TOWN BOARD WORK SESSION
November 4, 2013 – 6:00 PM
301 Walnut Street, Town Board Room, Windsor, CO 80550

The Town of Windsor will make reasonable accommodations for access to Town services, programs, and activities and will make special communication arrangements for persons with disabilities. Please call (970) 674-2400 by noon on the Thursday prior to the meeting to make arrangements.

GOAL of this Work Session is to have the Town Board receive information on topics of Town business from the Town Manager, Town Attorney and Town staff in order to exchange ideas and opinions regarding these topics.

Members of the public in attendance who have a question related to an agenda item are requested to allow the Town Board to discuss the topic and then be recognized by the Mayor prior to asking their question.

AGENDA

1. CRC – Wrap Up Discussion & Determine Future

This session will have the Town Board discuss and start to determine what a Town Board supported Center expansion ballot question might look like. This could include the components of an expansion and the methodology of paying for the construction of an expansion. Developing any outstanding issues and a calendar for the future will be the primary goal.

   a. Scenario 5
   b. Competition research

2. Future Town Board Meetings

TOWN OF WINDSOR
COLORADO

MEMORANDUM

Date: October 29, 2013
To: Windsor Town Board
From: Kelly Arnold, Town Manager
Re: November 4, 2013 Work Session

This work session is the fourth of four work sessions dedicated to the possible Community Recreation Center expansion. The topics have included components of the center, the revenue/costs of operating the center, and funding of the initial construction of the center. These sessions have provided information that was generated by the Feasibility Report in April, 2012 and then updated in June, 2013.

The purpose of this session is to serve as a wrap-up of the dedicated work sessions and start to build a direction on the future of the expansion. There were a couple of issues that came up during the sessions that Town Board sought more information.

1) Learning More About the Affects of a Publically Owned Recreation Center on Privately Owned Facilities in the Same Community.

We have researched this topic extensively using sources through the National Recreation and Parks Association and the International Health, Racquet and Sport Club among others. Melissa Chew has provided a cover memo and some of the articles that were found on this topic.

2) Developing a Scenario 5 which will exclude the fitness equipment from an expanded Community Recreation Center.

Barker Rinker Seacat and GreenPlay consultants have developed this scenario. It is attached and ready for review.

In summary, the difference in construction costs between Scenario 1 and Scenario 5 is $237,322. The annual operating subsidy difference for Scenario 5 is an increase of $303,146 from Scenario1.

To facilitate discussion, there seem to be four basic questions that could be answered in order:

#1: Is there a scenario that the Town Board consensus can be reached? The scenarios are:

1 – Full Expansion;
2 – Aquatic Expansion Only;
3 – Gym and Fitness Expansion Only;
4 – No Expansion
5 – Full Expansion without fitness equipment.

#2: What is the method to pay for the construction of the “preferred” scenario?

So far the method that is preferred by the architects, bond underwriters, citizen’s ad-hoc committee, and staff is a sales tax increase via a vote. There were other methods reviewed and there were options considered to develop partnerships or attain grants. The Town Board may want to incorporate some or all of those other methods. A sales tax would have to be approved via a vote.

#3: How shall the operating subsidy be financed for the “preferred” scenario?

Once constructed, all the information indicates that revenues from fees and rentals will not cover operating expenses with an expanded center. All of the scenarios have provided the cost of the subsidy and the amount of sales tax it would take to cover the initial subsidy. If sales tax is not used to cover the subsidy, then the amount would come from the general fund. Any sales tax increase to finance the subsidy would also have to be included on a ballot question.

#4: If sales tax or any other tax is used for the construction of the “preferred” scenario or to off-set the subsidy of the “preferred” scenario, then what is the 2014 date for the vote?

The two possible dates for the vote is the April election or the November election. Both dates have pros and cons. If April is the date preferred by Town Board, then the ballot question will need to be established soon. This will require additional work session time in November/December.

Once a direction is determined further refinement on the assumptions can begin so that the Town Board has the most recent and up to date information so a ballot question can start to be developed.

Community Recreation Center Expansion Scenario Details

TOWN OF WINDSOR COLORADO

Scenario 1

Operations Projection Details (with debt service)

Scenario 1 - Gym, Fitness, Aquatics	Expansion ONLY	Current (2013) ONLY	Combined
Expenses			
Personnel Services	$483,872	$351,992	$835,864
Operations and Maintenance	$247,158	$135,599	$382,757
CIP Improvement Fund	$29,241		$29,241
Debt Service and Transfers		$631,760	$631,760
Capital			
TOTAL	**$760,271**	**$1,119,351**	**$1,879,622**
Revenues			
Taxes (sales/use)		$424,511	$424,511
Programs / Admissions	$644,500	$50,000	$694,500
General Fund Transfers (operations)		$450,000	$450,000
CIP Transfers (debt service)		$0	$0
Balance Forward (varies year to year)		$262,529	$262,529
TOTAL	**$644,500**	**$1,187,040**	**$1,831,540**
Surplus/Deficit	**($115,771)**	**$67,689**	**($48,082)**

Subsidy Projection Details (no debt service)

Scenario 1 - Gym, Fitness, Aquatics	Expansion ONLY	Current (2013) ONLY	Combined
Expenses			
Personnel Services	$483,872	$351,992	$835,864
Operations and Maintenance	$247,158	$135,599	$382,757
CIP Improvement Fund	$29,241		$29,241
TOTAL	**$760,271**	**$487,591**	**$1,247,862**
Revenues			
Programs / Admissions / Rentals	$644,500	$50,000	$694,500
TOTAL	**$644,500**	**$50,000**	**$694,500**
Surplus/Deficit	**($115,771)**	**($437,591)**	**($553,362)**
Cost Recovery	**85%**	**10%**	**56%**

Project Construction Component

Scenario 1 - Gym, Fitness, Aquatics	
Facility Construction (building only)	$10,258,000
Off-Site Construction (street changes, lighting, storm water, etc.)	$0
Site Construction (1 acre all outside of building demo and new)	$507,902
Other project costs (professional fees, water/sewer plant investment fees, permits, testing, FF&E)	$2,490,696
Contingency (10%)	$1,325,660
TOTAL PROJECT COSTS	**$14,582,257**
Second floor office estimate	$300,000
TOTAL	**$14,882,257**

Revenue / Expense Details (broken down)

Scenario 1 - Gym, Fitness, Aquatics	Expansion ONLY
Expenses	
Personnel Services	$483,872
Supplies	$47,500
Services	$199,658
Capital	$29,241
TOTAL	**$760,271**
Revenues	
Admissions	$516,800
Facility Rentals	$15,000
Child Care	$7,500
Vending	$10,000
Fitness Programming	$45,000
Aquatics lessons/programs/parties	$50,200
TOTAL	**$644,500**

Sales Tax to Fund Project Over 20 Years

Scenario 1 - Gym, Fitness, Aquatics	
Sales Tax Increase for Construction Cost	0.66%
Sales Tax Increase for Operational Cost	0.30%
TOTAL SALES TAX INCREASE FOR BOTH	**0.97%**

Scenario 2

Operations Projection Details (with debt service)

Scenario 2 - Aquatics Focus	Expansion ONLY	Current (2013) ONLY	Combined
Expenses			
Personnel Services	$344,117	$351,992	$696,109
Operations and Maintenance	$152,463	$135,599	$288,062
CIP Improvement Fund	$19,863		$19,863
Debt Service and Transfers		$631,760	$631,760
Capital			
TOTAL	**$516,443**	**$1,119,351**	**$1,635,794**
Revenues			
Taxes (sales/use)		$424,511	$424,511
Programs / Admissions	$275,300	$50,000	$325,300
General Fund Transfers (operations)		$450,000	$450,000
CIP Transfers (debt service)		$0	$0
Balance Forward (varies year to year)		$262,529	$262,529
TOTAL	**$275,300**	**$1,187,040**	**$1,462,340**
Surplus/Deficit	**($241,143)**	**$67,689**	**($173,454)**

Subsidy Projection Details (no debt service)

Scenario 2 - Aquatics Focus	Expansion ONLY	Current (2013) ONLY	Combined
Expenses			
Personnel Services	$344,117	$351,992	$696,109
Operations and Maintenance	$152,463	$135,599	$288,062
CIP Improvement Fund	$19,863		$19,863
TOTAL	**$516,443**	**$487,591**	**$1,004,034**
Revenues			
Programs / Admissions / Rentals	$275,300	$50,000	$325,300
TOTAL	**$275,300**	**$50,000**	**$325,300**
Surplus/Deficit	**($241,143)**	**($437,591)**	**($678,734)**
Cost Recovery	**53%**	**10%**	**32%**

Project Construction Component

Scenario 2 - Aquatics Focus	
Facility Construction (building only)	$6,238,000
Off-Site Construction (street changes, lighting, storm	$0
Site Construction (1 acre all outside of building demo and new)	$308,046
Other project costs (professional fees, water/sewer plant investment fees, permits, testing, FF&E)	$1,271,777
Contingency (10%)	$781,782
TOTAL PROJECT COSTS	**$8,599,605**
Second floor office estimate	$300,000
TOTAL	**$8,899,605**

Revenue / Expense Details (broken down)

Scenario 2 - Aquatics Focus	Expansion ONLY
Expenses	
Personnel Services	$344,117
Supplies	$36,500
Services	$115,963
Capital	$19,863
TOTAL	**$516,443**
Revenues	
Admissions	$200,600
Facility Rentals	$10,000
Child Care	$4,500
Vending	$10,000
Fitness Programming	$0
Aquatics lessons/programs/parties	$50,200
TOTAL	**$275,300**

Sales Tax to Fund Project Over 20 Years

Scenario 2 - Aquatics Focus	
Sales Tax Increase for Construction Cost	0.39%
Sales Tax Increase for Operational Cost	0.37%
TOTAL SALES TAX INCREASE FOR BOTH	**0.76%**

Community Recreation Center Expansion Scenario Details

TOWN OF WINDSOR COLORADO

Scenario 3

Operations Projection Details (with debt service)

Scenario 3 - Fitness/Gym Focus	Expansion ONLY	Current (2013) ONLY	Combined
Expenses			
Personnel Services	$145,562	$351,992	$497,554
Operations and Maintenance	$120,722	$135,599	$256,321
CIP Improvement Fund	$10,651		$10,651
Debt Service and Transfers		$631,760	$631,760
Capital			
TOTAL	**$276,935**	**$1,119,351**	**$1,396,286**
Revenues			
Taxes (sales/use)		$424,511	$424,511
Programs / Admissions	$404,150	$50,000	$454,150
General Fund Transfers (operations)		$450,000	$450,000
CIP Transfers (debt service)		$0	$0
Balance Forward (varies year to year)		$262,529	$262,529
TOTAL	**$404,150**	**$1,187,040**	**$1,591,190**
Surplus/Deficit	**$127,215**	**$67,689**	**$194,904**

Subsidy Projection Details (no debt service)

Scenario 3 - Fitness/Gym Focus	Expansion ONLY	Current (2013) ONLY	Combined
Expenses			
Personnel Services	$145,562	$351,992	$497,554
Operations and Maintenance	$120,722	$135,599	$256,321
CIP Improvement Fund	$10,851		$10,851
TOTAL	**$277,135**	**$487,591**	**$764,726**
Revenues			
Programs / Admissions / Rentals	$404,150	$50,000	$454,150
TOTAL	**$404,150**	**$50,000**	**$454,150**
Surplus/Deficit	**$127,015**	**($437,591)**	**($310,576)**
Cost Recovery	**146%**	**10%**	**59%**

Project Construction Component

Scenario 3 - Fitness/Gym Focus	
Facility Construction (building only)	$4,015,000
Off-Site Construction (street changes, lighting, storm water, etc.)	$0
Site Construction (1 acre all outside of building demo and new)	$338,752
Other project costs (professional fees, water/sewer, plant investment fees, permits, testing, FF&E)	$1,367,328
Contingency (10%)	$572,108
TOTAL PROJECT COSTS	**$6,293,188**
Second floor office estimate	$300,000
TOTAL	**$6,593,188**

Revenue / Expense Details (broken down)

Scenario 3 - Fitness/Gym Focus	Expansion ONLY
Expenses	
Personnel Services	$145,562
Supplies	$14,500
Services	$106,222
Capital	$10,851
TOTAL	**$277,135**
Revenues	
Admissions	$339,150
Facility Rentals	$10,000
Child Care	$0
Vending	$10,000
Fitness Programming	$45,000
Aquatics lessons/programs/parties	$0
TOTAL	**$404,150**

Sales Tax to Fund Project Over 20 Years

Scenario 3 - Fitness/Gym Focus	
Sales Tax Increase for Construction Cost	0.29%
Sales Tax Increase for Operational Cost	0.17%
TOTAL SALES TAX INCREASE FOR BOTH	**0.46%**

Scenario 4

Operations Projection Details (with debt service)

Scenario 4 No Changes	Current (2013) ONLY
Expenses	
Personnel Services	$351,992
Operations and Maintenance	$135,599
CIP Improvement Fund	
Debt Service and Transfers	$631,760
Capital	
TOTAL	**$1,119,351**
Revenues	
Taxes (sales/use)	$424,511
Programs / Admissions	$50,000
General Fund Transfers (operations)	$450,000
CIP Transfers (debt service)	$0
Balance Forward (varies year to year)	$262,529
TOTAL	**$1,187,040**
Surplus/Deficit	**$67,689**

Subsidy Projection Details (no debt service)

Scenario 4 No Changes	Current (2013) ONLY
Expenses	
Personnel Services	$351,992
Operations and Maintenance	$135,599
CIP Improvement Fund	
TOTAL	**$487,591**
Revenues	
Programs / Admissions	$50,000
TOTAL	**$50,000**
Surplus/Deficit	**($437,591)**
Cost Recovery	**10%**

Community Recreation Center Expansion Scenario Details

Scenario 5

Operations Projection Details (with debt service)

Scenario 5 - Aquatics/Gym Focus	Expansion ONLY	Current (2013) ONLY	Combined
Expenses			
Personnel Services	$462,918	$351,992	$814,910
Operations and Maintenance	$236,658	$135,599	$372,257
CIP Improvement Fund	$29,671		$29,671
Debt Service and Transfers		$631,760	$631,760
Capital			
TOTAL	**$729,247**	**$1,119,351**	**$1,848,598**
Revenues			
Taxes (sales/use)		$424,511	$424,511
Programs / Admissions	$310,300	$50,000	$360,300
General Fund Transfers (operations)		$450,000	$450,000
CIP Transfers (debt service)		$0	$0
Balance Forward (varies year to year)		$262,529	$262,529
TOTAL	**$310,300**	**$1,187,040**	**$1,497,340**
Surplus/Deficit	**($418,947)**	**$67,689**	**($351,258)**

