

**Germantown Athletic Club Advisory Commission
Minutes
Tuesday – January 5, 2010**

Members Present: Chairman Stephen Wilensky, Alderman Ernest Chism, Mr. Rob Ayerst, Ms. Dee Dee Dunehew, Mr. Bill Erskine, Mr. Clint Hardin, Ms. Laura Jaggar, Mr. Paul Mosteller, Ms. Teresa Rando, Mr. Garth Thompson and Mr. Larry Williams

Members Absent: None

City Staff Present: Ms Danelle Toole, Mr. Curt Cromis, Mr. Ralph Gabb, Ms. Scarlet Jones and Ms. Debbie Powers

Guest: Alderman Mark Billingsley

Call to Order

Chairman Stephen Wilensky called the January 5, 2010 meeting to order. The meeting was held in Activity Room 3 at the Athletic Club.

Approval of the Minutes

Chairman Stephen Wilensky asked for a motion to approve the minutes. Mr. Ayerst asked for a correction on Page 4 second paragraph, second line correction on spelling **track**, and a correction on the spelling of Business **Manager** on page 4, paragraph 4. With changes to the minutes Mr. Mosteller moved to approve and seconded by Mr. Hardin.

Chairman Wilensky opened the first meeting of the New Year requesting introductions of the members of the committee and welcomed our newest members, Mr. Bill Erskine and the Athletic Club's new Business Manager – Mr. Curt Cromis.

Chairman Wilensky reminded the committee they are a volunteer Advisory Commission to the Club.

Club Reports

Danelle opened the club reports by officially introducing Curt as the Club's new Business Manager.

Danelle then asked the members to look at their surroundings and our new meeting area as of right now. She reminded them Activity room 3 was our temporary women's locker room during renovations and as we move forward we are considering different options for this area as budget permits. One of the possibilities is using this area for a teen room and the adjacent room turning into meeting space and party room.

Next, Danelle introduced Mr. Ralph Gabb, Director of Finance, who was invited from the last Commission Committee meeting to come and give a general detailed review of the Club's budget for 2010 Fiscal Year for the new Commission Members.

Mr. Gabb explained he took a summary view of this with the first 6 months of the 2010 Fiscal year budget. His report reflected that the Club Revenue for the Fiscal year is at 42 percent of the projected revenue. Also Mr. Gabb explained the Club expenses show that we have used approximately 51% of our projected budget. His report shows the breakdowns of the different areas of Revenue and Expenses; Membership fees, Aquatics Revenue and Other Revenue. He explained that Other Revenue represented Personal Trainers, Concessions, rents and other areas of Revenue. Mr. Gabb's report reflected about 43% of its projected budget for Membership Fees, Aquatics had 27% of its projected budget for the year, and Other Revenue reflected almost 43% of its projected budget. Overall we met 42% of the projected revenue for the year. Mr. Gabb added that he was glad Danelle was here. She developed the projected budget for the year and he knows she can explain better her plans for the year.

Chairman Wilensky stated the core question here is where we have negative areas. What are the top few primary reasons for those variances and in forecasting the balance for the year, do we anticipate catching up, making a dent, or seeing a continuation of that trend?

Mr. Gabb said he didn't expect a continuation of that trend, he has been talking to Danelle and he knows she has programs in place for the next 6 months to increase memberships. He added that Scarlet has campaigns out there to build memberships. Mr. Gabb also reminded the Commission when this budget was put in place, the new rate increase was part of this budget and it did not take place as they had originally planned. It was approximately 6 months later and that had an effect on the projections for this year.

Danelle added that in the first quarter of this fiscal year we still had memberships that had not changed over to the new rate structure. Danelle stated, to address the Aquatics revenue, as Mr. Gabb indicated, swim lessons, swim meets and swim teams make up this revenue. However, we typically host 3 swim meets a year, but because of renovations we were unable to host the January meet. Last year we generated between \$11,000.00 and \$15,000.00 revenue from that swim meet. Our report does not recognize the most recent swim meet we had in late December, just before the locker rooms opened. Other Revenue is of course doing better. Personal Training is a big ticket item behind Other Revenue. For the month of December we did \$28,000.00 for personal training. Typically for December, Personal training is down. As we move forward Scarlet will discuss the Open House in January and another cook out in May. We have programs and membership drives planned to bring up our memberships.

