

**Germantown Athletic Club Advisory Commission
Minutes
Tuesday – August 2, 2011**

Members Present: Chairman Stephen Wilensky, Alderman Ernest Chism, Mr. Rob Ayerst, Mr. Phil Clark, Mrs. Dee Dee Dunehew, Mr. Bill Erskine, Mr. Clint Hardin, Mrs. Kristen New, Mr. Harold Steinberg and Mr. Garth Thompson

Members Absent: Mr. Larry Williams

City Staff Present: Mr. Patrick Lawton, Mr. Phil Rogers, Ms. Carrie Corbett, Mr. Curt Cromis and Ms. Debbie Powers

Guest: Alderman Mike Palazzolo
Mr. Robert Wychoff

Call to Order

Chairman Stephen Wilensky called the August 2, 2011 meeting to order. The meeting was held in the Great Hall Conference Center.

Approval of the Minutes

Chairman Wilensky asked for a motion to approve the minutes. Motion to approve the June minutes was made by Mr. Clint Hardin and seconded by Mr. Garth Thompson and all were in favor.

Club Reports:

Rate Increase Proposal

Mr. Rogers opened the meeting with his Power point presentation on the Club staff's proposed rate increase that has been approved in the City's budget:

- Comparable Facility Rates
 1. The Club is still the lowest in the area compared to its competitors
 2. The Club offers month to month membership
 3. The competitors are raising their rates
 4. The Club is the only facility that offers a single parent rate
- Club Improvements
 1. Dehumidifiers
 2. Strength and Cardio Equipment lease
 3. Racquetball courts
 4. Flooring/construction
 5. Repaving/parking lot expansion
 6. Marketing strategy
 7. Member retention focus
- Reasons
 1. Simplification (currently 37 contract options, rate structure)
 2. Inflation
 3. Competitors
 4. Re-grand opening (need the new rates in effect before grand opening)
 5. Reinvestment back into aging facility
- Proposed rate increase
 1. Overall approximately 4% annual revenue impact
- Timeline
 1. Needs to go before the BMA by August 22
 2. Letters mailed to members on August 23
 3. Re-Grand Opening scheduled August 27
 4. Throughout the year – PIF members renew at adjusted rate

There was open discussion on the floor about the percentages on the proposed rate increase. Mr. Clark asked about giving the residents a discounted rate. Mr. Hardin added that he couldn't make a decision or vote until the Commission was given the financials for the Club. Mr. Erskine asked why the Club didn't offer cheaper rates to residents and try to gain more Germantown resident participation in the Club. Mr. Rogers reminded the Commission that we are an Enterprise Fund and in order to be self supportive we have to offer equitable rates for all members. Mr. Lawton reminded them when we raised the rates in the past it did not affect the Germantown resident participation as compared to the past. Mr. Thompson recommended offering the residents an extra month who pay annually as opposed to different membership rates. Mr. Steinberg asked if this

was part of the recent budget approved by the City, and Mr. Rogers responded that it was part of the recommended budget.

Mr. Lawton stated that the time that it was approved it was an adopted budget approval. It was explained to the Board that this is what the Club is recommending and expected the Commission to approve in late summer. After much discussion the members agreed they needed more information from the Club staff to approve the proposed rate increase.

Chairman Wilensky asked for a motion.

Ms. Dunehew motioned to re-convene on August 16th after they have received more information from staff to take a vote on the increased rate proposal. The motion was seconded by Mr. Hardin and all were in favor. (The proposed Rate Increase was tabled until August 16.)

Mr. Rogers asked the members to look at this and think of it as more than a dollar amount, but as a business entity and what is fair. Look at it in the Club's shoes and how we are trying to be a stand-alone entity for the City of Germantown. One that is proud of its services, priced comparably for its services, and he believes we can still do that and be price competitive.

Mr. Lawton expressed we have had the resident/non-resident rate discussion before. He added that the Commissions of the City do tremendous work and the City values their hard work. But, however, on behalf of the Administration, we bit this bullet 5 – 6 years ago on terms of the resident / non- resident rate. It was a very tough decision and he cautions about going back on that decision.

Carrie added that from a marketing stand point during that time of change we spent a lot of time, effort and money on re-branding the facility as an Athletic Club. At a marketing perspective she would concur with Patrick, she would strongly recommend that we do not go back to that pricing level. There is a saying in marketing that "perception is reality" and that is very true. As we are looking at the rates and comparative facilities, you can see we have a significant lesser cost occurred in membership fees to comparable facilities. If you allow those numbers to get too far apart, whether it is right or wrong the perception in the public becomes, well, they must be that much better. When you are trying to bring in members other than in your area, that perception can be detrimental to your business. Another thing is we discussed there is only 64% of Germantown residents using the facility. That 64% also shows a 17% penetration with the health club industry. If you look nationally, the national average for an area is 15% in the health club industry. We are already 2% over the national level of penetration in a given area. While we are looking to increase the membership of Germantown residents, you have to look at the population. At some point of time, we are going to max out on the number of residents who want to use the facility. So the health of the club in the future depends on us looking to outside members.

Mr. Rogers agreed with Carrie that they have been looking at the numbers. The fact we are already over our national average, we will be good to get 2% more resident participation. Nationally only 15% of Americans have gym memberships, and Germantown has a 17% participation level already.

Sun Guard Dangers for the Lifeguards

Mr. Steinberg presented to the members information on skin cancers, he has researched through the International Life Saving Federation Medical Commission. He explained his concerns arose after hearing news about the rising rates of young people with skin cancer. After discussing his concerns for our life guards, Mr. Steinberg moved for a motion on the floor to ask that the staff of the Germantown Athletic Club immediately undertake a comprehensive review of the Club's standards and practices relating to the potential health risks to pool employees from sun exposure. In addition he moved the Club management promptly implement all corrective measures deemed necessary to minimize the potential health hazards to pool employees from sun exposure and report on same to the GAC Advisory Commission at its next regular meeting.

There was open discussion among the members and staff and the Club's current policy on sun protection for our staff. Ms. Duneheew added that she thought this was something for H.R. for the City to be responsible for. Ms. New added that she had fundamental issues, because she believed this is a personal decision and responsibility, without being forced by an employer and asked how we would police that. Mr. Steinberg felt like it was no different than asking an employee to wear a uniform. Mr. Rogers added the Club does offer sunscreen, there are umbrellas available, and the lifeguards are on a 40 minute rotation at the outdoor pool area. He added we fall well within the minimum requirements. The United States Life Saving Association doesn't even have the 40 minutes rotation as part of their minimum requirements. Mr. Rogers stated he doesn't want the Commission to think we do not take our lifeguards safety seriously. He also added this would affect the Parks Dept. and other areas in the City and H.R. would need to be involved in this undertaking.

Chairman Wilensky asked for a vote on the motion by Steinberg.

Mr. Steinberg restated his motion of staff of the Germantown Athletic Club immediately undertake a comprehensive review of the Club's standards and practices relating to the potential health risks to pool employees from sun exposure. In addition he moved that the Club management promptly implement all corrective measures deemed necessary to minimize the potential health hazards to pool employees from sun exposure and report on same to the GAC Advisory Commission at its next regular meeting.

Mr. Thompson stated he has a problem with the wording in the motion of *immediate, mandatory prompt action of the staff*. Also Ms. Duneheew added we couldn't have any action in place by next month, and the pool would be closing in a few weeks anyway.

Chairman Wilensky asked again for a vote on the motion and the majority opposed.

Adjournment:

Meeting Adjourned