Subsidy Projection Details (no debt service)

Scenario 5 - Aquatics/Gym Focus	Expansion ONLY	Current (2013) ONLY	Combined
Expenses			
Personnel Services	$462,918	$351,992	$814,910
Operations and Maintenance	$236,628	$135,599	$372,227
CIP Improvement Fund	$29,671		$29,671
TOTAL	**$729,217**	**$487,591**	**$1,216,808**
Revenues			
Programs / Admissions / Rentals	$310,300	$50,000	$360,300
TOTAL	**$310,300**	**$50,000**	**$360,300**
Surplus/Deficit	**($418,917)**	**($437,591)**	**($856,508)**
Cost Recovery	**43%**	**10%**	**30%**

Project Construction Component

Scenario 5 - Aquatics/Gym Focus	
Facility Construction (building only)	$10,258,000
Off-Site Construction (street changes, lighting, storm water, etc.)	$0
Site Construction (1 acre all outside of building demo and new)	$507,902
Other project costs (professional fees, water/sewer, plant investment fees, permits, testing, FF&E)	$2,274,948
Contingency (10%)	$1,304,085
TOTAL PROJECT COSTS	**$14,344,935**
Second floor office estimate	$300,000
TOTAL	**$14,644,935**

Revenue / Expense Details (broken down)

Scenario 5 - Aquatics/Gym Focus	Expansion ONLY
Expenses	
Personnel Services	$462,918
Supplies	$44,470
Services	$192,158
Capital	$29,671
TOTAL	**$729,217**
Revenues	
Admissions	$200,600
Facility Rentals	$15,000
Child Care	$4,500
Vending	$10,000
Fitness Programming	$30,000
Aquatics lessons/programs/parties	$50,200
TOTAL	**$310,300**

Sales Tax to Fund Project Over 20 Years

Scenario 5 - Aquatics/Gym Focus	
Sales Tax Increase for Construction Cost	0.65%
Sales Tax Increase for Operational Cost	0.47%
TOTAL SALES TAX INCREASE FOR BOTH	**1.12%**

TOWN OF WINDSOR
COLORADO

M E M O R A N D U M

Date: October 23, 2013
To: Kelly Arnold, Town Manager
From: Melissa M. Chew, CPRP, Director of Parks, Recreation & Culture
Re: Research on Public Private Competition

At the Town Board's request, I have completed some research relative to competition with public or non-profit fitness/wellness centers, as presented from the private side. My resources included:

1. NIHCA - National Independent Health Club Association / Holly Johnson, Executive Director
    - Focuses on private entities
    - No research available; articles on value of competition in growing market and business plans
2. IDEA Health & Fitness Association / Jessica Kline, R&D Coordinator
    - Focuses on private entities
    - 30 day free trial membership resulted in articles regarding how to keep competitive edge and Q&A on value of competition
3. Fitness Consulting Inc / Judi Ulrey, President
    - Program consultant for private clubs, no data on public competition
4. Fitness Business Resources
    - Private club support services
5. Health Club Management
    - Private club publication
6. IHRSA – International Health Racquet and Sportsclub Association/Public Policy
    - Focuses on private entities
    - Funds legislative advocacy/lobbying as well as industry support; very cautious of government services in this industry
7. Athletic Business
    - Serves both public and private entities
    - Several articles from early 2000's with no strong conclusion
    - national level three people in private sector consistently speak out against public facilities (associated with funding from IHRSA) targeting mostly YMCA's
8. NRPA – National Recreation and Park Association/Public Policy
    - Focuses primarily on public entities
    - See article in Athletic Business; Gilbert AZ

I have included several articles that I found addressed the competition topic in some way. In summary, I felt there were just a few main points:

- The competition “argument” is really focused at what is perceived to be unfair competition, assuming a public entity does not need to cover all costs. However, even subsidized operations have to be taken into account somewhere in the budgeting process.

- Many private clubs perceive competition as bad. However, in a growing community, the pool of potential customers continues to grow as does the theory that more and more people are interested in health and wellness. Thus, competition may be “bad” if a potential customer pool is stagnant, but not if it is growing.

- Competition, whether between privates clubs or including public facilities, keeps everyone focused on providing the best customer service they can and staying current in trends.

- Knowing the niche an entity fills, and marketing to that niche, is important. Recreation has long tended to be for the more novice individuals who are trying out a sport or activity. If/when a person desires to be more competitive or desires a more elite environment, a public facility typically does not meet that need.

All that said, some great partnerships can develop between for-profit entities and public entities even if limited to programming aspects. Windsor currently partners with some 40 or so outside entities to round out recreation programs…I don’t see that diminishing.

I have also included the public–private research that I completed earlier this year.

Please let me know if you need anything further at this time.

Fitness Business Resources

One-Two Punch the Competition: Take No Prisoners or Live and Let Live?

By Tom Perkins

Competition is a good thing. No, there is no typo in this statement. I did not forget the ï¿½not.ï¿½ I firmly believe that competition in business is a good thing and that it can greatly benefit your business. American business inventor Gill Atkinson summed up the advantages of having competition in a market when he said, ï¿½Thank God for competition. When our competitors upset our plans or outdo our designs, they open infinite possibilities of our own work to us.ï¿½

Competition pushes us to do our best. It drives us to improve our service and product offerings. Without competition, we would have no sense of urgency or benchmark by which to measure our successes and, yes, even our failures.

Competition is everywhere in the fitness industry, from hospitals, clinics, spas, universities, employers, outdoor fitness, family fitness centers, small studios, franchises, online, videos, infomercial products and the like.

The Benefits of Competition

Competition actually grows the market for your services, which ultimately boosts your sales and allows your business to remain prosperous. A market with a strong and innovative competitor forces *you* to become more efficient and creative in finding ways to differentiate yourself and your services from that of the competition.

Even if your competitor is a large franchise with multiple locations and a seemingly endless budget, you are still likely to reap the rewards of their presence. This may appear to run contrary to popular opinion, but it is true. Competition ï¿½ regardless of how big or small ï¿½ pushes you to stay on your toes, get inspired and exploit your advantages to the fullest. Without competition, becoming complacent and lazy is likely. Losing customers or watching your business stagnate and fail is an even greater possibility.

Often, small businesses are particularly concerned about the competition. They fear that there simply are not enough customers to go around. This would be a valid concern if the size of your market was indeed not growing. However, this does not appear to be the case. With obesity on the rise and more and more Americans desperately searching for ways to achieve and maintain a healthier lifestyle, market share is not likely to shrink any time soon. Thus, competitors battling for a slice of that market share pie just help in making the pie bigger for everyone. How?

Competition builds consumer demand. Consumers are an odd bunch in that they actually want choices when they shop around for products and services. Surprisingly, consumers are less likely to want to buy when they only have one choice available to them. Therefore, it is not a stretch to say that competition leads to more consumer choice, which in turn triggers consumer purchases. Be the business that has positioned itself competitively to offer the right mix of services and/or products that allows you to win those consumer sales consistently, and you have positioned yourself to succeed ï¿½ irrespective of the number of competitors in your market.

To sum it all up, competition can do much for your business and its growth. Embrace it, and use its presence fully. To take true advantage of the benefits offered by your competitors, try to follow these proactive suggestions:

Define Your Approach to Competition

Getting the most out of a competitive relationship means that you first have to determine what the best and smartest approach is to dealing with your competitors. Is it going to be something hard-nosed, such as a ï¿½take no prisonersï¿½ approach, or a more pacifistic view of ï¿½live and let live?ï¿½ Of course, you can always develop a position that is somewhere in the middle. Your approach will then likely dictate your style of doing business.

For example, if you pursue the ï¿½take no prisonersï¿½ approach, you will have to develop a more cutting-edge, market-leader approach to doing business, one of always looking for innovative ways to set the bar higher, with others following you. If you choose to go to the other extreme of ï¿½live and let live,ï¿½ then your style may be more laid back and reactionary. In other words, you will likely perfect changes to your way of doing business only in reaction to what you see your competitors doing.

Watch and Learn

Sometimes, it can work to your advantage to let your competition take the lead. This is particularly true if you are thinking about offering a new service or product or maybe branching out into a new location and you are unsure what the marketï¿½s response will be. By sitting back and watching what happens to the competition, you may spare yourself a few headaches and possibly save yourself some time and money in the process. Sure, that may mean that you sacrifice the right to having the first-mover advantage, but that is not always the end-all. What is important when the dust settles is who is still in the game in that eighth inning.

Allowing your competitor to move first into a new area of the market can definitely be advantageous, particularly if you are a smaller business and your competitor is a large franchise. How so? Large competitors often have the necessary resources to study and develop a market. When they go in, it is often only after exhaustive research and market analysis has been completed. It makes sense, since most only want to enter a market when they know they will have a sure-fire chance of succeeding.

A smart, smaller business could then benefit from operating nearby and tapping into that potential client base. By this time, you will have already identified your own unique selling position, which will ultimately distinguish your services and products from the competition which, of course, you were able to develop and fine-tune in large part because much of the guess-work regarding location and potential target market were already answered for you by your competitors.

Getting to know and even embracing your competition has a multitude of benefits. New services and improvements to existing services, the ability to more positively position yourself against your competitorï¿½s weaknesses and finding new ways to grow your business are just a few of those advantages. Regardless of how you choose to approach your competition, do so in a way that your business can reap the full rewards found in a competitive market environment.

Do not forget the tortoise and the hare tale. Even though you might be smaller, you can execute strategies much faster then a larger organization that has layers of management.

SPECIALIST vs GENERALIST

WORLD FOCUS

What will be the future of the traditional full-service club in the face of the growing microgym market? Kate Cracknell reports

With their specialist, high-energy offerings that draw a loyal crowd, microgyms have, it seems, tapped into the zeitgeist. According to the latest *UK Monitor* report – produced by global trend and research experts The Futures Company and published in December 2012 – gone are the days when people's sense of identity was defined by their job, their location, their upbringing… Nowadays, 62 per cent of Brits believe it's their personal passions that define who they are.

And people are looking to inject some of that passion into their everyday lives. The Futures Company's work on Millennials, for example – people aged between 18 and 32 years, otherwise known as Generation Y and still a core market for most fitness operators – suggests that what this audience wants is daily stimulation.

"For Generation Y, it's not just about adrenaline-fuelled experiences. Rather, they're seeking more personal experiences that offer them some meaning, such as curating and sharing their own Pinterest page built around their individual interests," says Amy Tomkins, associate director at The Futures Company.

All of this is good news for the health and fitness sector – indeed, for the leisure sector as a whole – but only if it can create the sort of personalised experiences that today's audience is seeking. In short, the sector must create something that's able to inspire a defining passion in people.

But how many health clubs can really claim to achieve this? How many members are genuinely passionate about going to their gym?

Defining microgyms

Step forward the microgyms, the growing number of specialist studios that aim to inspire precisely this sort of enthusiasm in their users by specialising in the activities people are most passionate about and delivering them with panache – allowing them to charge a premium for the privilege.

We have of course seen standalone pilates, vibration training and PT studios for years – so how does the microgym differ? What defines a microgym, and what's its secret ingredient?

"Microgyms or boutique gyms, as they are being called, are almost exclusively

PHOTO: ANDREW HAURISSA

To date, many of the successful microgyms have focused on cycling

group activity-based studios that have created an authentic fitness experience through a combination of unique classes, refined studio environments and top instructors," says Phillip Mills, CEO of Les Mills International.

"Every class is almost like a Broadway show," adds Elena Lapetra, international sales manager at Schwinn. "There's a theme, a script, a well thought-out soundtrack and a superstar instructor who shines through and who's paid accordingly. There's also excellent marketing pre- and post-event, all targeting a specific audience."

It's been in the area of indoor cycling that we've seen the most microgym activity to date: Mills has been drawing attention to the likes of SoulCycle for some time now – the highly successful, high-end indoor cycling studios operating in US cities such as New York, and now rumoured to be eyeing a UK launch. Meanwhile, independent cycling microgyms have been rapidly popping up across London in recent months.

Mills continues: "Many microgyms have built very strong consumer propositions and brands, from CrossFit to SoulCycle to HIT-based Orangetheory Fitness." So strong, in fact, that SoulCycle is able to charge US$34 a class – and more if you want to book into a popular timeslot.

So that's the microgym – but who do these clubs appeal to, where can they succeed, are there specific activities that particularly lend themselves to this format, and does this specialist model pose a risk to the 'generalist' full-service offering?

New audiences

The formula of the microgym unquestionably appeals to the mindset of the Millennials, with their need to form an identity – to belong to a tribe but still feel like an individual. "For this group, it's about standing out while fitting in," says The Futures Company's Tomkins.

By focusing on delivering one specific activity – something that will unite all attendees in their enthusiasm for it – all wrapped up in a 'cool' package, the microgym delivers against these apparently contradictory needs: in creating a loyal following, and with it a sense of tribe, the microgym helps people fit in, while its cool vibe simultaneously meets the "standing out" requirement.

But could the format be used to reach new audiences? "To date, microgyms have predominantly targeted the younger generation who want exercise to be a social experience in a group setting," says Mills. "However, it's likely other ▸

Les Mills clubs charge a booking fee to guarantee a spot in premium classes

consumer segments will be targeted in the future. In fact, what some may consider the original microgym concept – Curves – targeted an older demographic."

"Microgyms have the potential to appeal to all sorts of people and bring in brand new audiences if the timetable, the marketing and the coaches are managed correctly," agrees Lapetra.

"They need to be specialised, but without being so specialised that they only appeal to one market," adds David Cooper, operations director at Gymbox. "With a unique product offering, I think microgyms will be successful in pulling new customers into the industry, especially those who have preconceptions of gym workouts being boring."

Location, location, location

But would the model work outside of major cities? Cooper suggests perhaps not yet. "Until the concept matures, it will stay in the major cities rather than spreading to provincial towns," he says.

But Lapetra believes there's scope for a broader geographical spread: "I believe we'll see more and more microgyms opening outside the wealthy, high footfall areas of London, with new models targeting new markets and new cities. In the US, we've already seen newcomers challenging the original model from SoulCycle and Flywheel Sports, and I think we'll start to see all that in the UK a lot sooner than many people anticipate, with some really interesting concepts being launched. These are exciting times – a wake-up call for existing gyms to up their game."

Mills adds: "The majority of successful microgym chains have typically focused on urban hubs such as New York and Los Angeles. However, we're beginning to see new players – such as Kosama and Orangetheory Fitness – focus on smaller cities.

