

**Germantown Athletic Club Advisory Commission
Minutes
Tuesday – September 7, 2010**

- Members Present:** Acting Chairman Paul Mosteller, Mr. Rob Ayerst, Mrs. Dee Dee Dunehew, Mr. Clint Hardin, Mr. Garth Thompson and Mr. Larry Williams
- Members Absent:** Alderman Ernest Chism, Mr. Bill Erskine, Ms. Laura Jaggar and Ms. Teresa Rando
- City Staff Present:** City Administrator Patrick Lawton, Ms. Danelle Toole, Mr. Curt Cromis, Ms. Stefanie Dennison and Ms. Debbie Powers
- Guest:** Ms. Lisa Piefer, City Purchasing officer
Mr. Reynold Douglas, Maintenance Supervisor
Mr. David Brahnam, Engineer with Brahnam and Lloyd Mechanical Engineers

Call to Order

Acting Chairman Paul Mosteller called the September 7, 2010, meeting to order. The meeting was held in the Great Hall Conference Center.

Approval of the Minutes

Acting Chairman Mosteller asked for a motion to approve the minutes. Motion to approve the July minutes was made by Mr. Hardin and seconded by Mr. Ayerst and all were in favor.

Danelle introduced our guest; Ms. Lisa Piefer- Purchasing officer, Mr. Reynold Douglas- Maintenance Supervisor, and Mr. David Brahnam with Brahnam and Lloyd Mechanical Engineering Firm.

Mr. Lawton opened the meeting by explaining to the Commission that the City has budgeted for replacing the dehumidifiers needed in the pool area. This is a problem we have been experiencing for a couple of years now. But the cost to replace the existing dehumidifiers is approximately \$600,000.00 for the first phase and this decision and cost is not to be taken lightly. He feels it is necessary for the members to be completely informed about the situation. Mr. Lawton stated he has asked for the bids to be held until we have more information on the elements of the project. He apologized for taking the bids back a couple of steps but he believes it is important.

Mr. Brahnam introduced himself and explained to the Commission members that he had been approached by the City on the dehumidifiers and the air quality approximately 5 years ago because the units were 15 years old and he has found the units to be in poor condition and our system is not up to today's standards. He explained there is an organization called Ashrae (American Society of Heating, Refrigerating and Air Conditioning Engineers) that set standards for ensuring air quality. Ashrae says we need to provide one cubic foot of outside air per square foot of space.

Mr. Brahnam explained the City is planning to complete the project in two phases. He also explained Phase I will consist of the installation of the first unit on the roof top. Phase II is expected to install the second unit on the roof top the following year. Mr. Brahnam explained that the unit we are replacing is basically the same unit with up to date technology, just a little larger for more clean air, but they have learned over the years that the unit needs its own space. Now it is located above the ceiling area and it needs to be in a separate space or outside because of the effects of erosion from the pool elements. He explained this unit will be tied into the existing duct work and once this project is completed it will alleviate the odors we have now.

Mr. Lawton asked Mr. Brahnam if this was typically what you would see in a facility with this size pool and if there was anything different out there that might be a better option for this facility. Mr. Brahnam said that we could get into different items for filtration of water, but the health department is going to require so much chlorine. But this system here by bringing in that outside air will eliminate the Chlorine odor and purge the system. By dehumidifying the air, we are eliminating mold and things causing illnesses. Mr. Brahnam explained the new system is designed to dilute the Chlorine and purge the system and save on utilities. It has an economizer cycle built in to save on utilities.

Mr. Lawton asked if there were any elements we are holding off on that we need to know about now.

Mr. Douglas and Ms. Piefer agreed there are no elements they are eliminating from the bid package

There was discussion among the Commission members about other facilities using the Saline or Ozone control in their facilities and if that would work here, and if the Saline would control bacteria and eliminate the need for Chlorine. Danelle responded that it is not recommended to use Saline in a commercial pool our size and even then you are required to have some chlorine. She also added that Saline and Ozone are two different elements and Ozone is a secondary filtration put on the system to cleanse the water of body oils, and lotions etc that you have in the pool. This is not part of the purchase for dehumidifying the air.

