

DRAFT

The Park District of La Grange

Recreation Center Feasibility Analysis

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Draft



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Introduction

La Grange is a community located in western Cook County, served many by units of government, including the Village of La Grange. La Grange's recreational needs are served by the Park District of La Grange, established in 1929, with a population of 16,539. The park district is an independent municipal corporation with an elected board of commissioners and its own dedicated tax rates, providing parks, facilities and recreation programming.

During the summer and fall of 2010, the Park District of La Grange developed a comprehensive master plan to identify the park and recreational needs of the community. During the data gathering process that led to the development of goals and objectives within the plan, telephone and mail surveys were administered to random samples of the community and online and email surveys were administered to non-random samples. In addition, community meetings, interest group meetings and focus group meetings were held. Based on the data gathered, the recreational needs of La Grange residents were identified.

As this study discusses, the need for expansion of the Recreation Center on East Avenue was the greatest of those needs. In response to the comprehensive plan recommendation that the feasibility of expanding the Recreation Center be assessed, this study has been assembled.

This study begins by reviewing community sentiments expressed in favor of expanding the Recreation Center, interpreting the meaning of the data. Based on survey, polling and public meeting data, this analysis will consider what amenities the expansion of the Recreation Center might contain, how much it would cost to build those amenities,

how construction costs would be funded, how much it would cost to operate an expanded facility, and the likelihood of revenue streams supporting operating costs.

The ultimate purpose of this study is to determine if the operation of an expanded Recreation Center is financially feasible for the Park District of La Grange. Financial feasibility is defined in terms of capital and operating costs. Capital costs are feasible if the park district *has access* to capital funding and operating costs are feasible if *it is likely* that the new revenue streams in an expanded Recreation Center would cover the new costs of operating the facility.

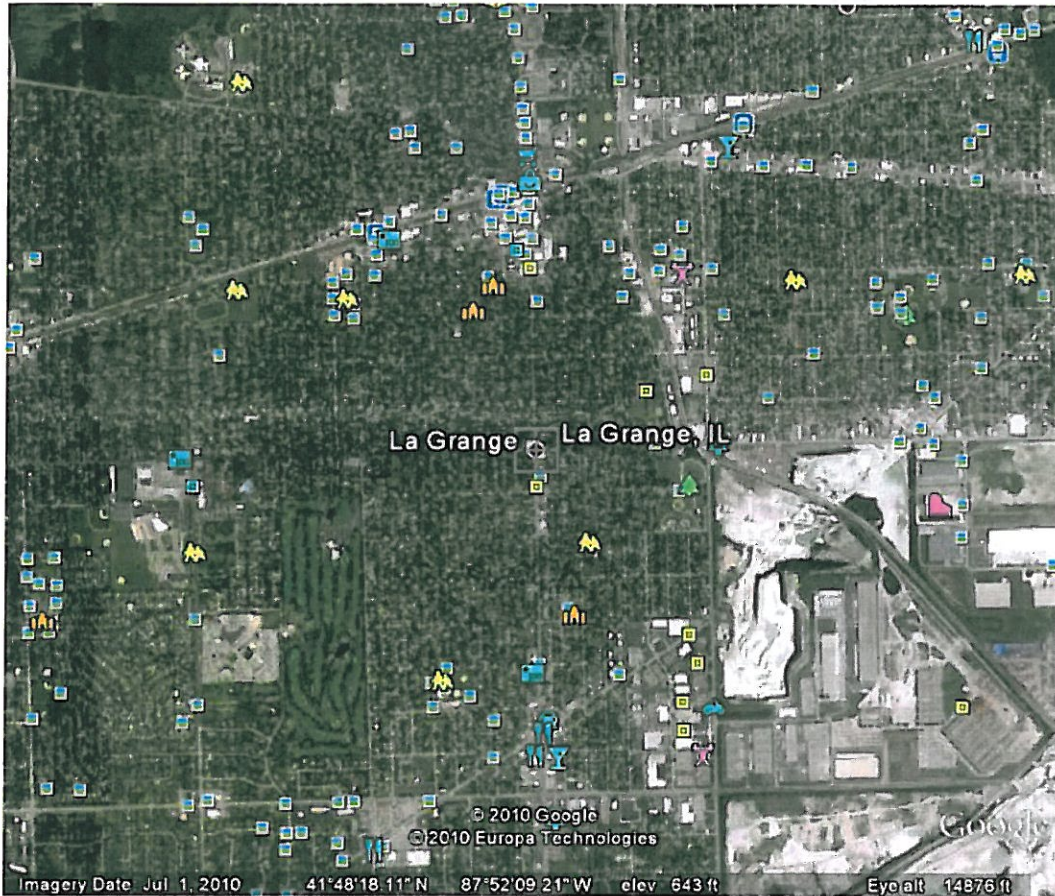
Determining financial feasibility is important because the Park District of La Grange has limited financial resources and is not able to support operating costs with tax revenues. If this study finds it is financially feasible for the park district to build an addition onto the Recreation Center, this study will then consider how much it will cost to operate the additional space, the level of revenues it could generate and whether there are sufficient revenues to support the additional costs.

Demographics

The 16,539 people residing in the Park District of La Grange are concentrated into 2.5 square miles of living space. According to the most recent Census data, the median age of the community is 37.8 years old, compared to the national median of 35.3 years of age and State of Illinois median of 34.7 years of age. According to the 2000 Census, the median income of La Grange residents was \$80,342 compared to the national median of \$41,994 and state median of \$46,590.

Except for the differences in age and income, La Grange is a pretty typical Chicago suburban community in other demographic respects. Like other Chicago

suburban communities, La Grange is landlocked, surrounded on all four sides by communities with their own park districts.



Being surrounded with little chance of growth, the Park District of La Grange knows it has no place to grow. There is little available land for the park district to acquire as park space; if there is land available, it is already being used for another purpose. That means, if the district is ever able to expand the facilities it owns and operates, it will need to acquire existing properties in the village and renovate them.

The facilities that the Park District of La Grange currently owns and operates are:

Parks and Facilities

Parks

Number	10
Acres	80.5

Facilities

Recreation Center	1
Community Center	1
Baseball/ Softball Diamonds	5 Lighted; 7 Unlighted
Batting Cages	2
Football/ Soccer Fields	8
Handball/ Racquetball Courts	3
Indoor Basketball Courts	3
Outdoor Basketball Courts	11
Picnic Shelters	4.5
Playgrounds	11
Sand Volleyball	2
Tennis Courts	15
Walking/ Jogging Paths	5

The matrix shows the Park District of La Grange owns and operates two indoor facilities. The Community Center is a small meeting room oriented facility. Except for instruction based class programs, the Community Center has limited versatility.

The Recreation Center is a more traditional recreation facility that includes an indoor playground, gymnasium, batting cage, a maintenance shop, offices, meeting and activity rooms. The Recreation Center was originally a beer distributor warehouse that was partially retrofitted for recreational purposes, but still remains partially undeveloped.

Comprehensive Plan Data

During the summer of 2010, the Park District of La Grange developed a comprehensive planning process to determine what it could do to improve its administrative functions, recreational programming, parks, and facilities. During the

planning process, there was a substantial amount of data collected, ultimately leading to the development of comprehensive master plan goals and objectives.

Multi-layered data gathering techniques were used, including mail and telephone surveys, online and email surveys, public meetings, board and staff visioning sessions, and a Delphi focus group. The data from these different data gathering techniques were reviewed by impartial consultants who identified themes.

Perhaps the most important element of the data gathering process was the mail, telephone, online, and email surveys. The reason these data gathering techniques are meaningful is that they involved the most people. A copy of the mail survey questions is provided in the Appendix of this report.

During the summer of 2010, the mail survey was sent out to a random sample of 2,000 households within the Park District of La Grange. The 2,000 households were drawn from the approximately 6,200 households of the district, representing 32.2% of the community. Of the 2,000 surveys, 447 were returned for a response rate of about 22.4%.

During the fall of 2010, the telephone survey was administered to a random sample of 400 Park District of La Grange households. The telephone sample households were a separate database from the mail sample. In total, 104 households responded to the telephone survey, a 26% response rate.

The mail and telephone survey respondents were randomly selected, making findings from the combined sample representative of the community as a whole. The online and email surveys were self-selecting, meaning that respondents volunteered to answer the survey rather than being part of a random pool of candidates. The responses to the online and email surveys are not representatives, but do show how user groups feel.