"And microgyms have grown rapidly in recent years, particularly in the US market, often through adopting a franchise model. For example, Orangetheory Fitness launched in 2010 and has already awarded over 130 franchises across the US and Canada, while CrossFit was founded in 2000 and now has over 6,000 affiliated CrossFit 'boxes' across the globe."

And Mills believes the emergence of virtual classes could now make microgyms even more widespread. "Virtual classes will be a disruptive force and will facilitate microgyms – a couple of instructors could run a microgym with the help of virtual technology," he observed at this year's ukactive FLAME conference.

Friend or foe?

"While the rise of the boutique health club might cause concern to mainstream operators, I feel this could be turned on its head," says fitness industry consultant Dean Hodgkin. "The hip marketing campaigns that accompany the launch of the trendy specialist clubs may well stir interest in a different consumer than our traditional approach to member recruitment achieves.

"If these people develop a regular fitness habit, they may become bored of the narrow activity on offer in the microgym and could look for variety, naturally leading them to more full-service clubs."

David Minton, director at The Leisure Database Company in the UK, agrees: "I love these so-called 'microgyms' as they offer a product and experience people value and are prepared to pay a premium for. These same people become ambassadors and spread the word very quickly. This adds real value to an industry that's been lacking disruptive innovation for too long. My current favourites are Boom!Cycle in Shoreditch and Heartcore in Notting Hill."

Not only that, but as Mills explains: "Unlike budget gyms, the growth of the microgym has not negatively impacted traditional clubs. That these clubs have grown without eating into traditional membership rates suggests that either a new breed of consumer is being welcomed into the fitness industry, or those with gym memberships are also adding a microgym experience."

But will this be the case going forward? People's buying habits are already shifting – witness the growth in 'pay as you go' fitness facilitated by the likes of payasUgym and Fitness Freak. With the help of technology such as fitness apps and heart rate monitors, consumers are also increasingly willing to take fitness into their own hands. Going forward, they may therefore choose to pay only for premium, specialist delivery of the activities they love the most,

"WE'LL SEE MICROGYMS OPENING OUTSIDE OF LONDON'S HIGH FOOTFALL AREAS, WITH NEW MODELS TARGETING NEW MARKETS AND CITIES"

taking control of the rest of their exercise routine themselves.

"As personal budgets and incomes have become tighter, consumers are reassessing their spending habits. They're looking to protect their spending on the things that matter most to them, and as a result may even be willing to pay more for products and services that target specific health needs or passions rather than opting for more generic solutions," says Radha Patel, associate director at The Futures Company.

If this is the case, might traditional clubs be forced to review their pricing structures to remain competitive, offering a range of 'pay for what you use' packages, for example? Might it once again be the budget clubs that do well, holding on to the 'gym only' segment while the microgyms take on 'cycling only' etc?

In the long run, operators must surely adapt or risk losing members as the microgym sector continues to grow.

"Members want innovation and convenience, not inflexibility, and they only want to pay for the services they use," confirms Mark Botha, operations director at Fitness First Middle East. "The industry should move fast on this, otherwise a lot of freelance concepts will spring up, fracturing the market."

Applying the learnings

But how might traditional full-service clubs adapt – what are the options open to them? Is the microgym offering something they can learn from, or indeed replicate – and would they even want to?

"I struggle to see how the new generation of group exercise-only venues will ever be more than a niche market," says Michelle Bletso, group exercise development manager for Everyone Active. "Very few of our members do just one type of exercise, combining gym with classes, swimming with group cycling.

"As an industry, we advocate a variety of training for all-round fitness, and we should offer that variety in one place to allow people to cross-train effectively and time-efficiently. The future of fitness, I'd suggest, is full-service fitness done well: this will prevail over more niche offerings."

Nevertheless, even Bletso feels there are learnings to be taken from the microgyms: "Multi-purpose operators can learn from the trend


PHOTO:ANDREW HAURISSA

Fitness First Australia recently launched The Zone, a group exercise-only site in Sydney

by ensuring all aspects of their gyms and group/studio programmes remain innovative in their own right."

Doyle Armstrong, product specialist at Indoor Cycling Group, agrees: "I think the microgym trend will make other operators look at how they provide group exercise and encourage them to invest in this area, especially in the education of their instructors. For many clubs, the current quality of class delivery needs to be addressed."

While it might not be feasible to raise the entire offering of a full-service club to the high standards of a microgym, if operators can identify the activities that drive the highest levels of loyalty and passion among members, they could create a series of premium 'club in club' experiences around these. In doing so, Mills believes traditional operations can latch onto the microgym trend.

However, he believes most clubs are currently falling short of where they need to be to do this: "When it comes to team training, microgyms get it right – why can't generalist gyms? You have to create boutique spaces within your clubs, and you have to do it just as well as the niche gyms. Then you can charge a premium."

For example, Les Mills clubs in New Zealand incorporate in-house, boutique cycling studios that generate additional revenue for the club. "Team training strategies that work include the 'free unless you want to reserve a space' approach," says Mills. "We charge NZ$5 per person to book a spot in our cycling classes – and they always sell out, so everyone books. Given that our studios hold 30–60 people, that soon adds up and allows us to pay for superstar instructors."

Meanwhile, in the UK, David Lloyd Leisure has announced an exclusive deal with Orangetheory Fitness to roll out its HIT-based workout in its DL Studio personal training venues. And in Australia, Fitness First launched The Zone in Sydney this summer – a purpose-built club dedicated exclusively to group exercise, with anything up to 100+ classes a day across its six zones – proving that even multi-club operators can get in on the microgym trend.

Operators might even consider partnering with third-party specialists to deliver boutique offerings in their sites – in much the same way that space is already allocated to external businesses such as Costa Coffee – to ensure that any members who do want this sort of offering don't look elsewhere, and still see it as part of their club.

"As more and more people use microgyms, setting high expectations of fitness facilities, we will need to ensure we're on top of the game when it comes to delivery," says Hodgkin. "We should be striving to offer 'clubs in clubs' whereby, for example, our bootcamp classes at least match BMF for creativity, our HIT sessions keep pace with Orangetheory, and our cycling studios are equipped with the technology to generate an excitement equal to that of Boom!Cycle.

"Ultimately staffing, equipment, décor and hype are all within our control."

Clubs in club

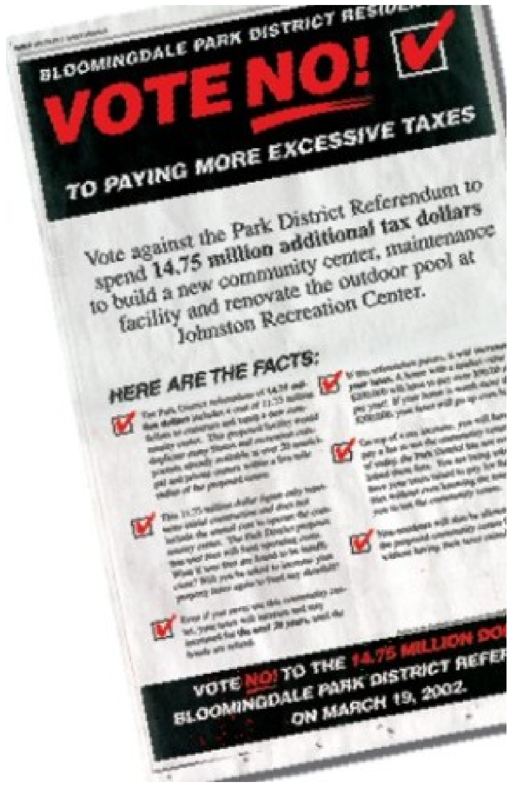
Communication of the offering will become more important than ever as things become increasingly fragmented, ensuring members understand the options, the price implications, and crucially why they should pay for premium sessions on top of their monthly fees.

Nevertheless – whether to counter any threat microgyms might pose, or simply to capitalise revenue- and retention-wise on this trend – we could start to see the generalist club effectively becoming a series of smaller 'clubs within club' in the future, developing cutting-edge offerings to meet the wishes of the distinct tribes that exist among a full-service membership, and with it creating an offering worthy of members' passion. ●

Athletic Business

Public Enemies

By Marvin Bynum



Sticks and stones may break bones, but words can take an even more devastating toll. Just ask the dozens of municipal recreation agencies nationwide whose large-scale capital projects — ranging from small aquatic facilities to community recreation centers — have been derailed, thanks to opposition stirred up by local and national interests.

The forces behind the anti-public recreation campaigns vary in form. In some communities, a resident opposed to recreation facility construction in his or her neighborhood may represent the lone naysaying voice (see "Yard Work," p. 68). In many cases in recent years, owners of private, for-profit fitness centers have launched joint attacks in their locales. Presenting an even greater challenge is the International Health, Racquet & Sportsclub Association (IHRSA), which on several dozen occasions has provided financial and legal support to health club owners fighting to shut down public recreation projects.

The most successful campaigns will typically blanket a community with a snowstorm of slick marketing materials merely weeks before a referendum vote, condemning the project for anything from "misappropriation of taxpayer funds" to the duplication of recreational programming already available in the private sector — or, more often, both.

Many residents read the fliers or newspaper advertisements and become outraged, feeling betrayed by their civic leaders. Others are left confused; they want to believe their municipal government is working for the greater good of the community, yet find it difficult to overlook the persuasive allegations made by individuals who say they too are taxpaying residents.

"When somebody gets up in a public meeting and makes these claims, it's hard to counter them," says Mike Shellito, director of parks and recreation in Roseville, Calif. "It's a difficult circumstance."

It's especially difficult when public recreation departments are limited in their capacity to respond to such claims. It's considered improper for government agencies to spend already scarce public funds on marketing campaigns similar to those launched by their private-sector detractors.

"What irritates us is when these groups give out misleading and false information. We think that's highly unethical," says Ted Flickinger, executive director of the Illinois Association of Park Districts, who believes that despite the restraint public recreation agencies must employ, too much is at stake for them to do nothing at all. "We're going to try to solicit funds from other sources — vendors and Friends of Illinois Parks organizations — so that when this happens, we can help our local districts get the facts out to the public."

The IAPD is also educating recreation departments on such topics as devising project financing strategies and weathering public controversy. Flickinger says that in no way is his organization looking to pick a fight or wage a public policy war with IHRSA or its members. "But if it continues, we're going to have to be in that kind of mental framework and come through on some specific things to help our agencies," he says. "We're making this one of our priorities."

Also among the IAPD's priorities is relating to the Illinois parks and recreation community the seriousness of this issue. Flickinger believes that many recreation professionals are still somewhat naïve to the difficulties their colleagues involved in facility planning and construction are encountering, thanks to negative campaigns in his state and elsewhere. "Unfortunately, some of the people in our field consider parks and recreation to be as sacred as motherhood and apple pie, and that everything is very positive," he says. "Well, now you can get hit on a lot of different fronts. They've got to wake up and get out there and tell their story to the public. They've got to tell them what we're all about."

While the IAPD is considering adding a forum to its web site dedicated solely to the public-private controversy, other state recreation agencies are also beginning to place a greater focus on supporting member departments whose projects are in jeopardy. State agencies in Ohio and Pennsylvania, for example, have organized committees designed specifically to address these issues.

Sarah Clugston, recreation director in Hampden Township, Pa., says that such a committee sponsored by the Pennsylvania Recreation and Park Society has even turned to National Recreation and Park Association officials for advice and a little political muscle. "We wanted them to tell IHRSA to take a hike," she says, adding that the committee's request was turned down. "It just doesn't seem to be sinking in with NRPA. Maybe it has too much to lose."

It's not that NRPA is shying away from the public-private issue, says Barry Tindall, director of the association's public policy department, but rather that becoming intensely involved in the debate might equate to a poor use of the association's resources. "We have chosen not to make it a national debate. With about 30,000 units of local government in this country, it'd be foolhardy for NRPA to be a traffic cop on the one hand and an advisor on the other," he says, citing NRPA's history of lobbying for parks and recreation interests on Capitol Hill. "From the time this organization was created in 1965, we have always argued for and worked to maintain local, state and national recreation prerogatives."

And it's not that NRPA hasn't made past efforts to collaborate with IHRSA, says Tindall. The associations' leaders have met several times in the past 10 years in an effort to devise some sort of an agreement, only to come away with nothing. "We're trying to convince IHRSA that the demands are so great for people to have access to health and wellness resources that rarely does a park and recreation agency have anything to do with the rise or fall of a private health club," he says. "The reality is that Americans need far more rather than less. This is more important than trying to protect the investment rights of entrepreneurs in the health and wellness business. Americans are in pretty lousy shape."

It's true that the demand for recreation facilities and programs has jumped significantly in recent decades. This trend is driven by several factors, including an increasing awareness of the need for health and wellness, and the proliferation of suburban communities. "Given the nature of business and technology today, people can live almost anywhere they want to," says Webbs Norman, the Rockford (Ill.) Park District's executive director. "Quality-of-life issues in communities are significantly more important today than they used to be and they will increasingly be so in the future."

Take Roseville, Calif. — a suburb of Sacramento. Roseville's population has nearly doubled since 1990, from 45,000 residents to 80,000. Meanwhile, city officials have committed themselves to developing parks and recreation facilities to keep pace with demand.

Two years ago the Roseville Sports Center opened, offering residents a 27,000square-foot facility where they could play, exercise and gather. While its largest component is the gymnasium, the Sports Center also features a 2,300-square-foot fitness room with about 20 pieces of cardiovascular equipment, which remains a bone of contention with local for-profit clubs. "It's not like our fitness room is 12,000 square feet with 150 machines," says Shellito. "I don't think having a treadmill should be the exclusive domain of a health club."

Besides, Shellito continues, the Sports Center — like the city's four outdoor pools — is designed to appeal to a broader demographic than any of the local for-profit health clubs. "There are a lot of programs that we offer that the private sector either cannot provide or has no interest in providing," he says. "They're not interested in providing open swim time in the afternoons for kids from low-income neighborhoods. They don't want that. It's not profitable and it would detract from their health club experience."

To address Roseville's growing need in aquatics programming, the city spent the first half of this year developing an ultimately unsuccessful partnership with a local YMCA chapter to build an $11 million, 46,000-square-foot indoor aquatic/ community center. Under the partnership, the facility would have been built on city-owned land, with each organization paying the construction costs for its respective component: The city would pay for the pool, and the YMCA for the community center. The YMCA was to be responsible for all facility operations, thus requiring no subsidy from Roseville's general fund. "It would've saved $250,000 a year," Shellito says. Another condition working to the city's advantage would've required the YMCA to operate the facility's aquatics programming exactly as the city dictated, or operational control would be returned to the recreation department.