Patrick added that sometime in the future this may be something we want to go back and add to the system.

Mr. Mosteller asked them to clarify that this is an air filtration system and it has nothing to do with the water filtration and staff agreed.

Danelle asked Mr. Brahnam if we did some structural changes by adding windows to the pool area, would that be feasible or solve some of our problems. He responded not really. It is either an indoor pool or outdoor pool. Once you close those doors and windows it's going to require air conditioning.

Mr. Lawton asked if there is anything they need to add to the bid package. Mr. Brahnam only suggestion was not waiting another year to complete the project if the bids come in lower than expected. Mr. Lawton directed staff to add phase II as an alternate to the bid document so there would be the option of replacing both DHU's if budget was available due to lower cost.

There was discussion among the members who asked if the repairs of the pool that we have experienced over the years are normal? It was agreed that with anything aging you are going to have ongoing cost.

At Danelle's request for the Commission to bless this project, Chairman Mosteller asked if there was a motion on the floor they wanted to vote on.

Mr. Hardin moved that this Commission recommend to the Board of Mayor and Alderman that they proceed with the recommendations made by the consultants. Motion was seconded by Mr. Ayerst and all were in favor.

Mr. Lawton asked to bring this back to the Commission once the bids come in for their recommendations.

Club Reports:

Facility reports;

Danelle began Club Reports updating the members on the situation with the locks in the new aquatics dressing areas. As everyone is aware of the inoperable digital locks, that were installed less than a year ago. Danelle has been in touch with representatives from Digilocks, and their engineers have determined defects in manufacturing. They have recalled about 15,000 locks and we are on the list to have all of our new locks replaced. Staff is still inventorying inoperable locks and they will be replaced first, while we are waiting on all the new locks to come.

Danelle reported on the new Age Limit request. Just recently we have had 2 people to sign up for our program and Amy's staff is working with them.

She noted along with bids for the dehumidifiers, we will have bids out for refinishing the racquetball courts and resurfacing the Exeter entrance parking lot in this fiscal year.

Danelle discussed a space allocation study. She has staff collecting data on other facilities. She is also speaking to a consulting firm on a space allocation study.

Curt added that in the past there was a request for additional floor space in the men's locker rooms and it has been acknowledged as a need. But at this time, we are going to wait until the lockers in the men's locker rooms are working correctly and routinely, and have a space allocation study done to determine where we have space in the facility best suited for men, women and families. To spend any money right now would acquire a lot of skepticism from the Alderman and other government bodies at City Hall. At this time it would not be prudent to spend more money in that area right now. Even though this is a minor amount and we think we have money in the budget, getting authorization to spend government funds is still an issue.

Marketing reports;

Danelle introduced Stefanie Dennison as our new marketing person. Stefanie updated the Commission on marketing ideas and surveys she has been working on. Stefanie surveyed the members who attended the Luau through email on their thoughts of the program. Her survey had about a 39% response rate, on a scale of 1 – 5 with 5 being excellent. Most of her responses were 5 which she felt very good about; she noted most of the 5's were on our services.

Danelle commented that this is our first trial run with doing a survey with the members on our programs and services. She has also been speaking to Think Well on doing a focus group on working on an assessment of our services and performance measures.

Stefanie updated the Commission on the upcoming events with Gobble Wobble and Membership Appreciation Day. Also, she is advertising and branding with the

Germantown Touchdown Club and ad for Race for the Cure, and Germantown news ad, The Club is also sponsoring the Southern Mississippi football game and running a Tiger Town booth.