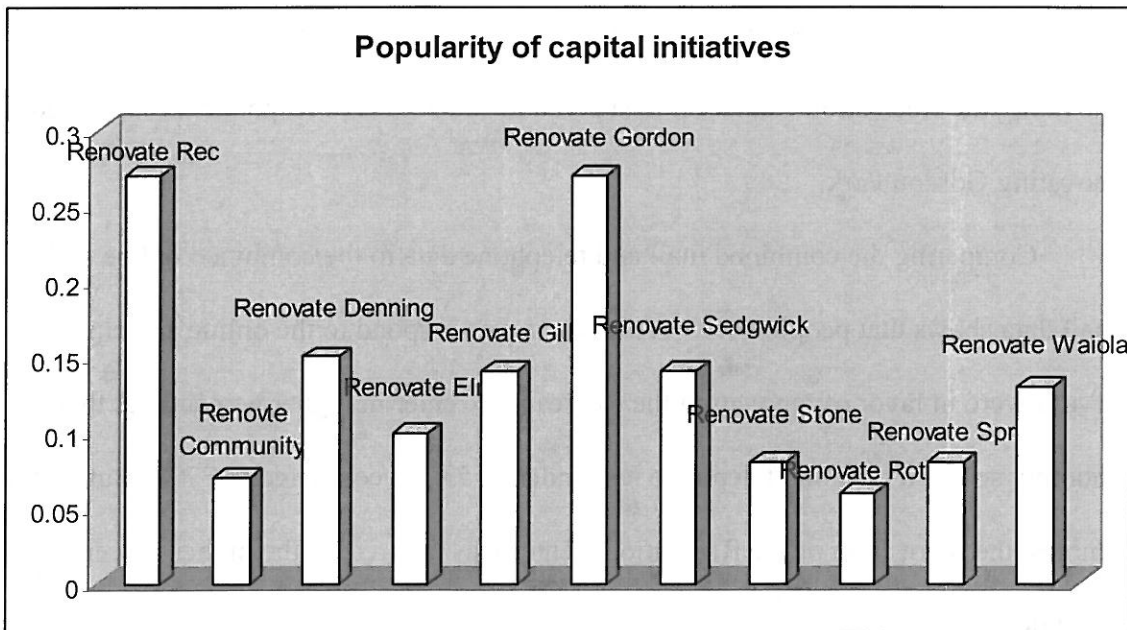
The online survey was responded to by 80 resident households and the email survey by another 93, for a total of 173 electronic resident respondents.

The question which established the expansion of the Recreation Center on East Avenue as important to the community was Question 10:

10. Which of the following capital projects would you or other members of your household be in favor of the Park District of La Grange completing in the future? (please check all that apply)

- a. Expand the Recreation Center (536 East Avenue) _____
- b. Expand the Community Center (Lincoln & Washington) _____
- c. Renovate the Denning Park _____
- d. Renovate Elm Park _____
- e. Renovate Gilbert Park _____
- f. Renovate Gordon Park _____
- g. Renovate Sedgwick Park _____
- h. Renovate Stone Park _____
- i. Renovate LaGrange Rotary Centennial Park _____
- j. Renovate Spring Avenue Park _____
- k. Renovate Waiola Park _____
- l. Nothing _____

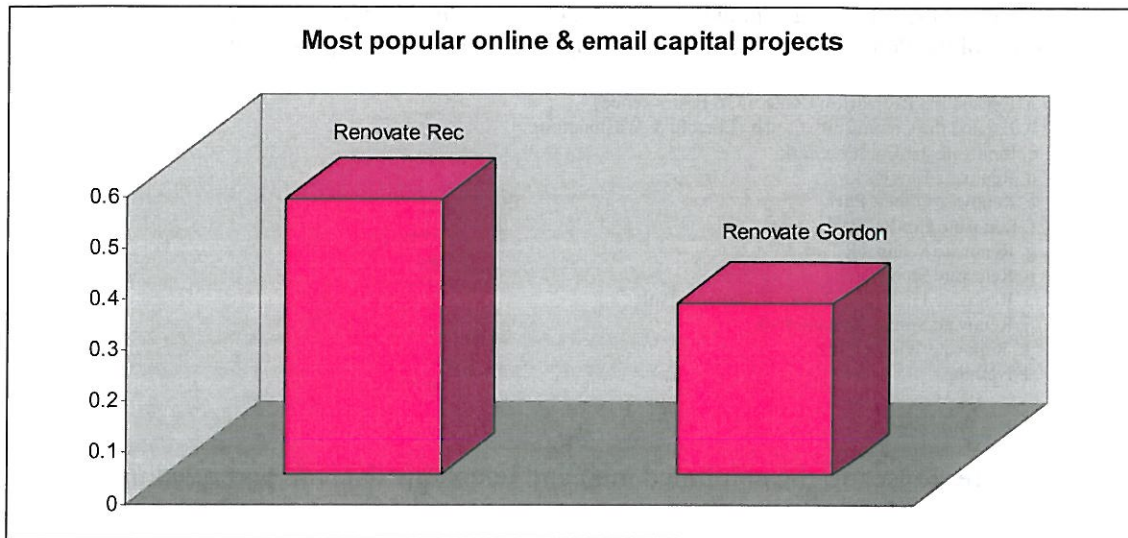
The responses to the combined mail and telephone data are portrayed in the following graph.



The findings in the graph show that the most popular capital projects by the combined 548 mail and telephone respondents were the renovation of the Recreation

Center and the renovation of Gordon Park, with 27% of the community supporting these projects.

Renovating the Recreation Center and Gordon Park were the most supported capital initiatives preferred by online and email respondents as well.



The graph shows that 53.5% of online and email respondents supported renovating the Recreation Center on East Avenue and 33.3% of respondents supported renovating Gordon Park.

Comparing the combined mail and telephone data to the combined online and email data shows that people who were motivated to respond to the online and email surveys were in favor of renovating the Recreation Center in higher percentages than randomly selected mail and telephone respondents; 53.5% compared to 27%. But in both samples, the renovation of the Recreation Center was favored by the higher percentage of respondents.

Question 14 of the survey asked, if the Park District of La Grange were to expand the Recreation Center on East Avenue, what amenities respondents would like to see included. A list of amenity choices was provided.

14. If the Park District were to expand the Recreation Center (at 536 East Avenue), what amenities should be included?

- | | | |
|--|---|---|
| <input type="checkbox"/> Indoor aquatic center | <input type="checkbox"/> Outdoor aquatic center | <input type="checkbox"/> Fitness center |
| <input type="checkbox"/> More dance rooms | <input type="checkbox"/> Aerobic rooms | <input type="checkbox"/> Spinning rooms |
| <input type="checkbox"/> A quiet yoga room | <input type="checkbox"/> More gymnasiums | <input type="checkbox"/> Indoor soccer fields |
| <input type="checkbox"/> Indoor softball field | <input type="checkbox"/> Indoor ice rinks | <input type="checkbox"/> Outdoor ice rinks |
| <input type="checkbox"/> Outdoor softball fields | <input type="checkbox"/> Walking/jogging track | <input type="checkbox"/> More classrooms |
| <input type="checkbox"/> More meeting rooms | <input type="checkbox"/> A gymnastics facility | <input type="checkbox"/> Teen center |
| <input type="checkbox"/> Climbing wall | <input type="checkbox"/> Performing arts center | <input type="checkbox"/> I don't really care |
| <input type="checkbox"/> Senior Citizen Center | <input type="checkbox"/> Day care rooms | <input type="checkbox"/> None |
| <input type="checkbox"/> Other amenities not on this list (please specify) _____ | | |

The percentages of combined mail and telephone respondents were:

One-Sample Statistics

Amenity	Number responding	Percentage	Std. Deviation	Std. Error Mean
Indoor aquatics center	551	35%	.476	.020
Dance rooms	551	5%	.208	.009
A quiet yoga room	551	17%	.373	.016
Indoor softball field	550	2%	.152	.006
Outdoor softball field	551	6%	.231	.010
More meeting rooms	548	2%	.152	.007
Climbing wall	551	20%	.401	.017
Senior citizen center	551	14%	.347	.015
Outdoor aquatic center	551	26%	.441	.019
Aerobic rooms	551	10%	.302	.013
More gymnasiums	551	4%	.204	.009
Indoor ice rinks	551	13%	.333	.014
Walking/jogging track	551	19%	.395	.017
Gymnastics facility	548	5%	.213	.009
Performing arts center	551	8%	.271	.012
Day care rooms	550	9%	.288	.012
Fitness center	551	36%	.481	.021
Spinning rooms	551	16%	.367	.016
Indoor soccer fields	550	4%	.187	.008
Outdoor ice rinks	551	10%	.305	.013
More classrooms	551	5%	.459	.020
Teen center	551	8%	.271	.012

The mail and telephone survey findings show the most popular indoor amenities were a fitness center and an indoor aquatic center, with 36% and 35% of respondents favoring them respectively. Fitness oriented amenities comprised the most popular second tier of preferences, including a climbing wall, with 20% support, a walking/jogging track favored by 19% of respondents, a quiet yoga room favored by 17%, and spinning rooms by 16%.

Several public, stakeholder and focus group meetings were held during the summer and fall of 2010, with similar results. The themes that emerged from these meetings were that the renovation of Gordon Park was a high priority to residents, but the highest priority was the renovation and expansion of the Recreation Center on East Avenue.

To address one of these two concerns, community members attending those meetings were presented concept plans of how the renovation of Gordon Park would take place. The public was also told that an OSLAD grant had been received to fund some of the amenities that would be added to the park.

With the Gordon Park redevelopment project already in the pipeline, more attention was turned to the renovation and expansion of the Recreation Center. Concept plans were discussed, amenities considered, and the uses of the amenities were evaluated.

