

Germantown Athletic Club Advisory Commission Minutes

**Tuesday - February 12, 2019 - 5:00 pm
Conference room**

Members Present: Chairman Ric Wolbrecht, Mr. Frank Baker, Mr. Dana Driver, Ms. Kristina Garner, Mr. Jim Hastings, Mr. Jason Herrington, Mr. Charles Hurst and Ms. Mary Jeffrey

Members Absent: Mr. David Cashbaugh

City Staff Present: Mr. Phil Rogers, Ms. Amy LaRusso and Ms. Debbie Powers

Guest: Red Deluxe Design Group:
Mr. Stinson Lyles, Principal / Account Planner
Ms. Marya Green, Account Services Director
Mr. Ben Couvillion, Creative Director

Call to Order

Chairman Ric Wolbrecht called the February 12, 2019 meeting to order. It was held in the conference room at the Club.

Approval of the Minutes

Chairman Ric Wolbrecht asked for a motion to approve the October 3, 2018 minutes as presented. Mr. Frank Baker motioned to approve and Mr. Jim Hastings seconded and motion passed.

Introductions:

Chairman Wolbrecht opened the meeting welcoming the new members of the Commission and asked Ms. Garner and Ms. Jeffrey to introduce themselves.

Club Updates:

Re-Branding Concepts:

Mr. Rogers introduced the members of Red Deluxe design group who has been contracted to re-brand the Athletic Club. He stated they have been working with the Club since November, designing logo's and sending out surveys to the members. Mr. Rogers asked the group to introduce themselves and share their work.

Ms. Green introduced herself and explained the process of working on design for the Club by surveying the members and getting to know the demographics of the Club. She stated all the feedback from the survey was very positive concerning the Club. She explained the research and developing concepts and applications for developing the brand and applying templates.

The members discussed the survey responses and members personal perception. Ms. Green stated all the responses showed that the Club's focus is evident. That the operational aspect is evident of health and wellness, exercise, nutrition, physical social wellness and the sense of community is found here. She said you can't buy that kind of brand power.

Ms. Green said the design group took all that into account along with what makes the Club unique and they took this statement to build their visual platform: The Germantown Athletic Club engages it's members through its motivating, support and sense of community housed within a top tier club environment.

Ms. Green and the design group shared a presentation on the branding and comparisons with our competitors. Next the design group discussed the results of the team drafts and three directions for re-branding the Club and asked for the input of the members.

While comparing the three options offered the Commission Members began breaking down their likes and dislikes and offering their opinion of what appeals to them. Mr. Rogers concluded he wanted their feedback on the options and the next step is to move forward with the direction of designing the marketing pieces and signage.

Club Operations:

Mr. Rogers discussed Phase IV, stating the plans are complete. He said Phase IV encompasses the entrance way, the cafe, fitness locker rooms, fire panels, additional air conditioning/ circulation in the spin studio and an upgrade on the elevator. Mr. Rogers added the Club is coming into the busiest time of the year, he has been looking at the logistics and functioning as an operational business. Mr. Rogers said we are looking at a temporary entrance, using the mezzanine of the cafe. He added Phase IV will be in two phases; the cafe mezzanine (steel structure) with a temporary entrance and the second phase will be the completion of the project.

Budget:

Mr. Rogers shared a power point on the budget review. He stated when staff is working on the budget there are always numbers they do not have that Finance will add later such as; employee benefits, accruals, retirement funding etc. which will differentiate from his budget once completed. Mr. Rogers added unlike other departments in the City; because the Club is an Enterprise fund and is funded solely by net income, he has to focus on revenue and expenses. Mr. Rogers stated the first six months of FY'19 the Club's net income was over \$337,000 versus \$216,000 this time last year. He added looking at those numbers he is projecting a net income for this year of around \$600,000. Mr. Rogers talked about depreciation and cash flowing the money back into the facility for renovations and upgrades. He stated in FY'20 he expects the net income to drop due to adding an additional full time custodial person, the cost of rising utilities and adding an extra buffer for maintaining unexpected building expenses. He added his budget projections are always very conservative.

There were questions from the Commission Members on the budget and declining revenues in the Aquatics area. Mr. Rogers explained the Club no longer has a swim coach or swim team. Once Scott retired, the swim team decided to take ownership of the swim team and rent lanes from the Club. He stated where we are losing revenue in Aquatics; we are gaining revenues in lane rentals without the expense of staffing, and fluctuating revenue due to the numbers of participation on the swim team.

Next Mr. Rogers said he is working on a Phase V for FY'20. Mr. Rogers stated it was not part of the original scope of renovations for the building. He said Phase V will encompass the Natatorium (pool space) upgrades; which will consist of HVAC, air quality, the canopy, the rust in the ceiling, the pumps, filters, sprinkler systems along with aging equipment that needs to be upgraded. Mr. Rogers said he has talked to engineers and is looking at options of changing our pool into two separate pools. This would mean two pumps, two filter systems to support a short course lap pool at one temperature and a smaller warmer pool for water aerobics classes. He believes this will make our operations more feasible and efficient. Mr. Rogers said from a funding stand point the Club can't cash flow five million dollars for the upgrades to the natatorium space. He said in the past the Club has been able to cash flow the funds from net operations and depreciation to pay for renovations, but the Club doesn't have five million in cash. He is talking to administration about looking at a capital outlay note or bond issue, which he would prefer not to go out for a bond issue. He said the Club will have the bond issue of the Great Hall and the outdoor pool area paid back in a couple of years, which will free up additional money. The capital outlay note would allow the Club to pay back in eight to ten years; and allow the Club to have capital projects in the mean time. Mr. Rogers said if this project wasn't all in one space, he wouldn't be trying to fund it in one year; but with the pool area you can't piece mill the construction and close the pool in different phases. He said from a funding stand point he is looking at a capital outlay note, from a design stand point it hasn't been designed yet, from a timeline stand point he is tentatively looking at beginning the designing July 1st., the next step to begin work on the bid process and start the project around April 2020 and close the indoor pool area in the summer once the outdoor pool is open. He said if we can time it right all of our pool operations can be moved outdoors during the renovations. Mr. Rogers said if this gets passed and approved this project would straddle two fiscal years, July 1 starts a new budget year for us and a new budget will start with the design with construction at the latter part of the fiscal year. Mr. Rogers said ideally he would like to keep the interest and payment on the capital outlay note on this debt equivalent to the Club depreciation cost. Anything from net operating revenue can go back into this facility for other projects. The Club doesn't want to be strapped for cash that keeps us from other facility projects that need to be done.

Next Mr. Rogers responded to questions about lost aquatics revenue during this time. He said that the Club will still be losing rental revenue from the swim team during that time, but this is no different than lost revenue in other areas during all the renovations. He added the Club will also be saving money in staffing cost and other aquatics expenses. Mr. Rogers explained a pool is not a profit center because of the overhead cost of the pool area, but it is a Club amenity.

Chairman Wolbrecht stated that this budget is a living breathing document that will change multiple times, but Mr. Rogers has to present it. He stated he would like to make a motion to approve the Club Operating and Capital Improvements budget as presented.

Mr. Baker moved to second the motion, and motion passed unanimously.

Adjournment:

Meeting adjourned