Despite the potential benefits this joint venture held for both parties and their constituents, a group led by a health club owner in neighboring Rocklin organized what Shellito estimates was a $100,000 public relations campaign aimed at scuttling the project before it even got off the ground. The accusations flew, says Shellito, and mailers were sent out claiming that "the city was giving money away to a multimillion-dollar corporation to build a fitness center." In the wake of severe public scrutiny, YMCA officials pulled out in June.

"They decided it wasn't in their interest — and frankly, it wasn't in ours either — to fight this public-relations battle that seemed to have a fairly significant war chest dedicated to derailing the project," Shellito says. "Their focus and our focus is on serving kids. We wanted to build a pool because we're stretched thin in aquatics, despite having four pools. We're teaching 1,200 kids a day, yet we're turning away 200 more at registration for each two-week session. We need a pool, and this was a way it could've happened for us. It's disappointing because in the end, the losers are the members of the community."

Many public recreation professionals find it ironic that for-profit clubs paint themselves as the ones getting a raw deal. Arguments like IHRSA's — which portray public recreation departments as "tax-exempt entities that are cutting into their business" — "fail to understand what government is all about," Tindall says.

As Tindall notes, as far back as the early 1900s, the first public recreation agencies were established with the goal of addressing public health and welfare. Roughly a century later, the mission of departments everywhere remains focused on providing health and wellness opportunities for residents of their respective communities. As the years have progressed, so have the recreational needs of individuals everywhere, requiring municipal agencies to adapt.

Little more than preserved plots of grass and woodlands, the parks of 50 years ago have gradually been replaced by complexes that feature interactive playgrounds, sports courts and fields, and trail systems. Pools, too, have evolved, from their strictly rectangular forms to areas for interactive play. And while community centers offering nothing more than gymnasium space and meeting rooms might have sufficed several decades ago, people now expect their community buildings to be everything-under-one-roof facilities. "If you want to make sure that you're playing to the whole community, you've got to have a little bit of everything for everyone," says Clugston, "so that anyone who wants to use the center can."

In September, Clugston's Hampden Township recreation department scored a victory when that township's board of commissioners voted, 3-2, to continue preliminary work on a 60,000-square-foot community recreation center project. The facility will include an indoor aquatics area with both leisure and competitive components, two gymnasiums, an elevated track, a fitness area, teen and senior centers, multipurpose rooms and administrative offices. According to Clugston, no taxpayer money will be used to finance construction, and excess revenue from the township's golf course and outdoor swimming pool will be used to subsidize facility operations.

Despite these moves, the project has withstood considerable pressure from the owner of a health club in a neighboring township who has charged the recreation department with misuse of government funds and unfair competition with his facility. To appease the club owner, Hampden

Township officials agreed to downsize the fitness area to 3,600 square feet and eliminate the free-weight area from the facility's plans. The center will carry only a limited selection of cardiovascular machines.

"We play to a completely different crowd. This is a community center. The Spandex can stay at the health club," Clugston says. "The people who we're catering to aren't going to want to run on a treadmill next to somebody in Spandex because they're going to feel intimidated. We're targeting those people — like me — who have several grown children and have been out of shape for a long time. We also want to have a place for kids and a place for seniors to socialize."

Even though some public recreation professionals are gathering forces to do battle, most within the field still point to partnerships as a less tumultuous, and ultimately, a more productive alternative. Historically, partnering with other nonprofit organizations — public or private — has been the most logical choice for many municipal recreation agencies.

Take, for example, the Aztec Family Center, currently under development in Aztec, N.M. The center's various components are to be jointly owned and operated by four separate nonprofits: the City of Aztec, a local Boys and Girls Club, Aztec Municipal Schools and San Juan College, a community college based in nearby Farmington. The community and educational center components — the first and second phases of the four-phase project — are already complete. The facility will add a library and a fitness center and pool in two later stages. "None of the individual entities had enough funding available to build their own facility," says Ed Bledowski of Farmington-based DLR Group, the project's architect. "This plan allowed them to pool their resources and develop a true family center offering education, recreation and sports."

The advantages of forming program and facility partnerships with nonprofit organizations are no secret to municipal recreation agencies. However, looking to the financial benefits of subscribing to a "strength-in-numbers" philosophy is only part of the equation, says Norman, whose Rockford Park District has focused on pursuing and establishing partnerships with the for-profit business community that improve that city's overall experience. Park district officials there sponsor a forum with about 30 local business leaders each month. "The park district was formed by members of the business and industrial community because they realized the need for activities and facilities for the health and well-being of their employees and their families," he says. "That partnership has existed for the past 93 years and it's very strong today. The business and industrial community continues to be very supportive of what we do."

Can that kind of relationship be extended to for-profit health clubs and fitness centers, and perhaps foster partnerships between these entities and recreation departments? "Absolutely, I think that can happen. Doing so will enhance services that people are beginning to expect," says Shellito. "My perspective is that you make the pie bigger and you get more people involved with exercise, fitness and sports. It'd be good for clubs if there was a return on their investment, and good for us if open access was guaranteed. It couldn't be exclusive. We'd still have to carve out time for youth basketball."

"In this day and age, I don't care whether you're a public or a private group, you should be working with as many organizations as you can," says Flickinger. "It just makes sense. There are a lot of resources out there to make the community a better place. That's what we should all be working for."

Athletic Business

Rift Widens Between For-Profit Clubs and Non-Profit Rec Centers

By Andrew Cohen
10/1/2000

The U.S. had its Civil War, and now the recreation community has its own, a fierce struggle that could cause untold damage to the landscape of recreation. A two-pronged battle waged at the grass-roots level (and increasingly aided by grants from the International Health, Racquet and Sportsclub Association), the fight pits for-profit clubs against nonprofit, charity-based institutions (YMCAs, JCCs and hospitals) on the one hand, and government agencies (municipal, county and even some state university recreation departments) on the other.

To health club owners, IHRSA — an organization charged with promoting the interests of its 3,000 clubs — is just doing its job. "I think our members would like to see us be more involved, especially financially," says Helen Durkin, IHRSA's director of public policy. "At times, they've asked us for SWAT teams to come in and take care of a local election, but we don't do that."

What IHRSA does do, however, rankles nonprofit-rec administrators. While long lobbying in Washington against what it calls "unfair competition" posed by nonprofit fitness centers and bankrolling battles with (as Durkin says) "national and statewide implications," IHRSA in the last year began to send matching funds of up to $2,500 to local clubs to help defray the costs of defeating public recreation center referendums. At the same time, the association has upped the ante against YMCAs (its traditional foes) by actively calling on United Way executives to withhold financial support from "YMCA health clubs" [sic] when they "are not focused on the truly needy in our society, and therefore do not deserve United Way support."

IHRSA's shift in tactics on the government-rec side in particular has appeared to catch recreation officials flat-footed, in spite of the fact that these efforts hardly qualify as a sneak attack. The association has been warring against YMCAs since the mid-1980s, and began taking up arms against municipal rec centers in the mid-'90s. However, the for-profits never won this many battles before. Since the middle of 1998, for-profit clubs in markets large and small have defeated bond referendums, blocked construction and stripped property tax exemptions from a variety of proposed and existing fitness centers. IHRSA has also convinced legislators in five states to pass or seriously consider "fair competition" statutes. Employing a broad definition of "victory" that counts successful challenges to a nonprofit's initial plans, IHRSA and its member clubs can count about 20 battles won — most of which have occurred in the past two years. (See map on p. 54.)

Durkin takes issue with the notion of keeping score, particularly at a time when passions are inflamed on both sides. Her organization, she says, views peaceful discussion and mutually beneficial agreements as the ultimate victories.

"When a club goes and talks to a Y or park and rec, and they decide to do something different because of that, that's really a victory because it doesn't cost all this time and money," she says. "But the clubs feel better than ever because in the last two years we've had the most hardcore victories since we started the battle."

As this issue of *AB* went to press, IHRSA and the National Recreation & Park Association were preparing for a Sept. 6 meeting where, it was hoped, some sort of treaty could be struck. Beforehand, IHRSA brass reiterated its belief in the logic of private-public partnerships. As Durkin put it, "I'd hate a burgeoning animosity to get in the way of more partnerships, and with the park and recs there's a real opening still — whereas the Ys and the clubs have such a bitter history that it's very difficult to get beyond the distrust on both sides. So, what we're hoping for when we meet with NRPA is that we can talk about ways to defuse the situation."

One thing that might make the situation difficult to defuse is IHRSA's anti-nonprofit rhetoric, in which municipal rec departments are prominently mentioned as legitimate targets. Callers to IHRSA's Boston headquarters who are put on hold hear a plug for the association's Fair Competition University (a step-by-step primer on its Web site that explains how to derail nonprofit building projects). Meanwhile, all attendees at IHRSA's San Francisco convention in March were given a 100-page notepad, each page emblazoned with the heading, "Winning the War: 100 Ways to Beat Tax-Exempt Competitors" and a different broadside adapted from Fair Competition University (and authored by executive director John McCarthy). In them, the "avaricious" YMCA has "lost its soul" and is "defrauding the public"; club owners are advised to "know your enemy"; and one Ohio public recreation department is charged with selling "a bill of goods" to the public.

"They're going as far as saying that there shouldn't be any public recreation, that that's not the government's role, and yet the public agencies have been doing it for years, long before the health craze of the '70s when the health clubs came around," notes Tim Leiwig, executive director of the Greene County (Ohio) Recreation, Parks & Cultural Arts Department. "So to say we're wrong for continuing to do things we were doing before they went into business is not really correct."

IHRSA's primary complaint regarding YMCAs, JCCs and hospital wellness centers — which an increasing number of city administrators, tax assessors and legislators believe has some validity — is that in building a fitness component, they enter into direct competition with taxpaying, for-profit clubs, at about a 30 percent advantage. As Durkin says, "If there's a market that can sustain a taxpaying industry, then we think the basic philosophy of this country is that paying taxes is what we encourage in a free-market society."

Enduring criticism is old hat to Dan Maier, director of association advancement for YMCA of the USA. On the other hand, it doesn't really soothe Maier's temper when he hears IHRSA couch its criticisms with plaudits that note *most* YMCAs continue to do good work serving the needs of (specifically) less-affluent communities.

"We take every aspect of their campaign as a personal affront, of course, because what it says is that our mission is faulty," Maier says. "That, we take great exception to. We have found their tactics to be duplicitous, disingenuous and, frankly, dumbfounding, particularly since they feel they can say out of one side of their mouth that the Y is doing great work, and at the same time write a letter to the United Way saying Ys don't deserve funding."

IHRSA's United Way campaign (and its separate but related movement to form a partnership with Boys and Girls Clubs of America) is emblematic of the way its tactics have changed over the years. Its first forays questioned the right of YMCAs to build upscale fitness centers at all, but Durkin says that focus groups IHRSA conducted found that YMCAs retained a "halo" that made them a poor target from a public relations perspective.

"People went on and on how they didn't trust charities," Durkin recalls, "but when the Y was introduced, people said, 'Oh, well, they're different.' People's first reaction to the Y is generally very positive."

In that case, she is asked, is such a reaction deserved?

"It's such a complicated answer," Durkin says. "I think that in many ways it is absolutely deserved. If you look at their whole mission, I think the fitness center is such a small part, and you can't complain about most of the other stuff they do. Unfortunately, it's not a small part from a dollars perspective. These Y health clubs make so much money.

"The other stuff that the Ys do is great, and that's why we say the fitness center part should be taxed," Durkin says, neatly delineating the new focus of IHRSA's attention. "The Y always comes back with, 'We're so much more than a health club,' but we believe there is a kernel that is a health club."

Such talk annoys YMCA administrators like Doug Linder, president and CEO of the St. Petersburg (Fla.) Family YMCA. "There is no reason to believe that making a community healthier is not part of the charitable mission of a nonprofit organization," Linder says. "The YMCA has been doing that nearly since its inception. That charitable part of our fitness mission is as alive and accepted as ever, and that's one of the things that IHRSA and others are trying to attack. Well, they're just plain wrong."

As a prime example of a Y that has gone astray, Durkin cites the National Capital YMCA in downtown Washington, D.C. Durkin charges that YMCA of Metropolitan Washington, the association that oversees Washington area Ys, has gone to "a conscious policy to divest itself from inner-city D.C." She and McCarthy took a tour of the National Capital Y, she says, and found not children but wealthy politicos working out on their lunch hours. What's more, she claims, when she inquired about low income memberships, she was told they were "sold out."

What irks IHRSA most about YMCA of Metropolitan Washington is its 65,000square-foot, $10 million state-of-the-art facility in Reston, Va., which opened in September. This "satellite in the richer suburbs," Durkin says, is not in line with the Y's mission.

"They're not putting their nice health clubs out in Virginia because they expect all economic classes to go there," Durkin says.

No, counters Judy Ballangee, vice president of communications for the Washington Ys, but more than 40,000 Reston schoolchildren live within six miles of the new center, which includes a 10,000-square-foot teen center built for and run by Fairfax County, a science and technology center, a day-care center and an outdoor playground. Yes, she notes, it does have a fitness center, a gymnasium, an indoor track and an aquatic center, but the proceeds from them will fund kids' programs not just in the Reston facility but in the Washington Y's 17 other locations — only six of which include fitness components. (Previously, the newest Washington Y dated from 1978.)

The Reston Y's fitness center "is not small physically; it's a real nice, big, full-fledged fitness center," Ballangee says. It has to be, she adds, to help pay the bills at other Ys within the association, such as the one in Arlington that runs at a $100,000 deficit every year. IHRSA, Ballangee says, demonstrates a "lack of understanding about how Ys operate, especially in an urban setting. IHRSA focuses on the fitness, but the fact is they've skewed the message to say that we've abandoned child care in order to do fitness, and that simply isn't true. In many cases, the people who belong to the fitness center are delighted to know that any profit the Y makes from them underwrites programs for kids. The Y fitness centers are kind of fitness centers with a conscience."

While Ballangee is quick to rattle off a list of the Y's many child-care programs, computer classes, after-school care and day camps, Maier says the fitness centers themselves are their own justification. Asked whether new Ys are havens for rich yuppies looking for an inexpensive workout, Maier doesn't skip a beat. "By law, they must be allowed to use our facilities," he says. "That's the inherent genius of the Y — bringing together all aspects of the community. You will see people who have great means and people who have no means, right next to each other on the treadmills. To say that some people in the community should not be in there working out goes against the very heart of our mission."

IHRSA, Maier suggests, should focus on its own advantages rather than harp on the YMCA's.

