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## Executive Summary

The City of Cambridge engaged ORB Management Corporation to conduct a feasibility study for the proposed Indoor Aquatics Center in Cambridge, Minnesota. The study included a community profile review, competitive market investigation, recommendation for space program development, suggestion for operational plan development and financial feasibility analysis. ORB also provided an online survey and facilitated multiple public listening sessions with area residents. The report is based on a mix of quantifiable and subjective data containing all key information for the basis of our conclusions and recommendations.

## Objectives

Our deliverable is meant to provide the City Council and Cambridge community with a mix of quantifiable and subjective information necessary to make informed-decisions regarding the feasibility of developing, constructing and operating a 25,350 square foot Indoor Aquatics Center facility. The purpose of our research was to:

- Determine desired programs, services and amenities
- Document unmet needs in the community
- Assess the feasibility of a future Indoor Aquatics Center

## Project Parameters

We feel that Guiding Principles related to understood expectations, goals and priorities are critical for the success of the project development. Community, financial, functional, physical and image principles were recommended within the report.

The proposed site for the project is owned by the City of Cambridge. The parcel boundaries are 11th Ave SW to the north; SDellwood Street to the east; 13<sup>th</sup> Ave SW to the south and SFern Street to the west. This site is also the proposed location of the future library which provides continuity and connectivity between the two community gathering places.

## Community Profile Review

For purposes of the study, the City of Cambridge was identified as the Immediate Service Area (ISA) and Isanti County was identified as the Primary Service Area (PSA). Available Census data reflects significant population increases from 2000 to 2010 in both services areas. Within the ISA, overall population increased 46.9% and the number of family households increased 45.4%. With respect to the PSA, overall population grew 20.9% while family households grew 20.3%. Especially noteworthy is the ISA's growth in population for children under 5 years of age which more than doubled. These trends point to a growing population of young families. Significant growth also incurred in the 55-64 age group which follows suit with national trends. Also, the PSA's population over the age of 55 grew by 45.6% while those over the age of 55 in the ISA only grew by 14.2%. At 59.3% increase, the PSA's population growth for those aged 65-74 was much more significant than both the ISA and nation.

Although significant growth trends have occurred, the limited population size of the ISA may pose challenges in achieving necessary membership units required to ensure long-term sustainability.

Another potential challenge for the proposed project is the median household income of the ISA. Based on the 2013 American Community Survey, the median household income of Cambridge is \$45,149 representing a 27.9% increase from 2000. However, a median household income less than \$50,000 is indicative of slightly lower levels of discretionary income available for recreational purposes. As a result, the membership structure and overall affordability will be absolutely critical.

## Competitive Market Analysis

A competitive market analysis was completed as part of the study. We provided a summary table within the section that includes average local and regional membership prices as well as the services, amenities and programs offered at each facility. Within the local market, the primary makeup of the health and wellness providers are that of privately-owned and operated businesses focused on fulfilling fitness (cardio, strength and group exercise) needs. On a regional level, there are larger multi-use, multi-functional facilities that include indoor aquatics programming, amenities and services.

As a family- and youth-oriented Indoor Aquatics Center, the proposed facility would not compete with any of the existing businesses in the community. Also, based on discussions with Community Ed, their aquatics-based programming is limited due to facility access restrictions that exist. As a result, the proposed programming of the facility would complement and/or augment needs that currently exist.

## Community Outreach

Overall, the general pulse of the community listening sessions in September 2015 indicated a level of interest, support and excitement for a project. The primary concerns raised or expressed during our meetings included: long-term financial sustainability; affordable membership rates and the impact on local businesses providing fitness and recreational services.

## Online Survey

The online survey includes responses from 1,121 residents within the Primary Service Area. It reflected a strong desire for aquatic amenities, services, programming. Participants are most interested in an indoor aquatics center with water features for children; a pool for lap swimming, swimming lessons and recreational use; and water features for all ages. Over seventy nine (79.25%) of respondents would be interested in a family membership. Although there was only moderate interest in the indoor playground and birthday/ party room for children, the Task Force and City should still consider these top priorities for the Indoor Aquatics Center. Both require nominal increases in capital expenditures, space and overhead. Also, these spaces provide flexibility to area residents with lower household incomes that are unable to purchase memberships or those that are traveling longer distances for periodic visits. As a result, additional pay-per-use revenue is captured that may otherwise may not have been.

