

# **Germantown Athletic Club Advisory Commission Minutes**

Wednesday, February 9, 2022 at 6 p.m.  
Athletic Club Conference Room

**Members Present:** Chairman Ric Wolbrecht, Mr. Frank Baker, Mr. Richard Bernstein, Mr. Dana Driver, Mr. Charles Hurst, Mr. Frank Lamanna, Ms. Gizelle Motley, Ms. Sylvia Poll, Ms. Gayle Verneuille and Alderman Ueleke

**Members Absent:** None

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

**Guest:** None

## **Call to Order**

Chairman Ric Wolbrecht called the February 9, 2022 meeting to order. The meeting was conducted in the Athletic Club Conference room.

## **Approval of the Minutes**

Chairman Ric Wolbrecht asked for a motion to approve the January 12, 2022 minutes as presented. Mr. Frank Baker motioned to approve and Mr. Dana Driver seconded and the motion passed.

## **Club Updates:**

Mr. Rogers opened the meeting discussing month to date numbers for the Athletic Club. He showed the differences of earned memberships between pre-Covid January 2020 and January 2022. He stated the Club is closing that gap between pre-Covid earned revenue and current earned revenue; we are up 45% of FY21 revenue. Mr. Rogers stated that of the 45%, we had 18 members join online with the Club's new software add-on. He said he expects the revenue to plateau; he doesn't expect to reach those pre-Covid revenues this year. Last year the Club did not see the decrease in memberships after the summer months proportionately that we have seen in the past. Mr. Rogers reminded the Commission that our Fiscal Year runs from July 1 – June 30; and the budget process he is working on now for FY23, also includes estimates of the last six months of FY22. He explained he had budgeted for FY22 a breakeven year; the number for January is doing much better and he expects that to continue through the last six months of this fiscal year. He stated while the membership revenue has not rebounded, the Club programming is booming; which shows the revenue tracking slightly under budget with a breakeven year for FY22. He said for FY23 he is expecting a better profit associated with a dues increase which includes additional programming, personal training, summer camps and other

aspects he will be increasing. Mr. Rogers discussed the 9% increase in operating cost and related cost in staffing. He added the hiring market has changed and we have to be competitive in the market. The Club will continue with its lean operating expenditures and deferring some maintenance needs.

The Club's FY23 budget will include IRP projects:

- Remaining Strength equipment
- HVAC unit in fitness area
- Building exterior patched and painted
- Air filtration/purification
- Bulkhead grates

Next Mr. Rogers discussed the needs for a membership dues increase; he explained the dues have not increased in five years and the Club is basically tracking every five years for a dues increase. He discussed the increased expenditures for the past five years together total \$400,000.00 a year which is not going down:

- Building and contract cost have gone up 47% a 75,000.00 increase
- Utilities and storm water have gone up 20% - \$68,000.00 annually
- Employee wages up 14% - \$112,000.00 annually and the Club is down 2 full time employees
- Depreciation is up 25% - \$138,000.00 annually related to the renovations in the building the last five years

Mr. Rogers stated it cost approximately \$340,000.00 a month to operate this facility. He said when staff look at a dues increase; we look at where we are currently and where our competitors are. He showed comparisons with the Club competitors and their monthly membership cost per person:

- LifeTime is our closest competitor with club amenities and their membership start at \$119.00  
This includes children 12 and over.
- Bartlett Community Center is a government facility, they do not offer the programming and amenities in comparison and their membership start at \$52
- YMCA is another competitor and their membership start at \$55
- The Jewish Community Center is another competitor with similar amenities and they are presently not offering child care due to the pandemic and their membership are between \$45-\$60

The Club's proposed dues increase is on a per person basis. The model proposes a \$4.00 increase each month per person, and children under 18 years old at a \$2.00 increase. He added that members who were grandfathered into the old plans in 2017 are paying \$90.00 a month, will also see a dues increase of approximately \$10 a month for the entire household. The Club's membership plans are tiered from individual, joint and households of 3 or 4; which was part of a major restructure of the memberships in 2017 and still the overall cost of the rate increase was \$4-\$5 per person. Mr. Rogers added with the increase the Club is still underpriced for the value of the facility amenities.

Discussion among the Commission members about the comparisons, they agreed the membership increase is a reasonable request. Mr. Rogers stated it will take a couple of years to reach the 2019 membership numbers. He looks at net memberships more for growth. In 2020 the Club lost over 700 memberships. He added the Club is always net positive in the summer months. He said retention is important but growth is more important, his goal is to be net member positive each calendar year. In order to grow the Club has to adapt to the new normal after Covid. There is a new normal in the fitness industry, there is more digital technology, and virtual training and the Club has to adapt to survive. The Commission members agreed the Club is not isolated; everyone in the industry is in the same boat with cost increases.

Mr. Rogers said staff is still looking at restructuring ideas for revenue and these are things that will be considered later after the rate increase is adopted into the new budget. He added this rate increase is in line with the budget moving forward and will be approved by the Board and Mayor and Alderman as part of the budget adoption which will take effect on July 1<sup>st</sup>. He added staff will be informing members immediately after the budget adoption.

Chairman Wolbrecht asked if there was a motion on the floor to accept the budget as presented to be taken to the Financial Advisory Commission.

Mr. Baker motioned to accept the budget as presented to be forwarded to the Financial Advisory Commission, seconded by Mr. Hurst and motion passes.

**Adjournment:**

Chairman Ric Wolbrecht asked if there were any questions or comments and there being no further business, comments, or questions by the Commission, with a motion on the floor Chairman Ric Wolbrecht adjourned the meeting at 7:02 p.m.

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Mr. Ric Wolbrecht, Chairman- Germantown Athletic Club Commission