"Raising funds in the community is the advantage of a nonprofit," Maier says. "The advantage of a for-profit is they receive the profits. We want an even playing field, too. If they would be willing to forgo any profits and plow them back into the community, we'd be delighted."

IHRSA's complaint regarding municipal recreation centers has several layers. Public recreation centers are built and operated with public monies, which would include some portion of the taxes paid by for-profit clubs. When in direct competition with taxpaying, for-profit clubs, these centers have both a tax advantage and an overhead advantage — their bills are paid by the city or county.

One big difference in IHRSA's approach is that while the for-profits find it comparatively easy to portray the YMCA as a large, shadowy organization stockpiling millions of dollars to fund its bureaucrat-administrators, public recreation centers are built by city councilors and residents who see the need for recreational services — not a very savory target from a public-relations standpoint. Public rec centers also often find eager assistance from powerful community members, such as elected officials and businesspeople (with the possible exception of health-club entrepreneurs), who view recreation centers as a prime development tool, a signature space that can be used to sell the community to relocating residents and businesses.

And, of course, the voters get a chance to speak, which leads Durkin to place public rec centers on a plane above Ys. "A park and rec to me is much cleaner than a Y, because people do vote on it," she says. "Maybe they vote sometimes without enough information, or maybe they don't even go to the polls to vote, but that's their choice."

That's a fairly conciliatory view not shared by Joe Moore, an owner of a dozen clubs in southwestern Ohio who has become one of the most vocal critics of (and successful activists against) nonprofit fitness centers. Moore won IHRSA's President's Award (for contributions to the health-club industry) in 2000, in recognition of the $5 million lawsuit filed by Moore's Fitness that blocked construction of a wellness center at the Springfield Community Hospital; Moore's persistent struggle to get health clubs removed from an eight-year-old "sin tax" that inexplicably lumps health club memberships in with alcohol and tobacco sales; his success in helping to defeat a public-rec-center referendum in Miamisburg; and his very vocal threats to derail the proposed Greene County recreation center project. (See "Greene Revolution," p. 40.)

"If a park and rec competes against taxpaying businesses, it's a problem," Moore says simply. "If you use that as a standard, a community could say, 'We want to go into the pizza or auto repair business' and use public funds to start a pizza parlor or auto repair shop. I think government should stay with things it does well: roads, policing, the courts, things that citizens cannot do for themselves. Why would a community tax health clubs, then raise taxes to build a center that competes with them? There's something inherently wrong with that, and it should be illegal."

(Other recreational amenities, Moore says, such as swimming pools and ballfields — those that don't compete with his clubs, in other words — are fine. "If the voters vote for them, I don't necessarily see a big problem," he says. "I've never suggested that cities stop building Little League diamonds.")

Moore believes that community members seldom come up with the idea of a rec center on their own; rather, rec centers are foisted on the public by public officials "to further political careers and, in the case of park and rec employees, to elevate the status of the people running the rec department," Moore says. "The politicians go out on these junkets to Florida [the Athletic Business Conference] and Colorado [the Recreation Facilities Design & Management School] to learn not just how to build these centers, but to learn the formula to get the public stirred up to support it." And even when such a project comes to a vote, Moore insists, many residents don't know what they're voting for. "Usually they are constructed by consent of the city council, so the citizens never know their tax dollars are going to build these monstrosities," he says. "Rec centers are much more likely to get built if citizens are ignorant of the fact that tax dollars are going to it."

Michelle Park, executive director of the Ohio Parks & Recreation Association, scoffs at this suggestion.

"It would be a real slap to the voters to say that they're voting for something and don't know what it is," she says. "Most rec centers are community driven — I cannot recall in the last four years where a rec center has been constructed in Ohio without voter support. And yes, local officials are supportive in most instances, because they see the benefit to residents and to economic development."

Park, whose organization has taken the lead in dealing with the question of fair competition from a park and rec perspective, concedes there's something to the argument that public rec centers should not duplicate services already provided by the for-profit industry. But, she notes, forprofit clubs don't provide the unlimited access that public rec centers do.

"Joe's is a very valid argument if his clubs make fitness and wellness opportunities available to everybody — which is the governmental focus," Park says.

Park says citizen input is sought by public officials at the earliest stage of the process, when rec departments attempt to gauge consumer demand. Moore, though, says feasibility studies are a farce. "They've paid a consulting and architectural firm to come up with a study to decide whether there is need or not," says Moore. "The problem is, I've never seen a study that didn't show a need. My belief is there's never been one. I also see it as a complete conflict of interest when the same architectural firm that does the study bids on the project and later gets a percentage of the total amount spent. It's in their best interest to see that a center is built."

The charges and countercharges building up over the past couple of years may make it tough for NRPA and IHRSA to find common ground. IHRSA's McCarthy has made it clear in public and private statements that the last thing IHRSA wants is another Y-type fight on its hands. "We have a great deal of respect for the NRPA," McCarthy says. "Though we may disagree on some specific issues, we go into our meeting with them very hopeful that we're going to reach some constructive agreements." NRPA President Robert Hall, whose May 3 letter of complaint to IHRSA President Gale Landers led the two organizations to open a dialogue, declined all comment on the issue until after the meeting.

Most park and recreation professionals, meanwhile, still cling to the notion that actual partnerships can occur between for-profit clubs and nonprofits. Park says, "I could give you a dozen examples of really positive partnerships. The situation in Ohio has grown adversarial, but partnerships are very much the way of the future."

"I don't believe that this is an opportunity to bash one side or the other," Leiwig says of the NRPA-IHRSA summit. "It's an opportunity to get the facts out. When push comes to shove, I think people will realize that everyone can coexist as they have for years. We serve different markets, and there are opportunities for both to be very successful, maybe even as partners to some extent."

Now it's Moore's turn to scoff.

"Partnerships are part of the common spiel that we hear when these projects are talked about," he says. "They act as if the rec center is a starting point for people to get involved with fitness, and that it creates a feeder system into health clubs and swim clubs and karate studios. I don't believe that's true; I see no feeder system from the park and recs into my health club. If the park and rec builds a full fitness center it will do more damage to the taxpaying fitness centers than it could possibly do good."

Lingering resentment is a fair description of the mood in the trenches these days. One gets a sense of this when nonprofits who have run afoul of Moore complain about his habit of bringing troops of 10 or so supporters to public meetings — even though this is precisely why the public-input process exists. On the other side, club owners grouse bitterly that they are made out to be nothing but profiteers by nonprofit administrators who aren't about to cede the moral high ground in this argument.

There are bad feelings all around in Stow, Ohio, where voters defeated a proposed recreation center in March. The Consortium of Facilities Already Serving Stow, funded primarily by a club not in Stow but in nearby Hudson, as well as a grant from IHRSA, whipped citizens into an anti-tax frenzy, charging unfair competition and intimating in a slew of advertisements and flyers that the project was just another government boondoggle.

On the other side, Citizens for the Stow Community and Recreation Center engaged in the most blatant form of provincialism. As that group's ads urged residents, "Don't be misled by negative publicity which is originating mainly from a ***private*** health club OUTSIDE of Stow...Don't let out-of-towners tell you what's best for our city." (Emphasis theirs.) For his part, Joe Moore is still stewing over the hospital wellness center he's managed to stop dead in its tracks.

Through his lawsuit's discovery process, he acquired a hospital-conducted market-share survey that concedes the new center would draw members from Moore's Fitness, as well as an internal memo regarding the facility's proposed climbing wall — which was included in an ostensibly medically based facility because, as the memo states, "We need something that will make us stand out from the Y or any of the Moore's [sic] programs."

"Right in their documentation it says the reason they were adding it was to give them a competitive advantage, not to 'meet some community need,' " Moore points out.

John Greene, the founder and a current board member of the Evanston, Ill. based Medical Fitness Association, can't help but be annoyed after witnessing Springfield Community Hospital spend $2.5 million to begin construction only to see the project shelved. Add to that the interminable delay of a proposed wellness center project into which Palos Community Hospital has already poured $1 million — in the MFA's backyard, no less — and Greene can hardly contain himself.

"Who is the clientele that the medical fitness industry serves? Older people, over 50, most of whom have low-active to sedentary backgrounds, who do not go to commercial clubs and will never go to commercial clubs," he says, though IHRSA disputes this claim. "Medical fitness centers expand the marketplace. But the commercial industry believes basically that because they're simply there, they've been given a franchise to have this whole universe."

Dan Maier seconds this comment by pointing out that IHRSA's own 1998 survey, "Why They Quit," failed to note the existence of competitive fitness centers as a reason for declining membership. That survey found that just 29 percent of former health club members said they would "probably join another facility during the coming year; in all but one case, these ex-members cited a club-related issue as the main reason for their departure from their former club." Additionally, IHRSA's public relations arm churns out press releases proudly proclaiming its industry dominance, with the number of for-profit clubs and club members at an all-time high. "That sounds more like Microsoft to me than a competition problem," Maier says. "I watched three health clubs go out of business in Northwest Chicago in the last two years that were right on top of each other. These clubs are coming out of the woodwork, and some survive and some don't. I would suggest there's probably a lot more internecine competition, but IHRSA can't admit that, because it defeats their membership purposes."

Durkin says that's all just an attempt to cloud the issue. "Is what a facility is doing appropriate in the context of the law?" she asks. "When we look at many of the nonprofits we say, 'Sure, but pay taxes.' "

There is one person who thinks the issue is even simpler than that: Wayne Westcott, the fitness research director of the South Shore YMCA in Quincy, Mass. Westcott is singled out in IHRSA's "Winning the War" notepad as "the YMCA's ultimate fitness professional" — "brilliant," "innovative," "gracious to a fault" — but "working for the wrong side."

They're certainly right about the gracious part. Westcott responds, "I have the highest respect for the IHRSA clubs and for their director, who I know fairly well. I'm just a fitness person; however, I know that every fitness survey shows that less than 10 percent of all Americans are doing enough physical activity to receive any measurable fitness benefit. So my take on this issue is that there are plenty of pieces of pie for everybody — health clubs, Ys, colleges, hospitals and community centers."

Athletic Business

What Price Recreation?

By Andrew Cohen
12/1/2003

All politics is local. It's an old political truism that — in the world of municipal recreation, anyway — is increasingly untrue.

In community after community, health club owners are challenging public recreation center projects on the grounds that these new centers threaten their clubs' very existence. While local issues inform each ensuing debate, the clubs' arguments bear, of late, a national stamp — that of the International Health, Racquet & Sportsclub Association. IHRSA offers clubs advice, partially funds some of their anti-rec center campaigns, and lobbies heavily in state legislatures in favor of bills that would limit competition — or, if you will, "unfair competition" — emanating from public-sector or nonprofit agencies.

IHRSA expended most of its efforts over the past decade on the latter type (mostly YMCAs), which may explain why the National Recreation and Park Association was a little late in getting to the party. But as IHRSA's bombs have begun falling on public recreation center projects, NRPA is arming itself, as well, hoping to create a unified approach to defending local rec departments while matching IHRSA's national lobbying efforts.

Athletic Business waded back into this morass in September, convening the forum that follows with the two organizations' directors of public policy: **Helen Durkin** of IHRSA and **Barry Tindall** of NRPA. While the resulting feature has been constructed to approximate a one-on-one debate, at no time did the participants speak directly to each other. While you might assume that we did this for safety reasons, both Durkin and Tindall stressed that meetings between the two organizations — several have been held over the past few years in an attempt to find peaceful solutions — have been extremely cordial.

More surprising, though, is the two public policy directors' own political leanings. Durkin, extremely fluent with her organization's anti big-government stance, is a self-described Democrat. Tindall, though a strong advocate for his organization's public-welfare agenda, is a self-described conservative. All of which might serve to remind us that, at its essence, all politics is, well, politics.

AB: *The position of private health club owners is probably the simplest to sum up.*

IHRSA: Part of the reason this subject is so complicated, strange as it might sound, is that in some ways the arguments on both sides are so simplistic. But the deeper you dig, the more elusive black and white becomes. It's a continuum with really bad examples of unfair competition on one side, and on the other side public facilities that no one would think are bad examples.

Our opinion, though, is that government shouldn't duplicate services being offered by the private sector. Are there places where government should spend the dollars to build facilities? Yes. I think our job is to raise the question of whether a particular instance is appropriate.

NRPA: We find it disturbing that certain organizations would perpetuate the notion that they should be the ones who make the distinctions about what constitutes "unfair competition" — that, you know, Community X or Y shouldn't have a recreation center with fitness equipment.

IHRSA: We don't make that call for local communities. Do we pick out public recreation centers to target? We never do. We don't sit there saying, "Who should we go after next?"

We give local clubs a bit of seed money, and it's not a lot of money. Especially on a park and rec grant, on a local battle the most we are authorized to give is $2,500, and that only represents half of direct costs. It's not paying for stamps or staff or anything. Part of the reason we only fund half of direct costs is that all the efforts we fund are locally driven. If it's a big enough issue on the local level and it's critical to one of our members, then we support them because we believe philosophically that's an important thing to do.

NRPA: I don't think IHRSA can duck their involvement in these local battles; their fingerprints are all over this stuff. Whatever the dollar amount is, they have this war chest. They give prominence to the objective of knocking off public park and recreation projects in their magazine. This is a regular drumbeat, and *Club Business International*'s latest article is only the most blatant. I'm reading from the September issue about club owner Joe Moore — it identifies him as "Executioner" — and it's subtitled, "Joe knows that tax-exempts can be beaten and is showing others how."

But beyond just the language, we fail to understand why they continue to lump public park and recreation entities in the same bag as nonprofits. They're radically different by statute, operations and purpose.

AB: *How are they different?.*

NRPA: Public parks and recreation services go back to the late 1800s, early 1900s. They come out of state health and welfare clauses, and that's exactly what their purpose is: Health and welfare through recreation activities, both physical and mental. In some of the older Eastern and Great Lakes cities, the public recreation agencies were carved out of the welfare agencies, because city fathers and social advocates realized the distinct differences between a social safety net in general and the functions that municipalities and cities should be performing in the form of recreation.

AB: *And yet, public recreation departments do hold an advantage over for-profit health clubs in the same markets.*

NRPA: Local park and recreation agencies are not tax-exempt. Now, they're not required to turn a profit, and their facilities are built using tax revenues rather than private capital. But they're public agencies, organized to promote and engage in things that are an element of the health and welfare of the community collectively — as opposed to a businessperson who chooses to invest in a club facility and the user of that facility who chooses to take his or her discretionary money and buy a membership. They arise from different purposes. One is entrepreneurial spirit, and the other has a public purpose. Parks and recreation is the same animal as a public school system, or the fire department — they're in the public welfare business.