## Membership Rates

Although close in proximity to other large public and private facilities, demographics of Cambridge are more alike to those we see in outlying Minnesota communities. Because of this, it may be advantageous to model membership rates more consistent to those outstate facilities than ones simply close in proximity. Also, the Indoor Aquatics Center offers somewhat limited amenities, services and programming compared to other traditional, multi-use recreational facilities that also have gymnasiums,

fitness components and child watch. As a result, offering rates that are considered “below market rate” may provide a competitive advantage to the facility and enable a larger capture rate.

Below we have identified the monthly membership rates that were proposed in the online survey; rates of similar facilities in the region as well as a lower rate structure that may be a better alignment with the amenities that will be offered.

*Table 1 – Membership Rate Summary*

TYPE	MONTHLY RATES PROPOSED IN ONLINE SURVEY	MONTHLY RATES OF OTHER PUBLICLY OWNED & OPERATED FACILITIES*	MONTHLY RATES FOR CONSIDERATION
Individual Youth & Senior Memberships	\$25.00	\$16.93	\$17.50 - \$22.50
Individual Adult Memberships	\$35.00	\$28.04	\$27.50 - \$32.50
Dual Memberships	\$45.00	N/A	Eliminate category
One-Adult Household Memberships	\$55.00	N/A	Eliminate category
Two-Adult Household Memberships	\$65.00	\$36.20	\$47.50 - \$52.50

*\*Average membership rates for Becker Community Center, Monticello Community Center, Williston Fitness Center and the aquatics only membership of the Maple Grove Community Center.*

In respect to drop-in or pay-per-use rates, we believe the following as proposed in the online survey align well with both market expectations and similar facilities.

*Table 2 – Pay-Per-Use Rates*

TYPE	RECOMMENDED PAY-PER-USE RATES
Individual - Youth / Senior	\$5.00
<i>*Indoor Playground Only</i>	\$3.00
Individual - Adult	\$7.00
Dual Memberships	Eliminate Category
One-Adult Household Memberships	Eliminate Category
Two-Adult Household Memberships (rename as Family / Household rate)	\$17.50

## Space Program Component Recommendations

The Space Program Component Recommendations are reflective of a consolidation of data gathered from a community profile review, competitive market analysis and online survey as well as multiple Task Force meetings and community listening sessions. The concept outlined for the Indoor Aquatics Center project includes approximately 25,350 square feet.

Spaces may include a(n):

- o 6-lane lap pool with seating and viewing deck;
- o Separate recreation and leisure pool with zero-depth entry<sup>1</sup>;
- o Warm water, dedicated therapy pool;
- o Variety of water features for children including fountains and sprayers;
- o Range of water features for all ages such as a climbing wall, basketball hoop and volleyball net; and
- o Outdoor splash pad, sun deck and green space

It would be designed with the following supporting spaces:

- o Party/birthday room;
- o 2-story indoor playground;
- o Open lounge and social gathering place with healthy food kiosk, juice bar or café;
- o Water safety training room for CPR classes, etc;
- o Locker rooms and family changing areas; and
- o Administrative offices, support spaces and storage

We concur that the proposed facility offers desirable amenities, spaces and programs currently missing in the area. Although the function of the facility will fill a gap by providing aquatics-, family- and youth-based programming, services and amenities; the City should understand that a key component to drive revenue and memberships is the fitness area. Adding this component would likely assist with sustainability but undoubtedly compete with existing local businesses.

## Operational Plan Development

The primary challenge will be to operate without annual public tax payer support. The City should consider combining the Executive Director and Aquatics Coordinator positions from the onset. We are concerned that there may not be a sufficient work load to support both a full-time Aquatics Coordinator and a full-time Executive Director. Industry best practices tell us that there will be sufficient work load for a combined position, which is common in facilities/ markets of this magnitude. We believe the Maintenance Manager is an absolute essential position for the proposed facility. Another option for consideration is to replace a third FTE with additional head lifeguards hours.

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<sup>1</sup> “Zero depth entry pool” is defined as a swimming pool where the pool floor continues to slope upward to a point where it meets the surface of the water and the pool deck surface along the shallow end of the pool.

Regarding part-time staff, there are a few areas of opportunity to consider during the final planning process including reduced lifeguard staffing requirements; capping weekly hours for membership and sales staff as well as the event coordinator; and development of internship and work study program with Anoka-Ramsey Community College. A risk management plan and training process should be developed to provide comfort level for staffing reductions.