Concept Plans

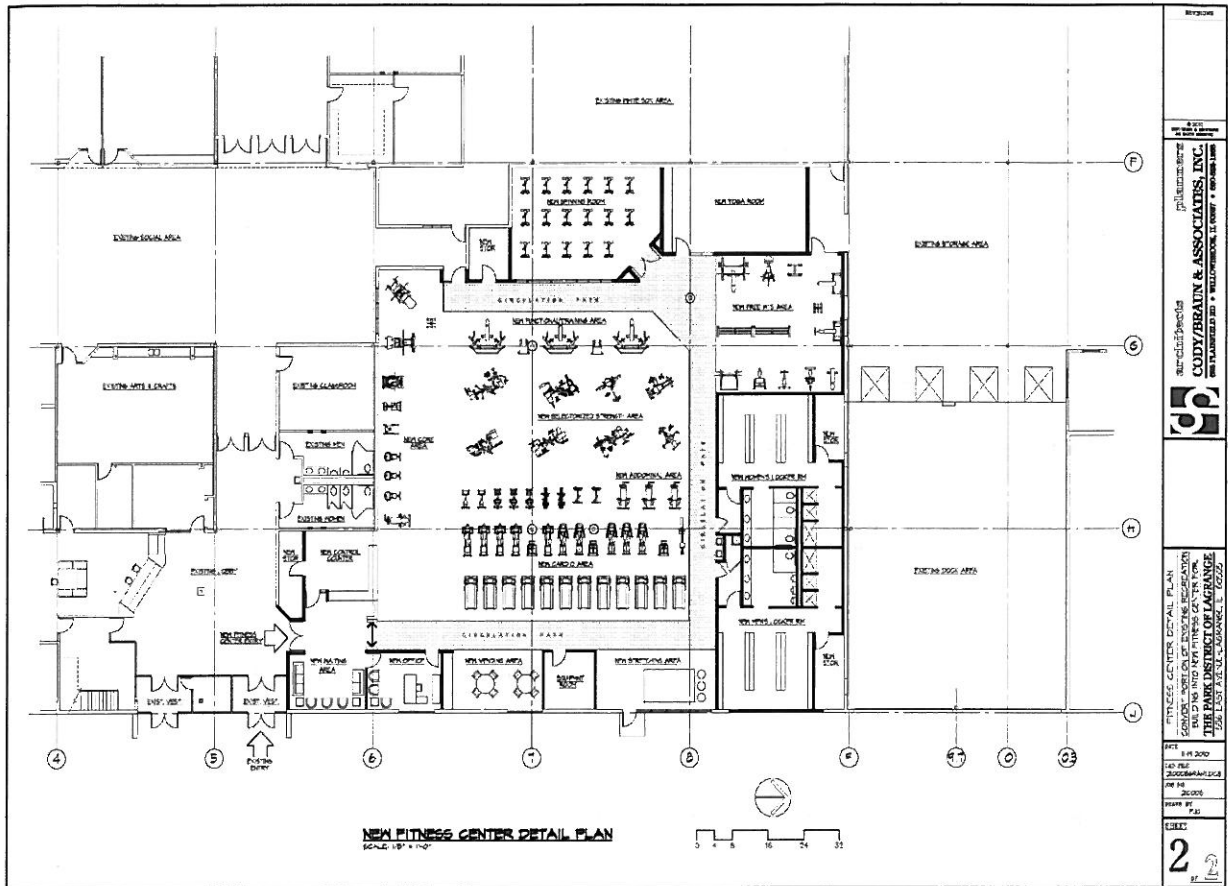
As mentioned, the Park District of La Grange Recreation Center is located at 536 East Avenue, a converted facility that was once a beer distributor warehouse.



The external characteristics of the building are pretty straightforward, as a warehouse would be, with about 80 parking places. East Avenue is on the eastern boundary of the Park District of La Grange.

To address the issue of what amenities the Park District of La Grange could afford to add to the Recreation Center, the district hired Cody Braun and Associates, an architectural firm from Willowbrook, Illinois. In preparation for the development of concept plans, Cody Braun met with the board and staff for their ideas.

The board and staff considered the financial position of the park district, what construction costs would be, and determined that the first phase of the expansion of the



The detail plan shows new spinning rooms, a yoga room that could also be used for dancing, a cardio and free weights fitness area, locker rooms, a massage room, a low impact aerobics and stretching area, a registration counter, and a vending area.

The total square footage of the expansion project is 12,000 square feet, broken into separate amenity square footage of:

- Fitness area 7,026 square feet
- Locker Rooms 1,907 square feet
- Yoga & Spinning 1,385 square feet
- Offices, storage and vending 1,682 square feet

The architect estimated the average construction cost per square foot to be \$150.00. The total cost estimate for the project, then, would be \$1.8 million, not

including 15% for soft costs, such as architectural and engineering fees, permits, testing and reproducible. Soft costs were estimated at \$270,000.00, bringing the total project cost to \$2.07 million. This estimate does not include fitness equipment, which would be another \$200,000, raising the total to \$2.27 million.

The concept and cost of the renovation and expansion of the Recreation Center on East Avenue are austere, to say the least, and yet will have a significant impact on Recreation Center services. As the floor plan on page 12 shows, the addition of a fitness center would be augmented by the existing three gymnasium complex and walking track, as well as the existing day care, meeting rooms and play area.

The addition of a fitness center would permit the park district to develop a fitness user-oriented model that should have the capabilities of covering the additional staffing and utility costs. That issue will be discussed momentarily. Before that occurs, the affordability of the project is at issue.

Capital Financing

The sources of capital financing revenues available to the Park District of La Grange are a function of its current financial position. Ordinarily, park districts are not fortunate enough to carry a fund balance of any consequence. However, the Comprehensive Annual Financial Report for the Park District of La Grange shows the district at least has enough cash on hand to contribute to the matching funds of a grant.

**Park District of La Grange
Governmental Funds
Balance Sheet
April 30, 2010**

	General	Recreation	Recreation for Handicapped	Capital Projects	Debt Service	Other Governmental Funds	Total
ASSETS							
Cash & Cash Equivalents	\$ 487,559	\$ 609,290	\$ 0	\$ 0	\$ 0	\$ 249,243	\$ 1,346,092
Investments	0	53,938	435,220	228,937	745,090	0	1,463,185
Property Taxes Receivable	293,170	250,746	132,625	0	394,366	137,277	1,208,184
Other Receivables	99,937	50	0	0	0	0	99,987
Prepaid Expenditures	600	1,000	57,500	0	0	0	59,100
TOTAL ASSETS	\$ 881,266	\$ 915,024	\$ 625,345	\$ 228,937	\$ 1,139,456	\$ 386,520	\$ 4,176,548
LIABILITIES							
Accounts Payable	\$ 30,114	\$ 54,813	\$ 30,360	\$ 224,937	\$ 0	\$ 17	\$ 340,241
Accrued Payroll	536	3,063	0	0	0	0	3,599
Accrued Liabilities	2,480	10,674	107	21,068	0	8,235	42,564
Deferred Property Tax Revenue	629,433	538,350	284,744	0	846,701	294,735	2,593,963
Deferred Program Revenue	3,151	132,028	0	0	0	0	135,179
Bonds Payable	0	0	0	0	280,000	0	280,000
TOTAL LIABILITIES	685,714	738,928	315,211	246,005	1,126,701	302,987	3,395,546
FUND BALANCES							
Reserved, Prepaid Expenditures	600	1,000	57,500	0	0	0	59,100
Unreserved, Undesignated	214,952	0	0	0	0	0	214,952
Unreserved, Special Revenue Funds	0	175,096	252,634	0	0	83,533	511,263
Unreserved, Debt Service Fund	0	0	0	0	12,755	0	12,755
Unreserved, Capital Projects Fund	0	0	0	(17,068)	0	0	(17,068)
TOTAL FUND BALANCES	215,552	176,096	310,134	(17,068)	12,755	83,533	781,002
TOTAL LIABILITIES AND FUND BALANCES	\$ 881,266	\$ 915,024	\$ 625,345	\$ 228,937	\$ 1,139,456	\$ 386,520	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital Assets used in governmental funds are not financial resources and therefore are not reported in the funds	16,115,123
Bond Issue Costs are not reported as an asset in the fund financial statements	79,069
Accrued Interest is not reported as a liability in the fund financial statements	(143,283)
Accrued Compensated Absences is not reported as a liability in the fund financial statements	(64,219)
Deferred property tax revenue is not recorded on the statement of net assets	2,593,963
Long Term Bonds payable are not reported as liabilities in the fund financial statements	(8,452,934)
Unfunded Pension Obligation is not reported in the fund financial statements	(223)
NET ASSETS OF GOVERNMENTAL FUNDS	\$ 10,908,498

See Accompanying Notes to the Financial Statements

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The balance sheet from the April 30, 2010 fiscal year shows the Park District of La Grange had \$1,346,092 in cash on hand with a total fund balance of \$781,002 at the end of the year. Of the cash on hand, \$487,559 was in the general fund and \$609,290 was in the recreation fund. The fund balances and cash on hand from other funds would not be relevant as sources of capital financing because state statutes preclude monies in these funds from being spent on anything other than their specific purposes.

It would not be feasible for the Park District of La Grange to plan to spend all \$1,096,849 of its cash from the general and recreation funds on a capital project, such as the expansion of the Recreation Center. To do so would leave the park district without reserves to function at the beginning of the fiscal year. However, it would be possible to

spend some of the district's cash on a capital project. And even if the park district could spend all of its cash on a capital project, the amount the district has on hand would not cover the expansion and renovation of the Recreation Center.

