time the hours of operation for the childcare area was shorter during the school year. She added staff has seen a huge increase in infant and toddlers. Mrs. LaRusso explained the following stats in attendance.

Fall	Aug'15- Nov '15 to Aug'16-Nov'16	38% Increase
Winter	Dec'15-Feb '16 to Dec'16-Feb '17	55% Increase
Spring	Mar'16-May '16 to Mar'17-May '17	73% Increase
Summer	Jun'16 – Jul '16 to Jun '17-Jul '17	70% Increase

Mr. Rogers added with the new licensing, there are very strict staffing regulations the Club has to maintain based on the age of the child and ratios for staffing. He added the Club has to maintain ratios with the square footage; the Club can't take any more children at any one time. Mr. Rogers discussed the percentage of family memberships by the number of children in a family. He showed the membership has families ranging from one child to 9 children. Mr. Rogers explained this is all relevant information staff takes into consideration when considering membership rates. He added some of the other fitness facilities charge by the age and/or number of children.

Open discussion:

In open discussion the Commission members agreed that the number of classes and childcare amenities would justify the rate increase. Mr. Orman who has a young family that utilizes the childcare and other members agreed the high usage in the childcare area speaks highly of the staff.

Mr. Rogers explained the revenues and expense comparison chart since FY'07. He stated the chart shows in FY'07 the Club was upside down in expenses. Mr. Rogers added in FY'11 expenses dipped, and revenue was up; but he reminded them the continual growth at the Club is not sustainable long term.

- Membership revenue up 26% but down 4% last year due to renovations
- Attendance up 35% (132,000+ visits per year)
- Programming revenue up 81% but near capacity
- Nursery reaches capacity during peak times (81 children max)

Mr. Rogers highlighted notable increases in expenses:

- Equipment Rent lease 77%
- Building/Contract cost 30%
- Employees Wages 34%
 - Includes 43% increase in childcare staffing
 - Ft/Pt custodial department
 - Restructuring – addition of two new positions
- CC Processing Fees – 41%

Mr. Rogers discussed long term:

- Costs of goods and services continue to rise
- Reinvestment in facility a must to stay competitive
- Aging infrastructure
 - Boilers, HVAC, pumps, motors, fire/sprinkler, security cameras

Mr. Rogers explained these are all considerations staff takes into account when looking at a membership rate increases. He added it is important to maintain competitiveness within the market by still offering excellent services, but still be an affordable option to the community at large. Mr. Rogers stated that staff is exploring different avenues of a rate increase:

- Paid in Full discounts for membership dues
- Per child or nursery charge
- EFT/ACH only for new members

Mr. Rogers said his goal tonight was to give the Commission a precursor of the staff's thought process and their rationale of moving forward with a rate increase. He added his timeline is to bring a proposal to the Commission next month and ask for a motion to take to the board by October 1. Mr. Rogers said he would like to have the rate increase in place by November.

Chairman Wolbrecht agreed there is never a good time for an increase; but in any business you do not want the lines of expenses and revenues to cross over. He stated the Commission was hesitant with the improvements and it went very smoothly and the members are very happy. Mr. Baker agreed; the members can see the improvements and amenities. Mr. Hastings said we need to remember the dues support this

building, not tax dollars. The Commission was in agreement no one wants an increase but they understand why it is needed.

Chairman Wolbrecht reminded the Commission members the next meeting is September 6, and the April and August minutes will be approved then. Mr. Hastings moved to adjourn and all were in favor.

Adjournment:

Meeting Adjourned