### Financial Analysis

The financial analysis outlines assumptions and considerations for capital fundraising; estimated total project costs; operational expense projections; income sources and revenue projections; as well as a revenue and expenditure comparisons. Based on calculations provided by the City, it is estimated that a Local Option Sales Tax would offset the debt service of a \$6.0 million facility. We feel that the facility outline that has been established will be within that range, however, it will depend on market conditions at the time of design and construction.

The various five year pro formas developed are conservative in nature and were completed based on information collected as well as a comprehensive understanding of the project. Membership and program fees utilized for the study were developed based on current market valuation and online survey responses but are ultimately subject to review, change and approval by City and future operations team.

The results of the financial analysis indicate that the proposed Indoor Aquatics Center will need to recover 78.9% of its operating costs through membership dues for the best chance of sustainable operations. Table 3 below outlines the 5-Year Pro Forma based on a 3.5% capture rate of the adjusted Primary Service Area of Isanti County. Within the Financial Analysis section, we analyze multiple scenarios of various membership capture rates for both the ISA and PSA. Based on our analysis, the only pro forma that cash flows from the onset is that which is able to recruit memberships from outside of the Immediate Service Area of the City of Cambridge. With the proposed annual expenses, the facility would require 645 household and 318 individual memberships to exceed breakeven (based on a 67% household membership and 33% individual membership split).

*Table 3 – Primary Service Area 5-Year Pro Forma*

PROGRAM	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Total Revenue	\$766,047	\$832,000	\$891,000	\$918,400	\$946,600
Total Expenses	\$763,597	\$786,500	\$810,300	\$834,700	\$859,900
<b>TOTAL</b>	<b>\$2,450</b>	<b>\$45,500</b>	<b>\$80,700</b>	<b>\$83,700</b>	<b>\$86,700</b>

Given the facility can capture market share from outside the Immediate Service Area and provided all key revenue and expense financial indicators are met, the proposed pro forma demonstrates the capacity to support a 25,350 square foot facility. This is a significant assumption, which will require the

constant attention of the City and future management team if a facility of this magnitude is ultimately decided on.

## Conclusions & Recommendations

Our objective was to determine the feasibility of an Indoor Aquatics Center in Cambridge, Minnesota. The team completed a market assessment, conducted multiple community listening sessions and an extensive cost analysis to determine the overall feasibility and long-term sustainability of building the facility.

Overall, we believe that many within the community have a desire for the development of an Indoor Aquatics Center. Potential project constraints include market size and demographics; limited amenities, services and programs to drive memberships; operational structure and significant operational costs; and, capital budget and required favorable vote from the constituents to implement a local option sales tax.

### Market Size & Conditions

As the Immediate Service Area, the City of Cambridge poses potential challenges for the project as facilities of comparable magnitude are serving larger populations and/or being subsidized by taxpayer dollars.

### Amenities, Services & Programs

The proposed facility offers somewhat limited amenities, services and programs which may hinder membership recruitment, retention and the overall ability to capture the necessary market share. Without additional amenities common in a multi-purpose community recreation center; long-term sustainability may be difficult to achieve. The end result may be the need for City or taxpayer support for operational shortfalls that could occur.

Because of this, difficult decisions may need to be made regarding the inclusion/exclusion of additional facility program spaces that would assist with membership recruitment and retention. Unfortunately, expanding the amenities and programmatic offerings would result in a facility that competes with existing, local private businesses.

### Operational Structure & Significant Operational Costs

It is imperative that the Indoor Aquatics Center conforms to an operational model typically associated with that of a private business/non-profit entity as operational shortfalls are not to be subsidized by the taxpayers. The staffing requirements of an Indoor Aquatics Center create a high baseline revenue requirement for memberships. Projected baseline operational expenses are \$763,597 in year one. If membership benchmarks are not met, significant restriction to the hours of operation may need to occur. Because of this, we recommend the City consider initial cost saving measures of eliminating one of the three proposed Full-Time Equivalents (Aquatics Coordinator); capping the weekly hours for the Event Coordinator as well as the Sales and Membership staff; and reducing the initial contribution to the capital reserve budget.