Considering the capital price tag of the expansion and renovation of the Recreation Center, if the Park District of La Grange is fortunate enough to receive an Illinois Park and Recreation Facility Construction (PARC) grant, which contributes 75% of the cost of a qualifying capital improvement project up to \$2.5 million, the estimated \$2.07 million project would be feasible.

The funding scenario would be for the Park District of La Grange to apply for a \$1,552,500 PARC grant and fund the difference of \$517,500 from cash it has on hand. If the park district drew down the cash balance from the recreation fund or partly from the general fund and partly from the recreation fund, it could cover its share of the project, leaving a total cash balance in the general and recreation funds of about \$580,000. That would leave enough money in its cash balance to cover the cost of \$200,000 to furnish and equip the facility, which would not need to be done until the building is completed some two years from now.

The funding scenario assumes the Park District of La Grange does not spend its current cash balances or erode its fund balances in the short run. It assumes that current recreation program fees continue to grow over the long run, and it also assumes the equalized assessed valuation continues to grow over the long run. The continued growth of fee and tax revenues provides the Park District of La Grange with the opportunity to apply for the PARC grant, making the project feasible from a capital standpoint.

Operational Financing

Feasibility of operational financing is an issue that needs to be considered. If the Park District of La Grange cannot cover the increased operational costs of an expanded Recreation Center, it would not be feasible for the park district to make such an improvement, regardless of whether it can finance the capital costs or not.

Currently, the Recreation Center provides space for recreational programs the Park District of La Grange operates at no cost to the recreation department. In addition, the Recreation Center operates a membership model that includes access to the walking track in the gymnasium complex and access to the indoor play area for children. The fees and charges are as follows:

Daily fees for residents	
Daily Walking Track	\$3 per person
Daily Playground	\$3 per child (3-12 years, 2 yrs. & under - free)
Yearly fees for residents	
Individual Pass	\$25 per year (ages 16+)
Senior Individual Pass	\$22 per year (ages 55+)
Student Individual Pass	\$22 per year (valid HS/College ID required, max age 22)
Family Pass	\$45 per year

The Park District of La Grange is part of a network of neighboring communities that include include Brookfield, Countryside, La Grange Highlands, La Grange Park, McCook and Western Springs. These communities provide each others' residents discounted nonresident fees for services. Members of the neighborhood network communities from outside La Grange are offered daily and membership rates at higher prices than residents pay, but lower than nonresident pay.

Daily fees for nonresidents inside the network	
Daily Walking Track	\$5 per person
Daily Playground 3 yrs. & up	\$5 per child (3-12 years)
Daily Playground 1 & 2 yrs.	\$2 per child (under 1 yr. – free)
Yearly fees for nonresidents inside the network	
Individual Pass	\$28 per year (ages 16+)
Senior Individual Pass	\$25 per year (ages 55+)
Student Individual Pass	\$25 per year (valid HS/College ID required, max age 22)
Family Pass	\$50 per year

Nonresidents who do not live in neighborhood network communities have their own fee structure.

Daily fees for nonresidents outside the network	
Daily Walking Track	\$5 per person
Daily Playground 3 yrs. & up	\$5 per child (3-12 years)
Daily Playground 1 & 2 yrs.	\$2 per child (under 1 yr. – free)
Yearly fees for nonresidents outside the network	
Individual Pass	\$38 per year (ages 16+)
Senior Individual Pass	\$34 per year (ages 55+)
Student Individual Pass	\$34 per year (valid HS/College ID required, max age 22)
Family Pass	\$68 per year

The importance of considering the three fee structures is that if the Park District of La Grange were to renovate and expand the Recreation Center to include fitness center services, it would need to create three fee structures for its usage; one for residents, one for nonresidents inside the neighborhood network, and one for nonresidents outside the neighborhood network.

Before new fees are considered, the pricing philosophy of the Park District of La Grange needs to be understood. Most park districts and municipalities that operate recreation centers only try to recover their costs. Because they are governmental units, cost-based pricing tends to be their pricing strategy. Businesses, on the other hand, often have a philosophy of market-based pricing, meaning whatever the market will bear is what they charge.

The Park District of La Grange believes that, as a governmental unit, it has a responsibility to the public to charge only that which it needs to recover its costs. Since it is not in the business of making a profit, market-based pricing is not part of the philosophy of the Park District of La Grange.

The floor plan presented earlier can be used to estimate the additional costs of operating an expanded Recreation Center. At this time, the Recreation Center has a single entrance control point at the east side of the building. If a fitness center is added, hours needed to staff the front desk would increase only if fitness center hours were greater than the current schedule for the building.

Currently, the Recreation Center is open Monday through Friday, from 8:00 am to 8:30 pm, Saturday from 8:00 am to 5:30 pm, and Sunday from 10:00 am to 4:30 pm. Fitness centers, such as the one operated by the Fox Valley Park District, are open from 5:30 am to 9:00 pm Monday through Saturday and 7:00 am to 5:00 pm on Sundays.

Assuming LaGrange Park District's fitness center would keep similar hours, staffing for the Recreation Center entrance would increase by 24.5 hours per week. This would create an additional cost to be covered by additional fees generated by operations.

Strategic Management Alliance (SMA) has developed an operating cost scenario, based on other recreation centers it has researched. Heating, lighting and staffing the additional 12,000 square feet will increase the Park District of La Grange's Recreation Center's budget by the following amount. The new budget scenario is shown below:

Operating Expenditures

Fitness center director	\$40,000
Fitness center assistant director	30,000
Fitness center front desk staff	62,400
Additional maintenance staff	20,000
Maintenance supplies	6,000
Expanded front desk hours	15,200
Additional utilities	40,000
Personal training contractors	8,000

Total Additional Expenditures \$221,600

These expenditures take into consideration the addition of staff to oversee the fitness center and other programs associated with the facility. SMA recommends that the fitness center director be added to the executive director's span of control rather than the recreation director's. The fitness center director could be hired for about \$40,000 and would be present in the facility about 40 of the 100 hours a week that the facility is open.

It should be noted that the previous scenario does not contain all of the expenditures made by the Park District of La Grange for recreational services. It is recognized that several salaries are contained in the general and recreation funds, including park maintenance wages and administrative costs.

An assistant director would cover another 40 hours of the 100 hours a week the center would be open. In the above estimated costs is a line item for staffing the fitness center desk and also additional funds to staff the Recreation Center's front desk.

In an expanded building, additional maintenance staff would need to be hired. But SMA recommends that those staff positions be filled with part time people. The same is the case with fitness center staff who would need to be added to the front desk. The current staff supervises the front desk during the regular hours the building is operated, but with a fitness center, front desk hours would expand; hence the addition of front desk staff.

The personal training contractors would be paid a percentage of the revenues generated from personal training fees paid directly to the fitness center. Masseuses could be added as well, but for the simplicity of this model, SMA didn't present them. Suffice it to say, if there is a market for massage therapy, the model for providing that service should follow the same model as personal training, where the park district pays contractors a percentage of fees.

The feasibility of the expenditure model is that there are economies of scale with the building addition. The Park District of La Grange already has recreation programs, reception and secretarial staff in place. Repositioning and repurposing those people can be done at little additional expense.

Considering the revenue side, SMA recommends that the Park District of La Grange adopt an amended YMCA model. YMCA models are those where access to fitness services and other programs are done through members. While the Park District of La Grange is a governmental unit and cannot fully embrace a membership model for all of its recreation programs, like other park districts, it can sell memberships for access to the fitness center and open gym hours.

Just as the previous table showed the complete operating expenditures for the Recreation Center, the following table shows the current and additional revenues that could be expected to be generated from the operation of the expanded center.

Revenues

Annual membership fees	\$210,000
Daily usage fees	50,000
Fitness programs and personal training	10,000
Total Additional Revenues	\$270,000

The fitness center fee structure revenues are based on a model that shows the additional fees alone should be sufficient to cover the operating costs of the expanded building. The revenue model assumes that 700 people would join the fitness club paying an average of \$25 per month times 12 months a year. For residents the fees would be:

Daily fees for residents	
Daily Fitness Center	\$7 per person
Daily Access to Everything	\$10 per person
Yearly fees for residents- access to everything	
Individual Pass	\$240 per year (ages 16+)
Senior Individual Pass	\$200 per year (ages 55+)
Student Individual Pass	\$200 per year (valid HS/College ID required, max age 22)
Family Pass	\$700 per year (3 or more persons)

For the network of neighboring communities that include include Brookfield, Countryside, La Grange Highlands, La Grange Park, McCook and Western Springs, the fee schedule would be:

Daily fees for nonresidents inside the network	
Daily Fitness Center	\$10 per person
Daily Access to Everything	\$13 per person
Yearly fees for nonresidents inside the network- access to everything	
Individual Pass	\$260 per year (ages 16+)
Senior Individual Pass	\$220 per year (ages 55+)
Student Individual Pass	\$220 per year (valid HS/College ID required, max age 22)
Family Pass	\$750 per year

Nonresidents who do not live in neighborhood network communities would pay:

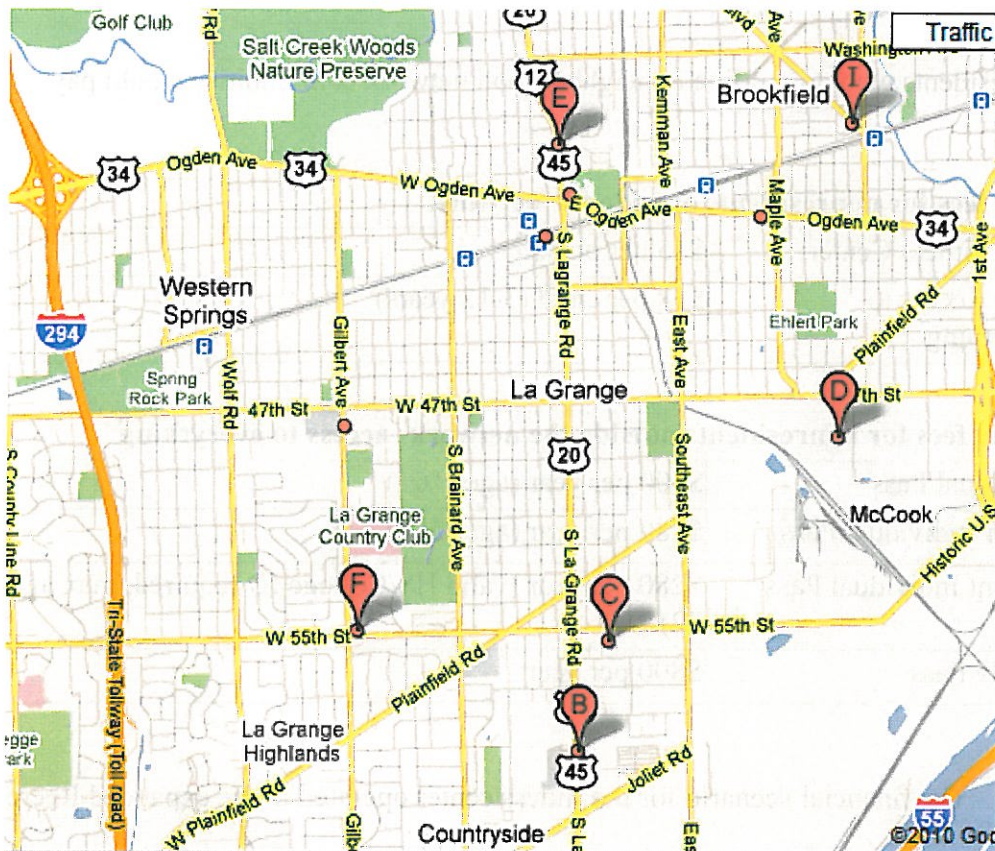
Daily fees for nonresidents outside the network	
Daily Fitness Center	\$15 per person
Daily Access to Everything	\$18 per child (3-12 years)
Yearly fees for nonresidents outside the network- access to everything	
Individual Pass	\$300 per year (ages 16+)
Senior Individual Pass	\$280 per year (ages 55+)
Student Individual Pass	\$280 per year (valid HS/College ID required, max age 22)
Family Pass	\$800 per year

The financial scenario for the fitness center operated in the expanded Recreation Center assumes that the existing fee structure for the indoor playground will continue at its present rates. The scenario also assumes that individual members of the community will continue to purchase admissions and season passes for the walking track as a separate service from the fitness center.

The scenario assumes that the \$25 fee is an average monthly membership charge, whereby residents would pay less and nonresidents would pay more; but the average would be \$25 per month.

The fitness membership scenario is decidedly conservative in predicting 700 members, based on the level of competition for fitness center membership in the area.

That is because there are several potential competitors in close proximity to the Recreation Center on East Avenue including:



B. Bally Total Fitness

5917 South La Grange Road, Countryside, IL

C. Cardinal Fitness of Countryside

9825 W. 55th Street, Countryside, IL

D. Athletico: McCook

4750 Vernon St, McCook,

E. Oasis Women's **Fitness & Spa**
355 N La Grange Rd, La Grange Park, IL

F. Curves
1418 W. 55th Street, Countryside, IL

I. Curves
3734 Grand Boulevard, Brookfield, IL

These fitness centers are not the only competitors, just the closest. There are undoubtedly fitness center users who live in and around La Grange who are willing to travel farther. But if convenience is an issue and location matters, these would be considered direct competitors for the fitness center dollar.

There is one more consideration that needs to be discussed. If the fitness center generates more memberships and revenues than predicted, the excess revenues could be used to fund the addition of a splashpad in the undeveloped southwest corner of the Recreation Center.

The reason a splashpad would be a viable option to add to the Recreation Center is the high percentage of survey respondents who indicated they would like to see an indoor aquatic center at the Recreation Center. While a full scale aquatic center would cost millions of dollars, an indoor splashpad could be installed for about \$1 million, and accommodate the aquatic needs of small children and their parents.

The funding for an indoor splashpad would need to come from alternate revenue bonds. But if, over the period of three years, the addition of the fitness center proved to be more viable than this study predicts, the excess revenues from the fitness center would only need to be about \$100,000 higher than expenses to support principle and interest payments for construction of a splashpad.

Assuming a splashpad could be installed, the revenue streams of the Recreation Center should jump dramatically, but so would expenditures.

Revenues

Annual membership fees (1,500 X \$450/yr)	\$540,000
Daily usage fees (15,000 @ \$10)	150,000
Birthday parties and rentals (100 @ \$100)	10,000
Concessions and vending (net)	<u>6,200</u>

Total Revenues \$706,200

Expenditures

Center director	\$70,000
Additional supervisory staff	190,000
Additional maintenance staff	85,000
Additional maintenance supplies	36,000
Fitness center staff & trainers	60,000
Additional utilities	190,000
Marketing & membership director	<u>45,000</u>

Total Expenditures \$646,000

The projected revenues and expenditures are rough estimates of the numbers that could be expected, showing the categories that would need to be considered, and a conservative view of the individual memberships the model predicts. Admittedly, there are conservative revenue estimates.

It is the assumption of SMA that these very preliminary estimates show a fitness center and splash pad would be successful from an operating standpoint, as long as the capital costs were not expected to be covered by operating revenues.

Summary

Strategic Management Alliance believes that the Park District of La Grange is in a relatively strong position to expand its existing Recreation Center on East Avenue.

Importantly, the community supports the expansion of the building. They have spoken through public meetings, community surveys and focus groups. The public has said it wants fitness-oriented amenities in an expanded facility, identifying a fitness center and yoga and spinning rooms as the specific needs it has.

This study has presented a concept plan for an expanded park district building that contains all of those amenities, at an estimated cost of \$2.07 million. In order to fund this concept, SMA has suggested the Park District of La Grange apply for a PARC grant of \$1,552,500. If the park district it is awarded the grant, it will need to finance the remainder with cash it has in the general and recreation funds.

Financing operating costs is not really a concern, considering that only 700 people need to join the fitness center and pay \$25 per month on average for the addition to be self-supporting. The ability to fund the extra operating costs is, therefore, feasible.

If the fitness center component of the Recreation Center on East Avenue were more successful than the conservative estimate of revenues indicate, there is the opportunity of reinvesting excess revenues into additional capital improvements. One such improvement could be a splashpad that would add an element of aquatic recreation to the facility, something that was a high priority among residents.

Appendix

Park District of La Grange Survey

Thank you for taking the time to complete this survey. Please consider all members of your household when completing this survey. The abbreviation PDLG is short for the Park District of La Grange.

1. Does your household reside within the Park District of La Grange (PDLG)?
 yes no I don't know

2. Are you or other members of your household familiar with the programs, services and facilities of the Park District of La Grange?
 yes no

3. How does your household hear about the Park District of La Grange? (please check all that apply)
 newspaper articles PDLG program brochure PDLG website word of mouth
 PDLG emails PDLG mailings Other (Please describe) _____

4. If your household is familiar with the district, how would you characterize the overall satisfaction with the programs and services that the Park District of La Grange offers?
 very satisfied moderately satisfied neutral moderately dissatisfied very dissatisfied

5. How would your household characterize your overall satisfaction with the parks and facilities of the Park District of La Grange?
 very satisfied moderately satisfied neutral moderately dissatisfied very dissatisfied

6. In which of the following indoor and outdoor recreational classes do you or other members of your household participate in **only at the Park District of La Grange**? Please check all that apply.

<ul style="list-style-type: none"> a. Walking/ jogging _____ b. Dog obedience _____ c. Early childhood _____ d. Recreation center use _____ e. Gymnastics _____ f. Basketball _____ g. Continuing ED classes _____ h. Daycare program _____ i. Summer day camp _____ j. Fitness classes _____ 	<ul style="list-style-type: none"> k. Pre-school programs _____ l. Volleyball _____ m. Art classes _____ n. Adult athletics _____ o. Martial arts _____ p. After school program _____ q. Dance class _____ r. Special events _____ s. Trips _____ t. Other (please specify) _____
---	---

7. In which of the following indoor and outdoor recreational activities do you or other members of your household participate, **other than at the Park District of La Grange**? Please check all activities that apply and select a reason why for each activity from the choices listed as follows.