IHRSA: I don't think you can ignore the changes in the industry over the years. I did the Colorado Recreation Facilities Design & Management School five or six years ago, and those places are phenomenal! In Boulder, I could climb on a rock-climbing wall that looks out on the Flatirons, and then I could swim in their theme-park waterpark. Those kinds of facilities aren't the same as the park and recreation agencies that started the whole thing. Is there a place for public recreation? Absolutely. The question that the public should ask in their communities is, How far should they go? Does my community need a government-subsidized climbing wall and water park?

AB: *So this is really just a question of degree?*

IHRSA: Well, it feels like from our side that park and recs have such a brick-and-mortar focus now. And you could take that money — man, that money could go pretty far in terms of using existing resources in the community. The way people spin this is to say, "Oh, if you're against a park and rec you're against athletics or a healthy community." I think there are more ways to achieve a healthy community than simply saying you have to have a $25 million facility.

NRPA: Recreation centers and recreation programs are almost a hand-in-glove situation. When you build a center, develop a park, put in a trail system, you do it because you have social services that require a structure.

AB: *Then why build a $25 million recreation center when you can build a $10 million recreation center?*

NRPA: Maybe there are more $25 million recreation centers than I'm hearing about.

AB: *Rec centers are getting bigger and glitzier.*

IHRSA: Right. Look at Chicago — they're not building these new glitzy centers downtown, they're putting them in suburbs so wealthy that even I, who am used to Boston housing prices, couldn't afford to live there.

And you know, up until a few years ago, no one was organized in a way to present the arguments against these projects. They got a free ride. Now there are arguments being presented against them. There is someone with expertise saying, "Wow, the square footage they're looking at is inordinately expensive." Or, "Where's the year-to-year financial support?"

For some of these park and recs, local club owners are saying the emperor has no clothes. On the other hand, there are wonderful facilities in communities that need them. We can't and never will make any blanket statements saying, "These kinds of facilities are good, and these are bad."

AB: *You did suggest that it was inappropriate for governments to be in this business.*

IHRSA: We believe — and this is a basic tenet of the political philosophy underlying the current administration and the Republican party in general — that if a service can be provided privately, then the government doesn't need to do so. The question is, is it appropriate in a given community? And that's open to the debate and the decision of the community. It's only fair that it be debated by the community and not be a one-sided presentation.

I know it's annoying if you're a park and rec director, but this is the first time anyone's told what the negatives are going in. There can be negatives if they're spending $25 million to build a rec center and it's an area where towns are closing schools.

NRPA: I was on the staff of the President's Commission on Americans Outdoors in 1985-86, and we had 18 hearings around the country, and out of dozens of issues there were two things that people kept talking about. They wanted recreation access close to home, and we kept hearing the word quality, quality, quality. People want public rec centers that are fully functional, are safe and secure, and are well-managed. The American people demand that from their public agencies, whether they're talking about a fire station, a city hall or a public recreation center. And often there's a demand that the city accommodate good public architecture, public art and so forth — and even that the private sector should emulate it.

IHRSA: There are degrees of anything for the government. Is it OK for the government to run food banks and soup kitchens? Absolutely. Is it OK for the government to be running five-star restaurants? This is not just splitting hairs. There is a difference between a food bank and a five-star restaurant.

AB: *What if profits generated by the five-star restaurant were funding all the soup kitchens?*

IHRSA: On the nonprofit side, that's the argument you hear all the time. But the reality is that's not how our tax law works. It goes back to the NYU case back in the 1950s, where the university owned one of the big spaghetti companies and said they could do that because they were taking the profits and putting it toward scholarships. The courts said the source of the income has to be for an exempt purpose, not the destination.

NRPA: I don't know that case, and I'm not an attorney. But let's talk about tax issues. IHRSA can't have it both ways. They can't be knocking local public investment of tax money on the one hand, and looking for federal tax relief on the other. They are lobbying heavily for a federal bill, HR 1818, that would allow a corporation to deduct from its gross profits, and thus from its tax returns, the membership fees it paid for its employees to belong to private clubs. They exempt golf clubs and equestrian clubs, and maybe one or two others, but that's a direct federal handout that you're paying for and I'm paying for.

IHRSA: The Workforce Health Incentive Provision allows health-club memberships to be treated as a nondeductible fringe benefit. We don't see any inconsistency here.

AB: *Would businesses pay less taxes under WHIP or not?*

IHRSA: I have no way of knowing what the impact would be. I've heard club operators argue it both ways.

AB: *That's far from IHRSA's only foray into the legislative arena.*

IHRSA: We track 500 pieces of legislation.

AB: *Two of those are essentially identical bills currently winding their way through the Pennsylvania House and Senate that would bar governments from competing with private enterprise "unless it can be shown that private enterprise is unwilling or unable to engage in the proposed activity." Three years ago, IHRSA Executive Director John McCarthy wrote in CBI that public rec centers could be appropriate so long as clubs were given prior notification and the public was given accurate impact figures and so forth. The Pennsylvania bills, though, seem much less forgiving in their intent.*

IHRSA: We believe that government at all levels should avoid competing directly with taxpaying businesses, and that it is important to pass legislation that guarantees that the government take into account the small-business community. In most states this isn't necessary, because we don't see aggressive growth of park and recs that blur the line between government and business. However, in some states, we have seen governments that we feel are wasting public dollars because they are unwilling to take into account the services already being offered by the taxpaying sector. This ultimately hurts the community by either taking away from core services or by raising the tax burden higher than it need be.

These kinds of measures are sometimes necessary to ensure that the government makes responsible fiscal decisions.

NRPA: We gave testimony in May before the Pennsylvania House, and the vast majority of witnesses in favor of this were private club owners. It doesn't mention parks and recreation at all, but we think it's aimed at us. On the surface, it fails both the credibility test and the practicality test. State courts have found repeatedly that local and state governments can go head to head with the private sector, whether clubs or grocery stores, as long as the outcome serves a public purpose.

AB: *Is IHRSA, as some people accuse, trying to legislate public rec centers out of existence?*

IHRSA: If they're operating within the mandate of the public, because it's been approved by the public after full disclosure of the facts, or if it's paying its appropriate share of taxes, then our argument stops there. We don't say, "We want to wipe you off the face of the earth." Our argument is, If you're going to play, play fairly. I rarely get a call about a JCC. Why? Because they are marketing to the Jewish community, and their programming is so infused with the whole religion and culture, that clubs feel that's fair. Clubs are not going after everyone.

AB: *Still, the CBI piece on Joe Moore had a certain indiscriminate quality — in the opening paragraph, he boasts that "we can defeat city hall — 100 percent of the time."*

NRPA: Every one of those proposed facilities that Mr. Moore suggests that he was responsible for defeating, they might have been the worst proposals in the world. I don't know — and he doesn't know, either. He's using his perception, aided and abetted and encouraged by IHRSA, to determine what's needed and not needed. He doesn't talk about services and needs, he's talking about his business ventures.

But the worst thing is, knocking off rec centers has other consequences. It would be interesting to put a footnote after every one of those projects that he defeated or caused not to happen that says, "Thus, x number of people are not served, or are underserved, or have been deprived of a public recreation experience or facility." If they want to continue this campaign of boasting about initiatives that they've derailed, somebody ought to complete the picture.

AB: *Do you think Joe Moore's victories are good for the industry as a whole?*

IHRSA: I do. You know, there are decisions being made all the time, by the tax-exempt and government side, to put facilities in places that no for-profit would, ever. I just took a call from a guy who runs a women-only club, and the YMCA just put in a women-only annex right across the street. A lot of what Joe Moore and others are dealing with are facilities that aren't in locations that really make sense from a business standpoint. I'll tell you this, if a for-profit business was siting a new facility, they wouldn't put it two blocks away from a competitor.

NRPA: Well, it's not a perfect world. I'm sure you could find a public recreation center that sits across the street from a club. But location in and of itself does not equal unfair competition. The demographics of club membership and the usage of public park and recreation facilities are often very, very different.

IHRSA: Everyone says we're serving different groups, but this is clearly an industry that could use more data. To my knowledge, there's never been any data that has shown that there's a significant difference in the demographics.

NRPA: My guess is that most private clubs cater to people of some means, or at least sufficient means for them to choose to use their discretionary income to pay an initiation and membership fee.

But also, the role and function of park and recreation agencies is far broader than building a recreation center. Almost every public recreation agency has some sort of scholarship program.

Parks and recs are in touch all the time with other social welfare agencies, such as juvenile justice, to find out what needs there are in the community. Public rec centers, old ones and new ones, are serving meals and snacks to hungry kids when school's not in session. That's why to isolate rec centers — and not just rec centers, but rec center A, D and Z among 35 rec centers in a city — is just cherry-picking.

IHRSA: That argument is really convenient; they say, "It's not OK to look at us in bits and pieces, you have to look at the whole package." We're not willing to take the whole package. These functions all need to be justified. When you go to the Salvation Army to buy secondhand clothes, other stores don't complain about that. If the Salvation Army started selling Armani suits, would NRPA argue that "Oh, but they're selling secondhand clothes, too"? The idea that a rec center that goes three steps too far is OK because it's related to physical fitness is an argument we don't buy.

AB: *It appears an increasing number of people don't buy it, either, judging from the many lopsided losses park and recreation departments have suffered at the ballot box.*

IHRSA: Part of the reason is that people are realizing there won't be a majority of people in the community who'll use the recreation center. The other thing that we see time and time again is the need or want for a recreation center coming up through the park and rec department. It becomes an idea that's been internally generated.

AB: *Aren't recreation departments responding to demand in some way?*

IHRSA: I went to one of the seminars at the AB Conference a few years ago, on performing surveys for a rec center, and I sat there and listened while they talked about how you could ask questions in such a way that you could get a higher percentage of "yes" responses.

NRPA: Let's take it out of parks and recreation: If you are an advocate for good schools, aren't you going to create the strongest message that you can to get the bond issue passed? I'm surprised that's even an issue.

IHRSA: But there's a whole industry that's grown up that has a financial stake in having more facilities built. And some of those people are the same people doing the feasibility studies. Sometimes, the data gets skewed.

The other thing is, if it's presented in a way that doesn't seem to cost you any money, the answer is, "Sure, why not?" But the question should be, "Do you want a rec center more than you want more teachers in your school?" There are only so many government dollars.

NRPA: I think we should remember here that something on the order of 80 to 85 percent of bond issues or millage rate increases succeed, notwithstanding the boasts of people like Moore.

We've done a number of surveys of capital investment needs in park and recreation systems, and these are plans that for the most part are based on tremendous amounts of public participation. The really telling statistic is that while people brag about knocking off bond issues or related revenue-development initiatives, between 45 and 50 percent of local park and recreation capital investment is supported by general tax revenues. If citizens weren't supporting these things broadly, then there would be much more of a public outcry about the use of their general revenue.

AB: *Are people well-informed enough to know how their money is being spent?*

NRPA: In the area of parks and recreation, sure. But, really, who knows why some referenda succeed and some fail? Referenda and bond issues — on recreation centers, schools, roads, energy, almost anything that has some public dimension to it — rise and fall. Loudon County, Va., had a major school bond issue on the ballot about three years ago and a major park and recreation issue as well. The school issue passed and the park issue failed by about a point, simply because they had two very large bond issues on the same ballot. The next time the park bond passed overwhelmingly.

AB: *It strikes some people as inconsistent that IHRSA claims, on the one hand, that business is booming, and on the other that its members are being pushed out of business by what it insists is "unfair" competition.*

IHRSA: If all we had was the "Poor us" argument, we wouldn't win. Aside from the club owners and their staffs, no one cares about unfair competition. When people make a decision about where they're going to work out, they don't think, "Is it a park and rec, a hospital wellness center or a for-profit club?" They think, "Is it close to my house? Is it near my work? Is it a price I can afford? Is it a place where I feel comfortable and safe?" That's all that matters to people.

There are some people who shop locally and won't go to Wal-Mart because they don't feel it's appropriate, but you know what? Wal-Mart is doing pretty darn well. The public doesn't care. People make decisions with their pocketbook.

AB: *To extend your metaphor, the new $12 million public recreation center is Wal-Mart?*

IHRSA: Yeah. I'd liken it to local drug stores competing against the chains.

AB: *It is true that when you build an upscale public recreation center, you attract upscale patrons?*

NRPA: I can't deny that for a second. You might see a well-off businessperson working out. But maybe that well-off businessperson has his or her child somewhere else in the building.

But we just don't agree with the whole "unfair competition" argument. Where's the evidence that a public rec center has put a health club two miles away out of business? According to the Small Business Administration, there were 550,100 new small businesses in 2002, and 584,000 closures. Some of the closures — and I hope it's a very small number of them — are mom-and-pop health clubs. These companies come and go. What are some of the reasons? I'm reading from the SBA literature: "Overestimates of public demand for their services. Poor choice of location relative to market. Undercapitalization. Lack of management skills. Condition of facility or site. Social environment. Local or other market or economic conditions. Tax policy. Employee qualifications." And on and on.

It's absolutely an oversimplification to say that competition with a public rec center is what causes a business to fail, even if the new rec center is across the street. The closing of small businesses is not a new phenomenon in this country. Private-sector investments that rely on disposable income are very much affected by the overall economy.

IHRSA did a study of its clubs' own ex-members, "Why They Quit," and you'd think that if public rec systems were having any negative impact on their membership, that would have been reflected there. But that did not show up, which I think is pretty telling.

AB: *One of the things you hear frequently from the public recreation side is that public rec centers serve as feeder systems for clubs, not the other way around.*

IHRSA: Our problem is with park and recs and Ys that have decided they're not happy with just being the feeder system. Their intention is to build a facility and a program that's better than other facilities so that nobody would ever want to leave.

NRPA: This may sound extreme, but if I were a private club owner, I'd be urging investments in public recreation all over the place. I would market myself as the next step, the next provider after the kid outgrows the rec center. Most public systems sort of position themselves like that. You'll find very few systems that offer advanced karate, or advanced swimming, or advanced gymnastics. Most get people interested and create the next generation of club users.

We just don't agree with them that a feeder system should be the beginning and end of a public recreation program. Believe me, public rec centers want users to make a lifetime commitment, but the 15-year-old who's in a rec league isn't typically still in the rec league when he or she is 47. We're creating soccer fans, judo fans, jogging fans. We're introducing kids to a lifestyle that includes active recreation in various forms.

IHRSA: A Chicago public rec center I visited had 22 personal trainers on staff. I think that's a lot of personal trainers for a public rec center; do they really need that many? Who's that feeding? Why would a member ever leave that place?