### Capital Budget & Local Option Sales Tax

The Task Force is anticipating the total project cost for the facility to be \$6.0 million based on the sales tax revenue that will be available for annual debt service. For the project to proceed, the Council must pass a resolution calling for the question followed by a favorable vote for a Local Option Sales Tax from the Constituents. Due to capital budget and operational expenditure confinements, it is unlikely that expanding the scope of the project will be possible for the City on its own. As a result, a large capital and operational partner that could help fund the gap would be essential. Securing an operational partner may also reduce the City and taxpayers' risk of funding future shortfalls.



## Project Parameters

The City Council created an Aquatics Center Task Force (“Committee”) in November 2014 to explore the possibility of developing and building an Indoor Aquatics Center (“Project”) to serve the City of Cambridge and region. Following the appointment of the Committee, the City engaged ORB Management Corporation (“Consultant”) to facilitate the planning and feasibility efforts regarding a future facility.

With the assistance of ORB Management, the Task Force investigated the feasibility and sustainability of a new Indoor Aquatics Center. The proposed Indoor Aquatics Center would include a variety of water features and activities. It would also include an indoor children’s playground, party/birthday room and healthy food kiosk.

The scope of the Project is limited to the capital development costs and resulting debt service that could be supported by passing a Local Option Sales Tax. It is estimated that the annual collections from a Local Options Sales Tax would be \$930,000 and allocated equally to this Project as well as a future Library. As a result, the maximum Total Project Cost that could be incurred is \$6.0 million<sup>2</sup>. Because of the inherent financial limitations, additional amenities would not be feasible without a large financial partner.

Although ORB and the Committee were aware of the inherent financial limitations, we included a broader analysis of overall recreational priorities within the community for future reference. The data and associated findings are provided in Appendix II.

## Guiding Principles

Guiding Principles are established and understood expectations, goals and priorities that dictate the decision-making process. Our team conducted a series of community outreach/listening sessions to ensure that any proposed Project echoes the needs and wants of the community. Our findings were compiled, synthesized and translated within the report to assist with the development of a future Project. Guiding Principles also ensure stakeholder alignment and buy-in before Project planning, design and development continues to unfold.

The Principles on the following page were established by the Committee, presented and discussed during the community outreach sessions and recommended based on our findings.

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<sup>2</sup> A Local Option Sales Tax of 0.5% would generate \$930,000 in annual collections that would support debt services for a \$12.0 million project. Assuming a 50/50 split with the Library, there would be \$6.0 million for capital development costs of an Indoor Aquatics Center.

Table 4 – Guiding Principles

AREA	PRINCIPLES
Community	<ul style="list-style-type: none"> <li>- Improve quality of life</li> <li>- Project echoes needs and wants of constituents</li> <li>- Economic enhancements - project will provide means to spark economic development in the form of job creation, employee recruitment and retention</li> <li>- Provide opportunity / welcoming place for everyone to meet, exercise &amp; play</li> <li>- Provide a place for families</li> <li>- Create year-round recreational center</li> <li>- Provide healthy living in a safe, affordable environment</li> <li>- Become a regional hub</li> </ul>
Financial	<ul style="list-style-type: none"> <li>- Affordable to community</li> <li>- Long-term operational sustainability</li> </ul>
Functional	<ul style="list-style-type: none"> <li>- Meets present and future needs of community</li> <li>- Create staffing efficiencies</li> <li>- Program and space adaptability &amp; expansion capabilities</li> </ul>
Physical	<ul style="list-style-type: none"> <li>- Durability</li> <li>- High-performance</li> <li>- Southern exposure</li> </ul>
Image	<ul style="list-style-type: none"> <li>- Acts as statement to community / region regarding City's commitment to health and wellness</li> <li>- Becomes front porch of community</li> <li>- Represents successful community collaboration</li> </ul>

### Site & Location

To date one primary site has been discussed. The proposed site is owned by the City of Cambridge and the building would be located at the northwest quadrant of the parcel. The parcel boundaries are 11th Ave SW to the north; SDellwood Street to the east; 13<sup>th</sup> Ave SW to the south and SFern Street to the west. This site is also the proposed location of the future library which provides continuity and connectivity between the two community gathering places. The site is 0.5 miles away from the Cambridge Medical Center and 1.4 miles away from the Cambridge Elementary School. Also, traffic counts near the site are 2,250 on 11<sup>th</sup> Ave SW, 1,100 on Dellwood St and 8,200 on Main St which is 3 blocks to the east. If the project proceeds, an important first step for the design team will be to determine any site restrictions that may impact the viability for the facility. Also, it would be beneficial for the team to undertake an exercise to investigate other site opportunities to ensure this is the best suited for the project.