- 1 The PDLG doesn't offer them
- 2 The PDLG time offered is not convenient
- 3 The PDLG is too expensive
- 4 The location of PDLG facilities is not as convenient
- 5 The facilities of PDLG are not as good
- 6 An on-going relationship with another agency

Activity	_____	Reason	_____
a. Walking/ jogging	_____		_____
b. Dog obedience	_____		_____
c. Swimming	_____		_____
d. Swim lessons	_____		_____
e. Early childhood	_____		_____
f. Fitness center use	_____		_____
g. Adult athletics	_____		_____
h. Basketball	_____		_____
i. Continuing ED classes	_____		_____
j. Daycare program	_____		_____
k. Summer day camp	_____		_____
l. Trips	_____		_____
m. Fitness classes	_____		_____
n. Indoor soccer	_____		_____
o. Volleyball	_____		_____
p. Ice skating	_____		_____
q. Hockey	_____		_____
r. Art classes	_____		_____
s. Indoor tennis	_____		_____
t. Gymnastics	_____		_____
u. Racquetball	_____		_____
v. Martial arts	_____		_____
w. After school program	_____		_____
x. Dance class	_____		_____
y. Special events	_____		_____
z. Pre-school programs	_____		_____

8. Which of the Park District of La Grange parks or facilities have you or your family visited in the last year? Please check all that apply.

Denning Park	_____	Elm Park	_____
Gilbert Park	_____	Gordon Park	_____
Sedgwick Park	_____	Stone Park	_____
Rotary Centennial	_____	Spring Avenue Park	_____
Waiola Park	_____	Community Center	_____
East Ave. Recreation Center	_____	Other (please specify) _____	

9. How often do you or other members of your household utilize Park District of La Grange parks or facilities?

___ daily ___ weekly ___ monthly ___ yearly ___ never ___ not sure

10. Which of the following capital projects would you or other members of your household be in favor of the Park District of La Grange completing in the future? (please check all that apply)

- a. Expand the Recreation Center (536 East Avenue) _____
- b. Expand the Community Center (Lincoln & Washington) _____
- c. Renovate the Denning Park _____
- d. Renovate Elm Park _____
- e. Renovate Gilbert Park _____
- f. Renovate Gordon Park _____
- g. Renovate Sedgwick Park _____
- h. Renovate Stone Park _____
- i. Renovate LaGrange Rotary Centennial Park _____
- j. Renovate Spring Avenue Park _____
- k. Renovate Waiola Park _____
- l. Nothing _____

11. What amenities would you or your family like to see added to the parks?

- | | |
|--|---|
| <input type="checkbox"/> Fitness stations | <input type="checkbox"/> Hockey rink/skating facility |
| <input type="checkbox"/> Walking/biking paths | <input type="checkbox"/> Additional playground equipment |
| <input type="checkbox"/> Additional tennis courts | <input type="checkbox"/> Additional softball/baseball fields with natural grass |
| <input type="checkbox"/> Additional soccer fields with natural grass | <input type="checkbox"/> Softball/ baseball fields with artificial turf |
| <input type="checkbox"/> Additional picnic shelters | <input type="checkbox"/> Soccer fields with artificial turf |
| <input type="checkbox"/> Football fields with natural grass | <input type="checkbox"/> Football fields with artificial turf |
| <input type="checkbox"/> Decorative gazebos | <input type="checkbox"/> Additional flowerbeds/landscaping |
| <input type="checkbox"/> Lighted athletic fields | <input type="checkbox"/> Lighted walking paths |
| <input type="checkbox"/> Skate park | <input type="checkbox"/> Splash pad |
| <input type="checkbox"/> Outdoor swimming pool | <input type="checkbox"/> Band shell |
| <input type="checkbox"/> Fishing pond | <input type="checkbox"/> Golf course |
| <input type="checkbox"/> Driving range | <input type="checkbox"/> Dog park |
| <input type="checkbox"/> Other (please specify) _____ | |

13. Whether you or your family would use these new amenities or not, how much more would you or your household be willing to pay in property taxes for the new park amenities each month?

- \$1-5 more per month \$6-10 more per month more than \$10 per month no more I don't know

14. If the Park District were to expand the Recreation Center (at 536 East Avenue), what amenities should be included?

- | | | |
|--|---|---|
| <input type="checkbox"/> Indoor aquatic center | <input type="checkbox"/> Outdoor aquatic center | <input type="checkbox"/> Fitness center |
| <input type="checkbox"/> More dance rooms | <input type="checkbox"/> Aerobic rooms | <input type="checkbox"/> Spinning rooms |
| <input type="checkbox"/> A quiet yoga room | <input type="checkbox"/> More gymnasiums | <input type="checkbox"/> Indoor soccer fields |
| <input type="checkbox"/> Indoor softball field | <input type="checkbox"/> Indoor ice rinks | <input type="checkbox"/> Outdoor ice rinks |
| <input type="checkbox"/> Outdoor softball fields | <input type="checkbox"/> Walking/jogging track | <input type="checkbox"/> More classrooms |
| <input type="checkbox"/> More meeting rooms | <input type="checkbox"/> A gymnastics facility | <input type="checkbox"/> Teen center |
| <input type="checkbox"/> Climbing wall | <input type="checkbox"/> Performing arts center | <input type="checkbox"/> I don't really care |
| <input type="checkbox"/> Senior Citizen Center | <input type="checkbox"/> Day care rooms | <input type="checkbox"/> None |
| <input type="checkbox"/> Other amenities not on this list (please specify) _____ | | |

15. How much more would you or your household be willing to pay in property taxes for these Recreation Center amenities each month?

- \$1-5 more per month \$6-10 more per month more than \$10 per month no more I don't know

16. What new recreation programs should the Park District of La Grange offer?

17. Please rate each of the following Park District of La Grange priorities in terms of how important it would be to you and your family.

(5 – Very Important, 4 – Important, 3 – Neutral, 2 – Unimportant, 1 – Very Unimportant)

a) Maintaining existing recreation programs	5	4	3	2	1
b) Improving existing recreation programs	5	4	3	2	1
c) Acquiring new park land	5	4	3	2	1
d) Improving existing park/facilities	5	4	3	2	1
e) Building new facilities	5	4	3	2	1

18. How long has your household lived in the Park District of La Grange? _____ Years

19. Are you a female or male?

_____ female _____ male

20. **Beginning with yourself**, what are the ages of those in your household?

21. Please add any comments that you or your family members would like to share with the Park District of La Grange.

Thank you for your time and effort in completing this survey.

DRAFT

The Park District of La Grange
Additional Recreation Center Feasibility
Analysis

December 13, 2010



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Rationale for Additional Analysis

In November, 2010, the Park District of La Grange submitted a PARC grant request to fund the capital costs of a new fitness facility in the Park District of La Grange Recreation Center. An element of the grant was a feasibility study conducted by Strategic Management Alliance, LLC (SMA). Components of the feasibility study included the design concept for the floor plan of the facility, capital cost estimates and operating revenue and expenditure estimates.

Of the estimates contained in the feasibility study, the Park District of La Grange and SMA recognized that it is difficult to project operating revenues. Construction cost estimates can be somewhat easier to project because they are functions of amenity square footages. Operating expenditures are also easier to project because they are primarily functions of staffing and utility costs. However, predicting revenues for a new facility can be more problematic because no one really knows for sure how many people will use a new fitness facility.

Responding to the request by the Park District of La Grange to provide additional analysis of the projected revenues that a new fitness facility in the Recreation Center might generate, SMA contacted several publicly-owned fitness centers in the Chicago Metropolitan area to determine what the high and low ranges of membership revenues could be. The experiences of these fitness centers provide a basis for understanding the range of possibilities that could occur in La Grange.

The most difficult task in using other agencies as models for La Grange is that every community is unique in terms of income, population and location, not to mention the competition that might exist for fitness center memberships. And, it is difficult to

predict how the customer loyalty that exists with competing fitness centers might interfere with the Park District of La Grange achieving its membership projections.

The November feasibility study predicted that 700 fitness center members paying an average of \$25 per month would generate:

Revenues

Annual membership fees	\$210,000
Daily usage fees	50,000
Fitness programs and personal training	10,000
Total Revenues	\$270,000

At the Low End

At the low end of the possible revenue range is the experience of the Mayfair Fitness Center operated by the Westchester Park District. In response to our inquiries, Brian Kasper, Westchester Park District's Mayfair Recreation Center Director, provided information regarding the Fitness Center revenues generated by its 5,000-square-foot, state-of-the-art facility opened about a year ago.

What makes the Mayfair fitness facility comparable to La Grange is that the Mayfair Recreation Center is similar to the La Grange Park District Recreation Center because there are numerous other uses for the facility than just fitness.

Kasper reported that, since it opened last year, the Mayfair fitness facility has sold approximately 425 total memberships, with monthly memberships being the most popular. Monthly memberships are different from annual memberships in that they can be sold for three-month periods. Annual memberships are ongoing relationships the center has with customers, sold at lower rates but requiring an initiation fee.