Financial reports:

Curt opened up the discussion on the finances of the Club discussing Silver Sneakers an organization that provides memberships to their seniors who opt to pay a higher premium for extra amenities in their insurance programs. We have a relationship with Silver Sneaker for our senior members. Curt and Danelle have been discussing with Silver Sneakers a 25% cost reduction in revenue from those members beginning in January. They are working with Silver Sneakers offering solutions to their reduction in revenue per visit. Right now we are averaging about \$35,000.00 - \$40,000.00 a year from Silver Sneakers. The average visit per month from our Silver Sneakers members is 7 – 7.5 %, which they report is better than average compared to other facilities across the nation. However a 25% reduction is a significant loss. Curt added we are still working with Silver Sneakers and nothing will change until after the first of the year. Our desire is not to have fewer senior members, or lose any revenue, but this is coming from Silver Sneakers and we are working with them on a compromise.

Curt next discussed his power point showing the financial updates on the Club. He opened his discussion stating that nothing in his reports reflect that the Club is ever going to break even. The key to that are expenses, and as we have seen tonight the City is going to invest approximately \$600,000.00 in a dehumidifier and we cannot make an extra \$600,000.00 in revenue. Danelle can lead her staff to optimize our membership revenues and control our day to day expenses but this doesn't change the cost of projects of maintaining the building. We did cut the loss expected for fiscal year 2010 which we closed out at the end of June. In fact during fiscal year 2010 our preliminaries budget show we increased our revenue almost a quarter million dollars compared to 2009, but we are not breaking even by any means.

Mr. Hardin added that one of the reasons we didn't earn the revenue expected is because we delayed the membership rate increase. He added this place will never make a profit, because it is not purely a profit making athletic club but is a community centre.

Curt reminded them we are an Enterprise Fund and we are expected to make a profit.

Mr. Hardin agreed he understands about the Enterprise Fund, but it depends on whom you are talking to on the board, as to whether we are expected to make a profit. We are an amenity for the City of Germantown. That is not to say we are not expected to operate within constraints of our budget.

Curt discussed the revenue and expenses of the Club and the line item of Contributions from other funds is where the City of Germantown re-invests in the Club through the general fund for ongoing projects. These numbers are high. We achieved our budget in spite of the fact we have missed our revenue number by \$700,000.00 dollars.

Mr. Mosteller commented and asked Mr. Hardin who has been on the Commission from the start if he agreed that when we started this Commission, the Centre was in such dire straights they never thought we would get this close to breaking even. While we are not regenerating revenue for the City, we are doing a much better job in approximating equilibrium than anyone hoped for and he applauds these numbers we have reached. We all thought this was a risky venture.

Mr. Hardin agreed with Mr. Mosteller that this Commission never expected the Club to break even. Look at the City's contribution in the past years when we didn't have major projects going on and replacing dehumidifiers.

Curt added that one of the things that could come out of the space allocation study is perhaps doing a demographic analysis of how high up is and whether we can hope to attract enough members to reach the numbers needed with the space we have. This opened the discussion for different ideas for the space at the Club and the importance of long term planning.

Mr. Mosteller reminded the Commission Members they had skipped the month of August for their meeting and he asked if the Commission wanted to vote to continue having the meeting every month or every other month.

Mr. Thompson moved to have the meeting every month and this motion was seconded by Mr. Ayerst and all approved.

Curt continued his explanation of his financial report and explained all of his numbers represent losses. He added he didn't know if when the City began the Enterprise Fund it expected the deficit to go away or not. He explained for 2011 the membership in the first 2 months growth indicates we are up about 25%. Curt explained the Aquatics Revenue is still down and the losses we had there, but we are constantly increasing in the Personal training area. He added expenses are down, but we are not making money.

Mr. Hardin indicated the deficit is going down.

Mr. Ayerst commented that considering that we had growth in the worst economy, we have done well.

Further discussion about the membership revenue included closing of Prairie Life's effect on this, summer month's memberships and suggestions on making changes for next year's outdoor pool memberships, cleaning, and sending out emails to members about the importance of cleaning the equipment after use.

Adjournment:

Meeting Adjourned