Parcel ID:	15.280.0830
Acres:	8.18 acres
Use Code:	4B4-Residential non-homestead
EMV Land	\$327,200
Taxes:	\$8,834 (2015)

Image 1 - Proposed Ste Aerial



## Community Profile Review

The following section outlines the demographic characteristics and realities of the City of Cambridge and the surrounding area. For the basis of our analysis, we identified the City of Cambridge as the Immediate Service Area ("ISA") and Isanti County as the Primary Service Area ("PSA").

### Service Area Identification

The focus of this market analysis is the Immediate Service Area. The ISA is most likely to consist of people that that will travel to the facility on a regular basis to utilize the amenities and programs and/or hold a membership. The PSA provides a larger population base; however, these people are less likely to visit the facility on a consistent basis and may only be interested in the facility on a pay-per-use basis.

Table 5 – Service Area Statistics & Comparison

Comparisons	Immediate Service Area			Primary Service Area		
	2000 Census	2010 Census	% Growth	2000 Census	2010 Census	% Growth
Population	5,520	8,111	46.9%	31,287	37,816	20.9%
Number of Household	2,237	3,137	40.2%	11,236	13,972	24.4%
Number of Families	1,353	1,967	45.4%	8,420	10,126	20.3%
Average Household Size	2.29	2.47	7.9%	2.74	2.67	-2.6%
Average Family Size	2.95	3.08	4.4%	3.15	3.09	-1.9%

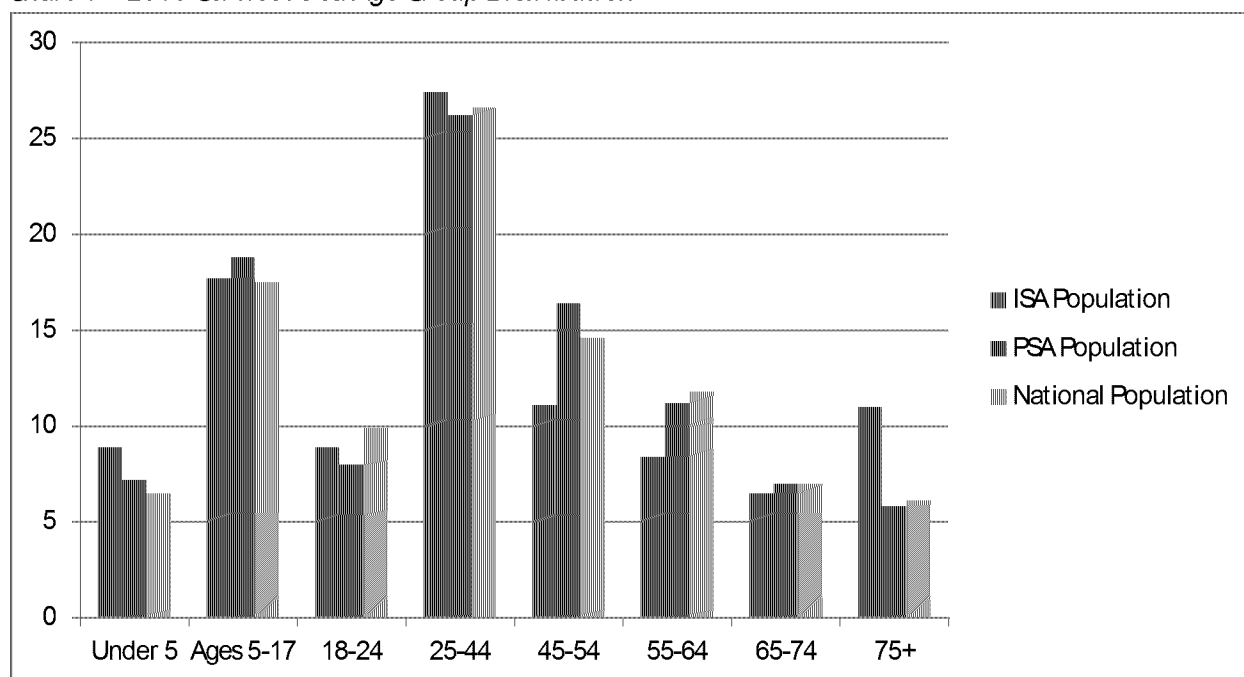
Based on estimates from the United States Census Bureau, the City of Cambridge's population was projected to be 8,323 in 2014 reflecting a 2.6% percent growth over four years. The Isanti County population is estimated to have grown by 1.6% over the four years to 38,413.