Westchester Park District – Fitness Center

Type of Membership	Monthly Rate	Sold Annually	Gross Revenue
Individual (14-59 yrs.)	\$20.00	250	\$60,000*
Couple	\$35.00	65	\$27,300*
Family of Three	\$45.00	20	\$10,800*
Type of Membership	Annual Fee	Total Sold	Gross Revenue
Individual (14-59 yrs.)	\$225.00	10	\$2,250*
Senior Individual (60 yrs. +)	\$202.50	40	\$8,100*
Couple	\$390.00	8	\$3,120*
Senior Couple	\$351.00	2	\$702*
Family of Three	\$480.00	5	\$2,400*
Type of Usage	Daily Fee	Total Sold	Gross Revenue
Daily Walk-In	\$8.00	45/month X 12	\$4,320*

According to its fee schedule, Westchester Park District residents, 60 years and older, are eligible for 10% off annual memberships, but pay the same daily and annual monthly fees, regardless of whether they are residents or non-residents. The chart also shows Westchester Park District’s membership options, rates, sales and gross revenues. While it is not the same fee model presented in the November feasibility study for the Park District of La Grange, it does provide a view of future revenues at the low end of a range.

Based on the Westchester experience, if the Park District of La Grange charged the same fees as Westchester, a new fitness facility in the Recreation Center could generate the following revenues:

Fitness Center Revenues

Annual membership fees	\$102,000.00
Daily usage fees	4,400.00
Fitness programs and personal training	8,000.00
Total Fitness Center Gross Revenues	\$114,400.00

* provided by the Westchester Park District

Revenues

Annual membership fees	\$636,000
Daily usage fees	12,600
Fitness programs and personal training	18,725
Total Revenues	\$667,325

These revenue projections are based upon the estimate of 2,120 fitness memberships paying \$25 per month times 12 months per year and the daily usage fees generated by 1,050 visits. In this model, the fitness program and personal training projections also mirror those of Lemont. Therefore, \$667,325 represents the high end of the range of fitness center revenues the Park District of La Grange might expect. SMA has not been able to identify another comparable fitness center in the Chicago Metropolitan area that generates more revenue than this amount.

The Middle of the Range

With \$114,400 as the low range of new fees that a fitness facility in the Recreation Center might generate and \$667,325 as the high end of the range, it is clear the projections made by SMA in its November feasibility study, that \$270,000 could be expected to be received, is closer to the low end of the range. To support the SMA prediction, experiences of other fitness centers indicate SMA was well within the range of predictability.

The Geneva Park District operates two fitness centers, located in the Sunset Racquetball and Fitness Center and the Stephen D. Persinger Recreation Center. The Geneva Park District was selected because it is similar in population and demographics to La Grange and charges fees for membership similar to those projected by SMA in its November feasibility study.

Geneva has a population of about 19,000 compared to La Grange's population of about 14,000. It is true that the Geneva Park District has more residents, but to serve

To summarize, using the Westchester experience as a model, 425 annual memberships at \$25 per month are computed. The model also assumes \$4,400 would be the low end of revenue generated from walk-in users, and \$8,000 would be the low end from fitness programs and personal training, generating \$114,000 in total revenues. SMA has not been able to identify a comparable fitness facility in the Chicago Metropolitan area that generates less revenue than this amount.

At the High End

At the high end of revenue projections is the experience of the Lemont Park District, which operates the CORE Fitness Center. Lemont was selected as a model for the high end because of its similar demographics to La Grange, including its population, ethnic makeup, and average income.

In a conversation with the Lemont Park District Marketing and Sales Director Carrie Dallamano, she said her best estimates of the revenues for the center are:

Lemont Park District CORE memberships

Core membership (non-classes)	2120	@	\$299.00/year = 633,880*
Estimate daily usage of last year	1050	@	\$12.00/year= 12,600*
Classes and personal training	535	@	\$35.00/year = 18,725*

The table shows the average Core membership fee is slightly under \$25 per month. SMA used the same fee in its fitness facility feasibility study for the Park District of La Grange Recreation Center.

Using the Lemont membership experience and fee structure as a basis for projecting revenues that could be generated by adding a fitness center to the Park District of La Grange Recreation Center, the operating revenue estimates could be as high as:

*provided by the Lemont Park District

them the Geneva Park District provides fitness facilities at two locations at opposite ends of the community.

In response to our inquiries, JoAnn Able, the manager of Sunset Fitness Center, said the Sunset fitness facility has about 500 members and Stephen D. Persinger has about 1,300 members. Able reported the Geneva Park District offers a Gold Membership, which permits access to both facilities, as well as separate memberships for Sunset and Persinger.

There are resident and non-resident prices as well as adult, couple, family, senior, and student prices. All of this makes their fee structure a little more complicated than the Recreation Center fitness facility would need to be, but provides a model that the Park District of La Grange might use.

Resident Stephen Persinger Recreation Center

Membership Type	EZ-Pay Monthly Plan <small>(Requires a 12-month commitment)</small>	Year Paid in Full	You Save
Adult	\$25/mo. (\$300)	\$255	\$45
Couple	\$35/mo. (\$420)	\$355	\$65
Family	\$45/mo. (\$540)	\$460	\$80
Youth/Senior	\$20/mo. (\$240)	\$205	\$35
Corporate	\$25/mo. (\$300)	\$255	\$45

Non-Resident Stephen Persinger Recreation Center

Membership Type	EZ-Pay Monthly Plan <small>(Requires a 12-month commitment)</small>	Year Paid in Full	You Save
Adult	\$33/mo. (\$396)	\$345	\$51
Couple	\$45/mo. (\$540)	\$480	\$60
Family	\$58/mo. (\$696)	\$620	\$76
Youth/Senior	\$27/mo. (\$324)	\$275	\$49
Corporate	\$25/mo. (\$300)	\$345	\$45

Resident Sunset Racquetball & Fitness Center

Membership Type	EZ-Pay Monthly Plan <small>(Requires a 12-month commitment)</small>	Year Paid in Full	You Save
Adult	\$20/mo. (\$240)	\$200	\$40
Couple	\$30/mo. (\$360)	\$300	\$60
Family	\$33/mo. (\$396)	\$325	\$71
Youth	\$13/mo. (\$156)	\$120	\$36
Senior	\$15/mo. (\$180)	\$140	\$40
Adult One Month	N/A	\$60	N/A

Non-Resident Sunset Racquetball & Fitness Center

Membership Type	EZ-Pay Monthly Plan (Requires a 12-month commitment)	Year Paid in Full	You Save
Adult	\$31/mo. (\$372)	\$320	\$52
Couple	\$37/mo. (\$444)	\$375	\$69
Family	\$39/mo. (\$468)	\$400	\$68
Youth	\$20/mo. (\$240)	\$200	\$40
Senior	\$22/mo. (\$264)	\$230	\$34
Adult One Month	N/A	\$70	N/A

As can be recalled from the SMA November feasibility study, the membership costs predicted for the LaGrange fitness facility by Strategic Management Alliance were:

Daily fees for residents	
Daily Fitness Center	\$7 per person
Daily Access to Everything	\$10 per person
Yearly fees for residents- access to everything	
Individual Pass	\$240 per year (ages 16+)
Senior Individual Pass	\$200 per year (ages 55+)
Student Individual Pass	\$200 per year (valid HS/College ID required, max age 22)
Family Pass	\$700 per year (3 or more persons)

Daily fees for nonresidents outside the network	
Daily Fitness Center	\$15 per person
Daily Access to Everything	\$18 per child (3-12 years)
Yearly fees for nonresidents outside the network- access to everything	
Individual Pass	\$300 per year (ages 16+)
Senior Individual Pass	\$280 per year (ages 55+)
Student Individual Pass	\$280 per year (valid HS/College ID required, max age 22)
Family Pass	\$800 per year

Based on the Geneva Park District experience and considering its population and demographics, it would be reasonable to project that the Park District of La Grange could generate 800 memberships, not the 700 originally projected. This would cause revenue projections to be higher across the board.

Predicted Park District of La Grange Fitness Center Revenues

Annual membership fees	\$240,000
Daily usage fees	40,000
Fitness programs and personal training	10,000
Total Revenues	\$300,000

These figures are based on 800 members paying an average of \$25 per month for memberships. This projection may actually be low, considering that non-residents and people outside the park district, but inside the network, would pay fees higher than \$25 per month.

The Geneva Park District experience shows that the middle range of revenues a new fitness facility in the Recreation Center could generate are higher than the original \$270,000 forecasted. SMA believes that the Geneva experience is a basis of comparison.

The Barrington Park District is another community that can be used as a comparable middle of the range predictor. Located approximately 35 miles northwest of Downtown Chicago, Barrington has a population of over 14,000 residents, comparable to that of the Park District of La Grange.

In a conversation with Carla Smothers, Superintendent of the Barrington Park District, she provided fitness center data from their Rec Trac software, which showed fitness center fees to follow a tiered system for membership.