AB: *They would say their mission is to serve everybody, regardless of economic status.*

IHRSA: When I toured some of those Colorado rec centers, I stood in one of those offices in front of a bulletin board that was telling the staff to go tour various private clubs, I presume to figure out what services they were offering so they could adopt them. That's what drives club owners crazy. If they're really thinking of themselves as feeder systems, then why are they adopting every brand-new, cutting-edge program that people want?

So, you know, I couldn't agree more with Barry. I think clubs would absolutely agree that if park and recs followed the mission that Barry stated, that would be fine.

How Do You Deal With Competition?

Tricks of the Trade: Q&A.

There is always competition. Look at Coke and Pepsi, Verizon and Sprint, Apple and IBM or Adidas and Nike, for example. Whether I was pursuing my master's in exercise physiology, going for my ACE or ACSM certifications, attending an IDEA conference or even hiring my staff of personal trainers, the people I was interacting with were not only my contemporaries but also my competition.

As Diane Sawyer, co-host of *Good Morning America*, once said, "Competition is easier to accept if you realize it is not an act of oppression or abrasion. I've worked with my best friends in direct competition."

I'm used to competition. Prior to starting Solo Fitness, I moved to New York to be a modern dancer. My fellow dancers were my friends, confidantes and hang-out buddies. But when it came to auditioning, it was each woman for herself. That was understood. We supported each other in class and wished each other well in auditions, and whatever happened, happened. However, our support for each other when one got the gig and the other didn't never faltered. That was and is to this day a rule I live by. The work is out there. As colleagues we need to support, encourage and congratulate each other, just as we do with our clients every time we train them.

I have found that the more I focus on my competitor's success, the more I freeze. As Sawyer said, her best friends are her competitors. And why not? They are alike, and only they know the "ins and outs" of the biz. Like minds migrate toward each other.

I handle competition by moving and grooving to my own beat. Solo Fitness has been around for almost 20 years, and it has developed brand recognition as a specialized one-on-one training organization. Know what you do best, and keep on doing it. I feel that that's the only way to deal with competition. Once Solo Fitness has made a referral connection, we nurture and sustain it. It's the personal connections we make with our clients, trainers, referrals and other vendors that keep the association thriving.

On another note, my staff is my competition as well. Even though my trainers sign a noncompete contract, they may take clients for themselves. My goal is to give staff incentives to refer potential clients to Solo Fitness rather than take them on personally. So what's the benefit to the trainers? It's financial. They receive referral fees as well as right of first refusal for the clients they refer. Most important, as staff members of Solo Fitness, they receive all the other benefits and support of being in an organization.

Jack Welch, former chairman of General Electric, said, "The essence of competitiveness is liberated when we make people believe that what they think and do is important—and then get out of their way while they do it." So my closing thoughts: Know your competition; know what you do fabulously well, and do it!

Lisa Hoffman, MA
President, Solo Fitness Inc.
New York, New York

I am not a competitive person, in that I am usually too interested in what I am doing to pay much attention to what others are doing. So when others compete, it doesn't affect me a lot; I just stay focused. I have found that concentrating on my work keeps me from dwelling on other people's behavior, which I can't change—and I'm happier for that.

As the aerobics coordinator for a popular club and for Oracle Corporation fitness center, I focused on doing a good job and acting fairly to my staff. Periodically, I would run afoul of one of the instructors, but overall I found that striving for excellence and being fair worked, and things ran pretty smoothly. When I left after 6 years because I moved, the owner sent me a handwritten card thanking me for making the programs successful.

As a studio owner, I naturally competed with fitness facilities in my area. But when I started my business, I made sure I offered something unique, and my business prospered. I left a small gym to open my own company, but I maintained an amicable relationship with my previous employer. Some of my clients came to me every so often to get tips on their programs, while doing their weekly workouts at the gym. Other clients started with me and then moved on to join the gym. So the gym was a tool, another option to help clients keep fit, not a negative. Three other businesses, a Pilates studio and two small fitness studios, opened in my area about the same time mine did. Because it's a small community, I already knew two of the owners, and I maintained good relationships with all of them. When I felt that a client could use a change or if I thought what I was doing wasn't working, I'd recommend that the client go to one of these other facilities. Now, as I downsize my own operations owing to life changes, I have offers to teach and to train for these other businesses, and I know that if I choose to work for them, I can count on these people to treat me right.

Interestingly, a Curves® opened up while I still had my studio, and I picked up clients who weren't satisfied with their experience there. So the competition actually benefited me in that case.

For me the lesson is that if you focus on making the right choices, educating yourself and being good at what you do, you find that the competitiveness in others doesn't really matter. You will succeed.

Nancy Soares
Owner/Trainer, Body Mechanics
Custom Sport and Fitness Programs
Moss Beach, California

Below are a couple of my favorite quotes about competition.
“I’m the first to admit that I am very competitive and that I’ll do nearly anything within legal bounds to win. Sometimes, part of making a deal is denigrating your competition.”
—*Donald Trump*
“I’m competitive with myself. I always try to push past my own borders.”
—*Tyra Banks*

When I give lectures to other business owners, the first thing I tell them about competition is that competition is a natural part of business life, so you need to accept it.
However, what you *don’t* have to accept is the competition “outdoing” you. If you give 100% of yourself, your creativity and gut instinct to be the best, you’ll always win. No one will ever do what you do, *the way you do it!* So why not do what you do better than anyone else? Then competition simply becomes a business in the ring, and you have no problems knocking it out.

If you don’t believe you have the best business in the world, no one else will either. Competition simply makes you work harder and focus more on doing what you do better than others. It motivates you to become the best at what you do.

Nicki Anderson
President, Reality Fitness Inc.
Naperville, Illinois

Addressing the Non-Public vs. Public Debate Regarding Recreation Facilities

Presented by:

Chris Dropinski: Chris is a Senior Principal at Broomfield, CO based GreenPlay, LLC, a parks, recreation, open space and trails management consulting firm. She has been speaking at various state, regional and national associations, training seminars, agencies and conferences for almost 30 years. Topics vary widely, and include among others, master and strategic planning, pricing philosophies, and facility development, all providing strong information and education for running more effective parks, recreation, open space or related organizations.

Chuck Musgrave: Chuck is a Principal at the Denver-based Barker Rinker Seacat Architecture which has a national reputation for designing inspired community architecture; *places to play, work, and learn*. Chuck's expertise ranges from university student recreation centers to private health clubs and wellness centers through out the U.S. He is a frequent speaker and author for recreation associations across the country. At BRSA, his focus is on designing senior centers and recreation centers for small and rural communities.

With a national health crisis on our hands, we need to provide opportunity for physical activity in as many venues as possible. Understanding the point of view and business practices of other providers and identifying the needs of community members who are currently being under-served, will allow you to present accurate and helpful information during a non-public vs. public facilities debate. Through an examination of successful public recreation center campaigns, and a detailed look at non-public offerings, we will identify solutions that can be helpful in creating strategies and/or surviving the controversy.

1) **Common Arguments**
   a) Private/commercial facilities already serve the need in the community
   b) Public recreation facilities will harm private clubs
   c) Public and Non-Profit facilities have an unfair tax advantage
   d) Public recreation facilities are a "tax burden" for communities
   e) Public recreation facilities "lose money"

2) **Know Your Market**
   a) Demographic make-up of the community
   b) Types of facilities and services currently available
   c) Trends
   d) Current participation patterns
   e) How satisfied are residents currently? What needs are unmet?
   f) What would they like to have? What would they use?
   g) What are they willing to pay? (Capital and Fees)

3) **Benefits of Private/Commercial Facilities**
   a) Towels, personal supplies (shampoo, lotions, hairdryers, etc.)
   b) Specialized services and equipment
   c) Locker rooms with more private feel, higher quality finish
   d) Social club atmosphere
   e) Intimate atmosphere
   f) Target markets (young, women, etc.)

4) **Benefits of Public Facilities**
   a) Welcome all ages
   b) Comprehensive activity offerings
   c) Create family atmosphere
   d) Serve people with disabilities
   e) Accessible to those who cannot afford private fees, or membership program

5) **Debunking the Myths**

   a) **Needs are not being met:**
      i) Family and children's needs are not being met
      ii) Older American's needs are not being met
      iii) Membership requirements discourage many
      iv) Fees are too high for many
      v) Less than 75% of community being served by private even with strong presence

   b) **Public facilities will harm private clubs**
      i) Good quality clubs exist successfully within same community with public facilities
      ii) Many small businesses fail each year, an almost equal number start-up
      iii) Total number of commercial facilities is at a record high, even with 3 decades of public facilities
      iv) Revenues at US health clubs seeing substantial increases
      v) Adults who belong to private clubs, testify to unmet need for their children

   c) **Public and non-profit facilities have an unfair tax advantage**
      i) Most states require taxes on sales of goods for private <u>and</u> public entities
      ii) Several states require taxes on memberships and daily admission charges
      iii) Several states require taxes on construction materials

d) **Public recreation facilities are a "tax burden" for communities**
   i) A public recreation facility is a tax investment, something chosen by each community for its benefit
   ii) Public recreation facilities provide many economic benefits including jobs; purchase of goods including concession and merchandise resale items, and office supplies; contracted services, such as vending, maintenance, instructional services, etc. ; documentable savings on workers compensation, medical, and lost productivity as workplace populations become more physically active.
   iii) There is currently "leakage" in many communities without public recreation centers as residents travel to nearby communities to use these types of facilities

e) **Public recreation facilities "lose money"**
   i) A public recreation facility is a wise tax investment, not only do they not "lose" money, many centers recover 50-100% of operating costs through fees and charges and other alternative funding sources
   ii) This claim is tantamount to saying that public parks "lose" money because most at the local level do not charge a user fee.

6) **Opportunities for creating partners instead of combatants**
   a) Recognize that private and non-profit providers are in no more a position than public providers to be everything to everybody
   b) Understand the motivations of other similar service providers in your community (besides making money – who are they trying to serve, who are they best suited to serve, what are the distinctions between their service and yours?
   c) Public facilities can provide exposure to fitness and a feeder program for private facilities
   d) Welcome them into your development process

7) **Making the Case**
   a) Use facts and well thought out arguments
   b) Include representatives of private/commercial in your stakeholders group
   c) Surface red flags early
   d) Use a citizen survey
   e) Use techniques at public meetings to allow citizens in support of a public facility to influence others

Don't be in the wrong conversation!
Reposition the issue to focus on how we can
all work together to get the whole community
to be more physically active.

GREENPLAY LLC
The Leading Edge In Parks, Recreation And Open Space Consulting

Chris Dropinski
Senior Principal
GreenPlay, LLC
3050 Industrial Lane, Suite 200
Broomfield, CO 80020
(303) 439-8369 (P), (303) 439-0628 (F)
www.greenplayllc.com

BARKER RINKER SEACAT ARCHITECTURE

Chuck Musgrave
Principal
Barker Rinker Seacat Architecture
2300 15th Street, Suite 100
Denver, Colorado 80202
303-455-1366 (P), 303-455-7457 (F)
www.brsarch.com

Agency / Population	Facility Constructed	Did private fitness/wellness clubs exist in your community prior to construction of your facility?	Did these same clubs continue to operate after your facility opened? Do they still operate now?	Did NEW private clubs locate in your community after the construction of your facility?	Did you enter into any partnerships for construction and/or operation of your facility?	Other Comments
Fruita / 12,600	2011	Yes, there was one existing fitness club	Yes. They are still in existence	Yes, a CrossFit gym opened up last month	Our only partnership for construction and operations has been with Mesa County Public Libraries. We did not enter into a partnership with the local fitness club.	
Western Eagle County Metro Recreation District (Basalt & Gypsum)/ 26,000	2006	Yes	Some closed and some remained open	Specialty fitness clubs have opened regularly - Crossfit, Pilates, Yoga, Martial Arts with Fitness, Sports Performance Training Centers, Homeowner Association Fitness (open to the public) have all opened and are in business now (6 years later)	We partnered with municipalities within our district (we are a special recreation district). We partner with area businesses for portions of our rec center services: gymnastics - we use a private gymnastics club and split revenues; t-shirts, printing, maintenance, painting, cleaning, instructors, martial arts, etc: by using local vendors for portions of our services and operations, we provide a direct economic benefit to the community and build strong relationships with the entire business community	
Commerce City / 45,000	1987	Unknown	Unknown	The Belle Creek Family Center and Reunion Recreation Center both operated by Metro Districts within the Commerce City limits opened in 2002-2003 … there have also been at least one or two small fitness facilities open in small commercial space, I know at least one is still open.	The City has not entered into a partnership for construction of any facilities; the City provided operational support in the amount of $150,000 per year for the first five (5) years of operation of the Belle Creek Family Center … the Belle Creek Family Center honors the same resident drop-in rates for use of the Family Center that Commerce City has for the Commerce City Recreation Center … there is not a current agreement with Belle Creek and the City no longer provides any funding for the Family Center.	