Table 6 – Service Area Population Distribution by Age

Ages	ISA Population	% of Total	PSA Population	% of Total	National Population	Difference	
						ISA	PSA
Under 5	725	8.9%	2,707	7.2%	6.5%	2.4%	0.7%
5-17	1,436	17.7%	7,098	18.8%	17.5%	0.2%	1.3%
18-24	724	8.9%	3,018	8.0%	9.9%	-1.0%	-1.9%
25-44	2,226	27.4%	9,901	26.2%	26.6%	0.8%	-0.4%
45-54	904	11.1%	6,183	16.4%	14.6%	-3.5%	1.8%
55-64	679	8.4%	4,229	11.2%	11.8%	-3.4%	-0.6%
65-74	525	6.5%	2,654	7.0%	7.0%	-0.5%	0.0%
75+	892	11.0%	2,206	5.8%	6.1%	4.9%	-0.3%

- Population: 2010 census data regarding the different age groups in the Immediate Service Area & Primary Service Area
- %of Total: Percentage of the population in the age group
- National Population: Percentage of the national population in the age group
- Difference: Percentage difference between the ISA or PSA population and the national population

Chart 1 – 2010 Service Area Age Group Distribution



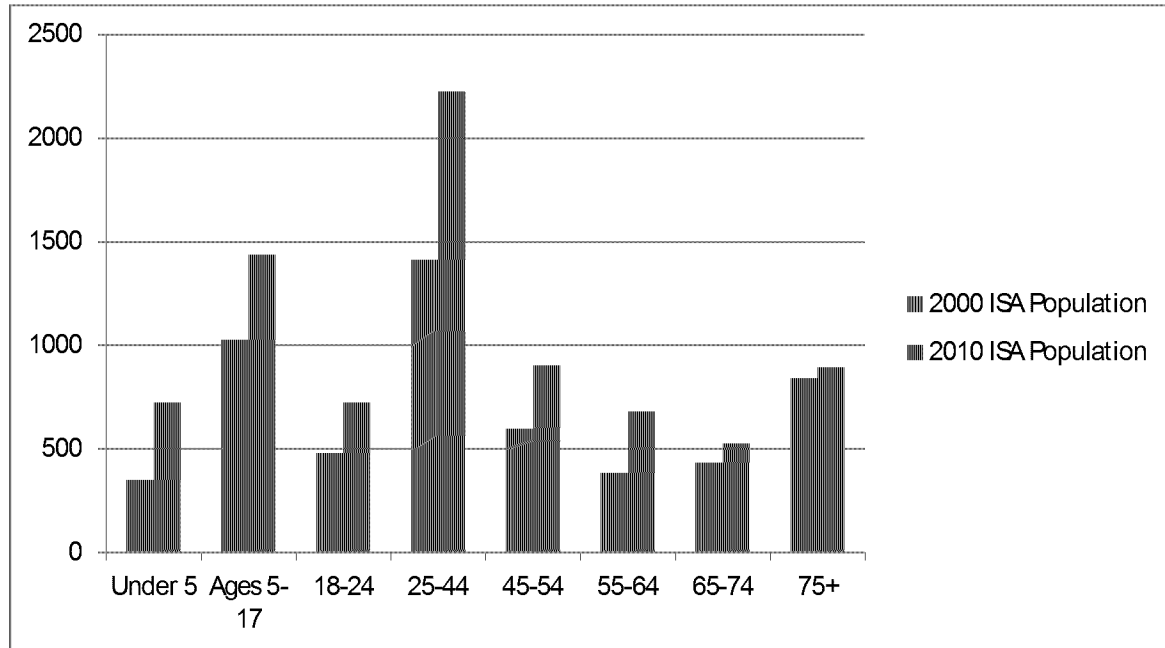
The demographic makeup of the ISA, when compared to the characteristics of the PSA and national population, indicates that there are some minor differences. Differences we see between the ISA and the national population are larger populations in the under 5, 5-17, 25-44 and 75+ age groups and smaller populations 18-24, 45-54, 55-64 and 65-74 age groups. The most significant positive variance is in the 75+ age group with 4.9%, while the most significant negative difference is in the 45-54 age group at -3.5%. When comparing the PSA characteristics to that of the national population, the most significant positive variance in the 45-54 age group with 1.8% and the most significant negative difference in the 18-24 age group with -1.9%.