Fitness Center Memberships

EXECUTIVE MEMBERSHIP

Full use of our 4,500-square-foot fitness floor
 Indoor running/walking track
 Locker room/towel service
 FREE fitness assessment and equipment orientation for annual members
 FREE childcare at our KidCare facility
 FREE summer lap swim
 FREE Fitness Passport classes (no make-ups)

FULL MEMBERSHIP

Full use of our fitness floor
 Indoor running/walking track
 Locker room
 FREE fitness assessment for annual membership
 FREE equipment orientation
 FREE summer lap swim
 Discounted fees on our Fitness Passport classes (no make-ups)

Fitness Center Membership Fees <i>(All fees are resident/non-resident)</i>	EXECUTIVE MEMBERSHIP		FULL MEMBERSHIP	
	Monthly Electronic Funds Transfer (EFT) <i>(First payment in cash or credit only)</i>	Annual Membership <i>(Reflects 10% discount)</i>	Monthly Electronic Funds Transfer (EFT)	Annual Membership <i>(Reflects 10% discount)</i>
Each Adult (18-59 years)	\$35/\$40	\$378/\$432	\$25/\$30	\$270/\$324
Senior (60 years & up) Proof of age required.	\$25/\$30	\$270/\$324	\$17/\$22	\$185/\$238
Student (14-24 years) Must show high school or college ID and proof of age.	\$25/\$30	\$270/\$324	\$20/\$25	\$216/\$270
Corporate Membership Corporate memberships are available to full-time employees in a corporation, business, partnership enterprise or school district within the Barrington Park District boundaries.	\$35	\$378	\$25	\$270
Three-Month Membership* Fitness Assessment not included.	N/A	\$115/\$130 <i>(three months)</i>	N/A	\$85/\$100 <i>(three months)</i>

*Payment in full required for three-month memberships. Payment not transferable to annual memberships.

Fitness Center Daily Fees *(Includes all Executive Membership benefits)*

Adult/Teen/Senior \$10/\$12 per day

Running/Walking Track Only

	Yearly Membership Fees	Daily Fees
Adult/Teen (14-59 years)	\$50/\$65	\$5/\$8
Senior (60 years & up)	\$25/\$40	\$2/\$5

Fitness Passport Classes *(Fees expires after three months)*

NEW! Group Power classes are now a part of your Fitness Passport. Fitness Center Executive Members can participate in all Fitness Passport classes at no additional charge. Full Membership members may participate for a fee of \$4 per class. We offer Group Power, Fitness Boot Camp, Step It Up, Total Body Ball, Circuit Training, Sit & Be Fit, Fit Lite, Cardio Strength, Foam Rolling, and Let's Move. See full schedule on pages 39-39.

Based on the data from provided by Smothers, the total revenue for the fitness facility in Barrington generated the following revenue streams:

Barrington Total Revenue for Membership

3 month members- 41 (\$115) 149 (\$85)	\$17,380*
Adult members- 204 (\$378) 379 (\$185)	147,227*
Corporate 11 (\$378) 19 (\$270)	9,288*
Senior 34 (\$270) 166 (\$185)	39,890*
Student 12 (\$270) 57 (\$216)	15,552*
TOTAL	\$229,337*

Considering that residents pay the lower membership fees, using the same pricing structure and the experience of the Barrington Park District as a model of what the Park District of La Grange might expect to happen, the following represents a projected revenue budget.

Predicted Park District of La Grange Fitness Center Revenues

Monthly memberships (160)	\$16,000
Annual membership fees (580)	174,000
Corporate, student and senior (300)	90,000
Daily usage fees	30,000
Fitness programs and personal training	8,000
Total Revenues	\$318,000

The Barrington model assumes that Park District of La Grange would create a three month membership fee and charge non-residents more than residents. In the predicted Park District of La Grange revenue table, the assumptions are that, using the Barrington model of fee structure, 160 people would pay monthly memberships of \$100, 580 people would pay annual memberships averaging \$300 per year, and 300 seniors, students and corporate members would pay annual fees of \$300.

* provided by the Barrington Park District

In summary, the Geneva and Barrington experiences suggest that it is likely the Park District of La Grange could earn around \$300,000 in fitness center fees each year, slightly higher than the SMA November feasibility study originally predicted.

It is, therefore, more reasonable to assume that the SMA November feasibility study represents the low end of the revenue range. SMA believes there is always the possibility that revenues could be as low as Westchester or as high as Lemont. But the Geneva and Barrington experiences indicate revenues would more likely be closer to the original projection made by SMA in the November feasibility study.

Final Thoughts

The Appendix of this supplemental study offers additional support to the hypothesis that \$300,000 is a reasonable revenue expectation for a new fitness facility in the Recreation Center. The Appendix shows three additional models that should be considered, the Buffalo Grove, Fox Valley and Glenview park districts fitness centers.

While all of these fitness facilities are in communities with larger populations than La Grange, statistical averaging makes comparisons possible. Glenview and Buffalo Grove having about 40,000 residents and the Fox Valley Park District has 171,000. But by dividing the number of members these facilities have by their total populations, the percentage of people in the community who are members of their fitness centers creates a percentage that can be projected onto La Grange.

Using the percentage of the population of each of the three communities as a benchmark for fitness center membership, the numbers show that anywhere from 7-10% of Buffalo Grove, Glenview and Fox Valley park districts residents are members of their fitness facilities. If a similar percentage to that benchmark materializes in La Grange, the Park District of La Grange could expect about 1,000 people to become members of its new fitness

facility in the Recreation Center. If that is the case, then the revenues for memberships, daily users, programs and personal trainers would be in the \$400,000 range.

The findings continue to support the hypothesis that a fitness facility in the Recreation Center should pay for its operating costs. Considering that the November feasibility study showed operating costs to be around \$250,000, anything over that amount could be applied to capital costs.

Appendix

Other Fitness Center Experiences

Buffalo Grove

The Buffalo Grove Fitness Center was selected based on average household income and the level of competition surrounding it, not population. Buffalo Grove has an average household income of \$80,000, nearly the same as La Grange. The fitness center the Buffalo Grove Park District has been operating for 10 years is slightly larger than the planned fitness facility at the La Grange Recreation center, containing the following amenities:

Fitness Floor- 10,000 square feet
 Aquatics Facility
 Athletic/Sport Training
 Track

Approximately 4,000 members belong to this facility as of December, 2010, paying the following fees.

Daily fees for residents	
Daily Fitness Center	\$7 per person
Daily Access to Everything	\$10 per person
Yearly fees for residents- access to everything	
Individual Pass	\$420 per year (ages 16+) \$35/mo
Senior Individual Pass	\$360 per year (ages 55+) \$30/mo
Student Individual Pass	\$300 per year (valid HS/College ID required, max age 22) \$25/mo
Family Pass	\$900 per year (3 or more persons) \$75/mo

La Grange and Buffalo Grove were both selected because of their income level and their fitness facility. However, the two communities have drastically different approaches to bringing a fitness facility to their community.

La Grange's proposed fitness center would charge \$25 per month, whereas Buffalo Grove charges \$35 per month. Buffalo Grove has also been in existence for 10 years and La Grange is hypothetical.

Revenues

Annual membership fees	\$336,000
Daily usage fees	10,000
Fitness programs and personal training	10,000
Total Revenues	\$356,000

Since Buffalo Grove has 40,000 residents, based on the 14,000 residents in La Grange, the model assumes 800 people would join the club paying an average of \$35 per month for a 12-month period. The daily usage fees and personal training and program revenues are also proportionate.

The Fox Valley Park District

The Vaughn Athletic Center, which has 13,000 members serving a population of 171,000 residents, generates about \$1.26 million per year within the following fee structure:

Comparable Agency

Daily Fees for Residents		
Daily Fitness Center	\$8 per person	
All-Inclusive	\$10 per person	
Yearly fees for residents	Monthly residents/ non-resident	Yearly residents/ non-resident
Individuals	\$35/\$40	\$420/\$480
Senior/Student	\$25/\$30	\$300/\$360
Senior Couple	\$42/\$51	\$504/\$612
Family	\$63/\$75	\$756/\$900
All-Inclusive	\$50/\$55	\$600/\$660

Based on the Vaughn Center fees and the membership of the center being 7.6% of the population, the Park District of La Grange fitness facility could generate 1,065 members paying \$30 per month on average. Computing the expected members times the price of \$30 per month, the projected revenues for La Grange would be as follows:

Projected Revenue for the Park District of La Grange

Annual membership fees	\$383,400
Daily usage fees	10,000
Fitness programs and personal training	10,000
Total Revenues	\$403,400

The Glenview Park District

The Glenview Park District serves 41,000 people, with comparable demographics to those of La Grange. The Glenview Fitness Center has 3,273 members, 7.9% of its population, paying the rates listed in the chart below. Based on Glenview’s experience, the projected revenues for the La Grange Park District would be

Projected Revenue for the Park District of La Grange

Annual membership fees	\$335,300
Daily usage fees	10,000
Fitness programs and personal training	10,000
Total Revenues	\$355,300

Glenview Membership Revenue

Pass Type	Resident Rates	Members	Revenue	Non Resident Rates	Members	Revenue
Individual	\$474	1,515	\$718,110	\$588	378	\$222,264
Additional Family	261	913	238,293	321	228	73,188
Corporate	474	196	92,904			0
Additional Family	261	43	11,223			0
Limited 10A-4P	309	200	61,800	396	50	19,800
Additional Family	261	22	5,742	321	5	1,605
Senior Annual	354	384	135,936	438	95	41,610
Senior 6 Months	228	26	5,928	284	6	1,704
90 Day Membership	167	33	5,511	211	8	1,688
30 Day membership	81	16	1,296	102	3	306
Total Resident Rev.			\$1,276,743			
Total Nonresident Rev.			\$558,633			
Net Revenue			\$1,835,376			