Durango / 17,000	2002	Yes, there were 6 private fitness/wellness clubs in Durango prior to the construction of the Recreation Center. There was significant opposition and concern from the private clubs with the development of the Recreation Center.	Generally yes, however, some of them changed their business model. Some of them changed ownership, smaller facilities went out of business, and others have continued to thrive.	Yes, in fact, we worked with the owner of the new Core Value Fitness as a Personal Trainer and fitness instructor for a number of years before she opened her own business. Additional new private clubs have opened and the Recreation Center is not causing problems for the local private fitness clubs.	No, we reached out to all the private clubs and they were not interested in partnerships directly. We are using a number of independent contractors as Personal Trainers and fitness instructors that work for both the City and private clubs.	
Ft. Collins Northside Aztlan Community Center / 145,000	2007	Yes, Miramont, Fort Collins Club and Raintree Athletic Center are the largets. There is also a 24 Hour Fitness and a hand full of smaller clubs as well.	Yes and Yes.	Yes, Old Town Fitness Club opened about a year after the Northside did and it's about 2 blocks away.	No.	
Loveland / 67,000	2010	Several private fitness clubs existed when we completed our recent renovation. Plus, several "store-front" fitness businesses existed when the Chilson Center was first constructed in 1987.	One main club went out of business since our renovation was completed. However, their business was not doing well prior to our decision to move forward on the project.	Gold's Gym opened well after the Chilson Center was originally constructed. Two other small clubs in town joined forces soon after the renovation in 2010.	No partnerships with private entities…	One final note – we believe that public supported facilities and private facilities can co-exist in the same market place. In fact if there is an effective public facility available it can serve as a feeder for private clubs where individuals want adult-only (or restricted) use with upgraded amenities. However, almost all private operators will tell you that they would much rather have the market to themselves without a public supported facility available.
Cody, WY / 10,000	2001	Yes	Yes	Yes	No	

Campbell County, Gillette , WY / 30,000	2010	Yes, there were three different private clubs in our community. We had a very good relationship with each of them. However there was one club (the largest of the three private clubs) that was very much against our new facility. I and staff members met with the owner and his staff several times during the design and construction process. Our point was that the clientele of our facility was much different than theirs. Our facility was in operation (started in 1973) many years prior to them opening their doors, etc. They realized our project was moving forward, but wanted us to get an understanding of their point of view, which we certainly did.	Of the three clubs, one did close its doors, Pace Fitness. Although, for 6-8 years, the club had many owners throughout its existence, it changed hands many times. The other two clubs continue to operated, one is moving into a new building. The other is a 24 hr. fitness club.	Yes, a new club started up about 18 months ago. It focuses on "Cross Fit" types of exercises/programs. It started out very small, but is gaining membership.	This was key to the success of our project. The Campbell County Parks and Recreation Department partnered with the School District and City of Gillette, in the design, construction and implementation of paying for and operating the new Recreation Center. It's a great story!	The Campbell County Parks and Recreation Department was established in 1971. At the time, the County had the funds to start up parks and recreation operations, the City of Gillette had really no financial ability to do so. The mineral industry; coal, oil, natural gas, began to grow in the mid 70's and several cycles of boom and bust during the past 4 decades. The coal industry has been quit steady throughout this time and Gillette has grown from a town of 4,500 to over 30,000 in the time frame. The County population is approximately 43,000 people. The Campbell County Parks and Recreation Department serves the entire County. Our facility opened April 7, 2010. It has been a great success. The patrons love it, we went from averaging about 465 people per day coming through the doors to 1,200 per day. The old facility was approximately 56,400 s.f., new facility 190,000 s.f.
Glenwood Springs / 9,000	2001; aquatic addition 2006	YES, including Curves, two other private clubs	Curves closed 2 years ago due to economy, others remain open	CrossFit	No	We have heard numerous times that folks use a certain facility because they either "don't want to be around kids" or "I want a REAL work out". We focus on families, not weight lifting, body building type equipment.
Greeley / 92,000	Funplex 2006	Yes	Yes	Yes - Curves, Anytime Fitness	No	

Parker / 50,000	2007	Yes	Yes	Yes. Life Time Fitness opened shortly after the completion of our Fieldhouse, and initially there was some defection from our Recreation Center to their club, but we have certainly rebounded with memberships and Life Time is thriving as well. Different clientele with different needs.	Not initially. Prior to the Fieldhouse opening, there were a few groups that wanted to call the Fieldhouse their "home base". These groups primarily included inline hockey organizations, soccer clubs, and youth performance training. Two of these groups have since dissolved and are no longer operating, but we have partnered with several organizations to supplement our current programming mostly in sports camps camps (soccer, basketball, volleyball, skate boarding, fencing, archery, tennis, inline hockey) .	
Erie, CO / 20,000	2008	Yes, there was one private business (24 Hour Fitness) located in our community prior to the opening of the Erie Community Center in 2008.	No, this business closed shortly after the Erie Community Center opened. The retail space that they occupied is still vacant. (It should be noted that two other large private recreation centers in HOAs opened about that time as well within 1 mile of the 24 Hour Fitness business.)	Yes, two small clubs offering Personal Training and the CrossFit style of fitness programming have opened since the Center opened and are still in business at this time.	The Town of Erie managed the construction of the facility, but did appoint an Owner's Representative to assist with Project Management. We utilize an extensive range of contractors to provide programming at the Center, but the operations of the facility are handled by Town staff.	
Las Cruces, NM / 100,000	2010	Yes	Yes and Yes.	Yes	No	
Cottonwood, AZ / 12,000	2012	Yes, but they were relatively small with limited offerings. A Snap Fitness Center still exists the other, non-chain, facility closed.		Not since we opened our center.	No. Initially we had discussions with the medical center about providing space for a rehab center. Those talks never resulted in a partnership.	
Longmont / 87,850	2002	Yes - there were two large clubs that told us they would not fight our election if we downsized the weight room area. We did and now we are way to undersized.	Yes - some change in ownership	Yes many of varying sizes	No.	

Laramie, WY / 31,900	2004	Yes, 2 private clubs.	One is still open. The other closed a year after opening but not for reasons associated with the public facility.	The city negotiated agreements and partnerships with the school district, the hospital, a local fitness provider, the local swim club, a local chiropractor, and the local orthopedic medical group to partner with these organizations for the following win/win situations: • The school district pays $50,000 per year from the Albany County Recreation Board to support the ongoing maintenance of the 8 lane pool in exchange for free use of the pool for all school district swimming meets. • The hospital pays a monthly access fee along with daily visit fees for physical therapy with patients in the deep water. • The local swim club rents the 8 lane pool per lane/per hour for learn to swim and swim club practices and swim meets. • The local orthopedic medical group pays a monthly access fee along with daily visit fees for physical therapy with patients in the deep water. • A local long time fitness provider moved her business and clients to the Recreation Center to provide aerobic, step, pilates, spinning, and other fitness classes within the group exercise room with a negotiated income split. • A local chiropractor conducts stretching classes for community members throughout the winter months with a negotiated split in income.	Yes.	
Park City, UT / 7,500	2010	Yes	Yes	Yes. $10.5 million remodel in 2011.	Not currently but did back in the early 90’s	Facility first opened in 1989 but just completed a $10.5 million renovation rebuild open Dec 30,2011
Glendale, CO / 4,430	1999-2011	Yes	Yes		Operational partnerships (Greater Denver YMCA), not capital.	Municipal owned.
Mid Valley (Basalt & El Jebel; Crown Mountain PRD)	2103 vote pending	Yes, several.			Crown Mountain Park & Recreation District utilitzes program partnerships currently.	In June 2012, Eagle County Commissioners approved Crown Mountain Park & Recreation District's master plan amendment, which includes the Rec Center. Following additional public outreach and opportunities for community feedback this spring and summer, the Mid Valley Rec Center may go to a public vote as soon as November 2013.

Town of Windsor, Colorado **August 2nd Tour Facility Information**

Agency	Year Built/ Designed By	Square Footage	Population at time of construction	How was it funded?	Construction Costs	Amenities/Features	Operating costs - recovery	Impact on private business
Longmont Recreation Center	2001-02/ Barker, Rinker Seacat	63,500 sq ft	80,000	Sales Tax Bond	$8.1 million	Two pools (one lap w/diving board and one leisure), lazy river, two slides, triple gymnasium, fitness area with 1/11th mile track, climbing wall, babysitting room, 30 person multi use room, family changing rooms (5), game room, fitness classroom, café area, lobby with game area.	120-130% cost recovery. Do not pay custodial costs or maintenance costs. Average 450,000 visits per year.	Fitness area scaled back before vote to appease local business. Since then, they need an expansion of the fitness area and there have been several gyms opened in town.
Erie Community Center	2008/ Barker, Rinker Seacat	63,764 sq ft	17,000-17,500	5.807 mill levy tax-general obligation bonds-$16.8 mil, park impact fees-$1 mil, DOLA grant-$400K, Tree fund-$400K, Encana Oil & Gas Contribution-$250K, Pomar Foundation-$10K	$18.8 million	Lap pool, leisure pool, whirlpool, 2 story slide, lazy river, outdoor water feature & spray area, gymnasium, two-level fitness area, fitness/group exercise studio, climbing/bouldering wall, indoor track, 2 racquetball courts, party room, childcare facility, indoor & outdoor playground, teen room, senior lounge, locker rooms, family changing rooms/cabanas, multipurpose community rooms with kitchen, lobby, offices.	2008-56.2%, 2009-46%, 2010-52.2%, 2011-51.1%, 2012-47%	Since opening one private fitness center has gone out of business and two fitness centers have opened in the area.
Bob L. Burger Recreation Center (Lafayette)	1989-90/ Barker Rinker Seacat	47,500 sq ft	14,548	Bond issue to fund the original facility - paid off in 2012. In addition, there was a 1% increase in sales tax dedicated to helping fund recreation facilities & programming.	$4.25 million	3 multi purpose rooms, gymnasium, aerobics, 2 handball/racquetball courts, lap pool, leisure pool, slide pool, lazy river, outdoor hot tub, sauna, steam room, locker rooms, family locker rooms.	82%	Only one fitness facility in 1990, the facility has since gone under. Over the years several fitness facilities have opened. Staff are extremely sensitive to their operations by focusing on programs that do not overlap with the other facilities unless there is the demand for such programming.
Carbon Valley Recreation Center	2003/ Dauer/Haswell now-Studio DH	50,000 sq ft	15,000 Carbon Valley Metro District (Dacono, Frederick & Firestone)	Old facility was about to be paid off, went to the voters to request to continue to pay the 2.23 mils in property taxes. Energy impact grant ($350,000) and $500,000 in lottery dollars.	$7 million	Gym, track, massage room, aerobics room, weight room, cardio room, lobby, child care, community room, full size pool, diving, hot tub, steam room, slide, lazy river, kiddie pool, log pool. New facilities now house the gymnastics and senior programs.	75%	No fitness centers in the area, no impact.

Town of Windsor, Colorado **August 2nd Tour Facility Information**

Agency	Year Built/ Designed By	Square Footage	Population at time of construction	How was it funded?	Construction Costs	Amenities/Features	Operating costs - recovery	Impact on private business
Fort Lupton Recreation Center	Community Center - 2001/Slater, Paul & Assoc. Recreation Center- 2004/Sink Combs Dethlefs	Community Center- 9,200 sq ft/ Recreation Center - 37,800	7,000	CC-(ALL CASH) $911,512 (CPR Tax; $300,000 (Energy Impact Grant); $7500 (Sr. Citizens); $300,000 (enhancement fees); $217,000 (land donation) RC-$300,000 (energy Impact Grant); $6,868,582 (City Bond); $153,771 (CPR tax); $115,000 (interest income).	CC-$1,736,812/ RC-$7,437,353	CC-Community Rooms, Sr. Lounge, Craft Room, Kitchen/ RC-Leisure Pool, gymnasium, running track, fitness area, aerobics room, rock spiral, child care, family changing room, locker rooms, pool party room	50% $390,000 Subsidy/$750,000 Expenses	No private clubs existed when the facility was built. A Curves came to town serval years after, but were only open for a short time.
Greeley Family Fun Plex	2006/ Sink Combs Dethlefs	66,052 sq ft	93,000	2A Quality of Life - Sales Tax Bond	$13,474,395	Indoor water Park, large fieldhouse w/suspended running track, 4,000 sq ft fitness area, large aerobics/dance studio, multi use meeting rooms, senior lounge, party room, concessions/café facilities, child care area, staff offices.	104%	
Fruita Community Center	2001/ Sink Combs Dethlefs	55,000 sq ft (includes the library)	11,000 in Fruita but Grand Junction is 10 minutes away and does not have this type of recreation center.	1 cent sales tax increase, fundraised ($2 million) through grants (DOLA, Boettcher, GOCO-Outdoor Pool) and donations. Sr. Citizens raised $90K by recyling cans!	$12.4 million	Senior Center, meeting rooms, child care, teen/vending area, running track, fitness area, aerobics room, gymnasium and indoor and outdoor pools. It also includes the Mesa Co. Library.	85%	
Loveland Hatfield Chilson Recreation Center	1987- Original Facility/2010 Expansion & Renovation project/ Barker, Rinker, Seacat	85,000 sq ft	66,859	Recreation Capital Expansion Fund 22 ($6.6 million), General Fund ($1 million), & Recreation Equipment Depreciation Fund ($334,000)	$7.9 million	Lap pool, water slide, steam room, spas, 3 racquetball courts, 2 weight training areas, exercise/fitness rooms, 2 gyms, locker rooms, staff offices, class/meeting rooms, Senior wing with class rooms, meeting rooms, staff offices, billiards room, large multi purpose room. New renovations added: additional indoor space for excercise classrooms, family locker rooms, cardio/strength training, general classroom/children's party room, gymnastics area, renovated staff offices, new leisure pool, 2 new spas, lazy river, new slides, updagraded mechanical units, facility received a general "face lift".	83% to 87%	

Golden Recreation Center	1994 - original construction/ 2006-renovated/ Barker Rinker Seacat	72,000 sq ft	15,000	Sales Tax	Renovation costs in 2006-$4 million	Leisure & lap pool, large fitness area, track, gym, class rooms, banquet room, indoor play area, 2 fitness studios, 50+ area	80%	minimal

FUTURE TOWN BOARD MEETINGS

Work Sessions & Regular Meetings will be held in the Board Chambers unless otherwise noted.

November 11, 2013	Veteran's Day – Town Hall closed
November 12, 2013 (Tuesday) 5:30 p.m.	Board/Manager/Attorney Monthly Meeting
November 12, 2013 (Tuesday) 7:00 p.m.	Town Board Meeting Kern Board Meeting
November 18, 2013 6:00 p.m.	Town Board Work Session Flood plain prevention ordinance
November 18, 2013 7:00 p.m.	Town Board Special Meeting
November 25, 2013 6:00 p.m.	Town Board Work Session
November 25, 2013 7:00 p.m.	Town Board Meeting
December 2, 2013 6:00 p.m.	Town Board Work session
December 9, 2013 5:30 p.m./First floor conference room	Board/Manager/Attorney Monthly Meeting
December 9, 2013 7:00 p.m.	Town Board Meeting
December 16, 2013 6:00 p.m.	Town Board Work Session Joint meeting with the Historic Preservation Commission - *Tentative*
December 23, 2013 6:00 p.m.	Town Board Work Session – *Cancel?*
December 23, 2013 7:00 p.m.	Town Board Meeting – *Cancel?*
December 30, 2013	Fifth Monday
January 6, 2014 6:00 p.m.	Town Board Work Session
January 13, 2014 5:30 p.m./First floor conference room	Board/Manager/Attorney Monthly Meeting
January 13, 2014 7:00 p.m.	Town Board Meeting Kern Board Meeting
January 20, 2013 6:00 p.m.	Town Board Work Session
January 27, 2013 6:00 p.m.	Town Board Work Session
January 27, 2013 7:00 p.m.	Town Board Meeting

Additional Events

None.

Future Work Session Topics

Museum strategic plan
Golf cart district application – Highland Meadows
Model Traffic Code 2010 update
Economic Development Update
Town oil & gas revenue for school district foundation purposes
Follow-up discussion on development fees