Chairman Wilensky asked Scarlet if her report showed the net membership numbers were up. Chairman Wilensky added that this is January and we will see new members because of their resolutions. He thinks we will have a much better feel for the forecast once we see what January and February do.

Mr. Gabb added that typically when the Club opened up the first few years; membership was up in January and later when there was an increase in the fees to cover the expansion, and then memberships fell off again. He believes with the campaigns going on now he doesn't think it's an unreasonable statement to see an increase in January. Mr. Gabb also added that because this is a fully operational facility, there are many things that go on here like rentals and training that can drive that revenue up.

Mr. Gabb explained this is a fully functional Athletic Club and there are expenses that go with it. These expenses include salaries, utilities, maintenance, housekeeping, recreation, equipment, uniforms etc. The Club has controlled costs better, compared to years past, and we are at approximately 50% of our budget. Mr. Gabb explained with more revenue we could turn that number around.

Chairman Wilensky added that the locker room renovations and closure of the pool happened during this time and that hurt Aquatics revenue.

Mr. Gabb added that the Club at this point is about \$60,000.00 over budget due more to lack of revenue than expenditures.

Mr. Cromis added there is cause for concern when you look at 42% revenue for the first six months of the fiscal year and he doesn't want to dismiss that concern. But if you look at where we were last year at this time, last year we were at 45 ½ % of our revenue and 53% of our expenditures, there is cause for optimism that we will increase our revenue in the second part of the fiscal year. Another positive thing is the net of those will suggest that through continued austerity in regards to spending and increased emphasis on revenue we can come in with the projected numbers.

Mr. Hardin also reminded everyone that the rate structure did not take place as projected in the budget.

Mr. Cromis said he didn't know if we could overcome that unless we can increase our memberships.

Danelle turned the meeting over to Scarlet for marketing reports.

Scarlet passed out a magnet she has for Open House on January 14, 2010 and it highlights all the events at the Club for the year. This year's Open House will offer a tiered discount on the application fee for new memberships based on the payment plan selected; a month to month membership will pay \$50.00 of the \$99.00 application fee, a prepaid six months plan will pay \$25.00 for the application fee and the one year prepaid plan will pay a one dollar application fee offered on the day of Open House. During that time we will have a fitness fair with booths on nutrition counseling, food sampling, free massages and other booths. Also for the month of January we will have Dance 4 Smiles, a Supermarket tour with our nutritionist Stephanie Ward and in February we will have the Polar Bear Swim Meet and our annual Daddy Daughter Dance. Scarlet noted that the Club had sold 34 gift certificates for personal training, memberships and several massages. Also Danelle and other staff went out to games and handed out club t-shirts and we will have 3 more games this year to attend. Scarlet discussed January issues of the Memphis Sport Magazine, At Home Tennessee and Mid South Magazine in which you will see several of our staff and personal trainers featured.

Scarlet discussed the Open House and advertisements, fliers, direct mail pieces, sticky notes in the paper and she asked for help from the Alderman on banners because apparently there have been changes in City policies concerning banners being put out.

Scarlet explained her membership report which showed we lost 5 members in the month of November. Other membership reports reflected approximately 14,000 people in the system, 11,800 were current members and 11,000 that are considered active members.

Ms. Dunehew asked Scarlet if she had anything to do with the article that ran in the Commercial Appeal last week about one of our trainers. She added that it was a great write up on Joe Fenech.

Danelle responded that was free advertisement we had gotten off Joe and a client he is working with. Joe had a write up on his client losing 20 lbs. working with him. Danelle

added that since that article we have had several inquiries and Joe has increased his numbers in personal training.

Ms. Dunehew added it was great that the member wasn't a Germantown resident because it sent a message that you do not have to be a resident to be a member.

Scarlet agreed she still gets calls daily asking if you have to be a Germantown Resident and the difference in rates.

Chairman Wilensky added it is a well coordinated effort in a variety of settings to advertise the Club, and it is paying off. He recently saw our advertisement of our trainers at the movies and people were laughing and it is an impression. The more impressions we get out there the greater the opportunities for people taking us up on it.

He asked the members to let the staff know if they have issues they want to discuss at future meeting so we can add these issues to the Agenda. He knows the first impression is important and continuing customer service training and emphasizing on cleanliness is very important. As people are coming back and comparing us to competition, people need that first impression of feeling welcome and cleanliness. He asked Danelle if we are continuing the Fantastic Customer Service Training with Union University.

Danelle responded yes we are continuing customer service training.

Ralph said he wanted to applaud the efforts of Scarlet and Danelle for their hard work and getting the word out there about the facility. He added that the word is getting out through marketing and he is talking to people who have said they didn't even know we were here. Ralph said it is no longer a secret, more people are realizing we are here and it's the Athletic Club.

Chairman Wilensky added the marketing plan is working because you do not hear as many people refer to it as the Centre any more.

Danelle asked the group to let members know the locker rooms are open but we are still working on the punch list and it should be completed in the next two weeks. We have ordered signage for the locker rooms.

Chairman Wilensky reported that Alderman Chism had received a letter from a member who sighted multiple issues of concern with the locker rooms. He stated he was curious about the commission member's feedback. You can't get everything right for everybody within the constraints of the budget we had to work with.

Mr. Mosteller added that he knew the person who sent the letter and he is a retired engineer. Mr. Mosteller said most people just complain but he was flattered he took the time to list the issue and offer suggestions. He suggested that we just look at his list and see what changes we can make.

Mr. Hardin added he thought we could add another bench in the men's sauna area, but he believed he went a little overboard on his request. But the heating element is not too close to anyone, the room is smaller than what they had before. But the sauna is being used more now. Mr. Hardin asked if staff could go through the locker rooms at the end of the day to see if people were trying to reserve lockers. Mr. Hardin said what made him notice this, is he had a senior moment and couldn't remember his locker number and had Coach Terrell open several lockers looking for his.

Danelle responded that staff had noticed this as well especially in the men's locker room and we are checking on that now.

Danelle addressed the men's sauna and the square footage. She has spoken to the architect about the size. The larger overall total is 92 square feet and the previous one was 76 square feet. The seating area is smaller at 56 square feet and the circulation area is 36 square feet. The previous sauna seating area was 76 square feet and the circulation area was included in the 76 square feet. The architect added double seating. The old sauna did not have a protective barrier around it and it was a smaller heating element than what we have now. Also she has asked for another seating bench in the men's locker room as well.

Mr. Hardin stated we lose that entrance space, and we could compensate that by adding another seat on the wall. Mr. Hardin added that when we designed the locker room we didn't take in consideration the growth in the facility we have now.

Alderman Chism commented that growth is a good problem to have.

Chairman Wilensky added that we also added family rooms in that area that we did not have in the past and we added wide hallways to make us ADA compliant. There are tradeoffs. Tradeoffs have made us better in some respects and maybe not what everyone would like in other respects.

Mr. Hardin added that Alderman Chism expressed it well when he said growth is a good problem to have.

Alderman Chism noted there is a punch list and it is a work in process.

Ms. Dunehew requested we take the Gobble Wobble advertisements off Muzak and asked if the staff downstairs is supposed to be parked at the new desk downstairs. She didn't think sitting there reading a book was a good thing. Also for an FYI when we opened after the holidays that there was a mob scene with people at 5 after 12:00 o'clock. Members thought we should have opened by 10:00 o'clock and this would not have happened.

Mr. Hardin agreed it was packed.

Danelle responded that the staff uses that desk to take blood pressures and to maintain log sheets but they should not be parked at that desk. Also she has made plans to open at 10:00 a.m. after Thanksgiving and the day after Christmas.

Chairman Wilensky asked about an issue Mr. Mosteller asked about last month, to put on the Agenda for next month for the views on the membership rate for the outdoor pool area only in the summer time.

Mr. Mosteller addressed Mr. Gabb that they had talked briefly about that.

Mr. Gabb responded that they have not forgotten about that and they are working on plans to send to the commission that makes good sense.

Adjournment

Meeting adjourned.