Table 7 – ISA Population Distribution Changes

Ages	2000 ISA Population	2010 ISA Population	% Change	% National Change
Under 5	349	725	107.7%	5.3%
5-17	1,025	1,436	40.1%	1.6%
18-24	478	724	51.5%	13.8%
25-44	1,412	2,226	57.6%	(3.4%)
45-54	596	904	51.7%	19.5%
55-64	385	679	76.4%	50.3%
65-74	433	525	21.2%	18.1%
75+	842	892	5.9%	11.8%

Table 7 analyzes the growth or decline in age group numbers from the 2000 census and 2010 census. The population of the United States as a whole is aging and seeing the largest gains in the 45 plus age groups. Cambridge, on the other hand, is encountering significant growth in all age groups except the 75+ category. Especially noteworthy is the growth in population for children under 5 years of age which more than doubled. Chart 2 below provides a graphical representation of those trends.

Chart 2 – ISA Population Group Growth

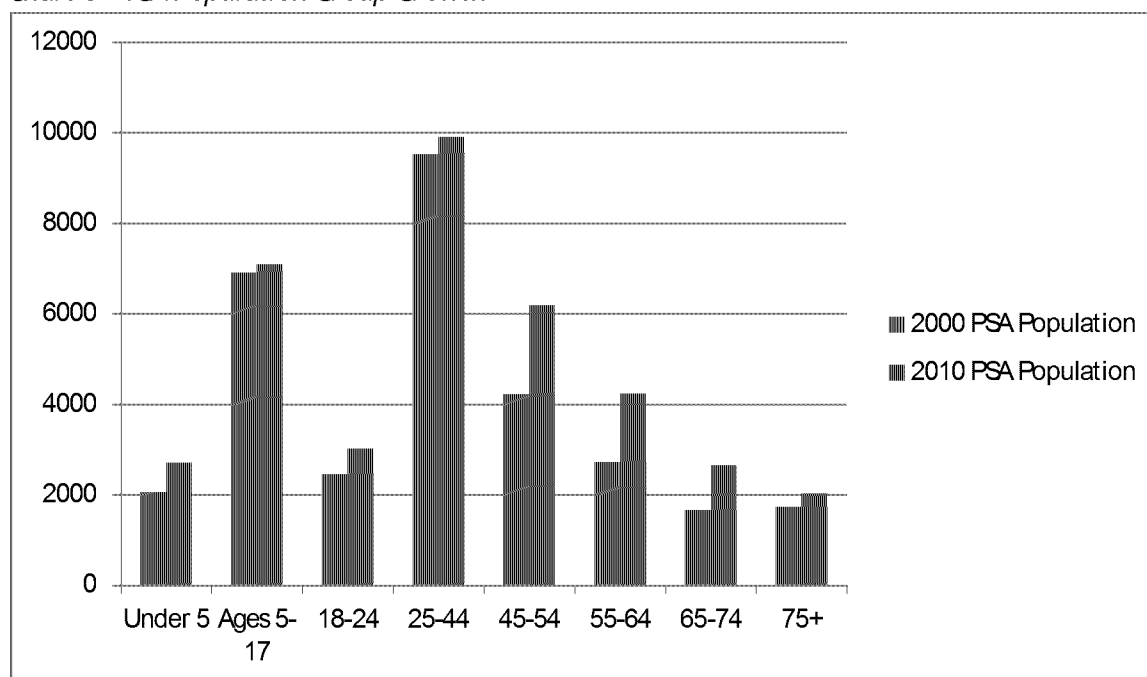


As depicted above, the following table (Table 8) analyzes the growth or decline in age group numbers for the Primary Service Area of Isanti County. Similar to that of the City of Cambridge, the County encountered significant growth in nearly all of the age groups. The age groups that followed more closely to the National trends were 5-17 and 25-44, while those ages 65-74 grew by 59.3% as compared to 18.1% and 21.2% for the nation and ISA respectively. Chart 3 on the following page provides a graphical representation of those trends.

Table 8 – PSA Population Distribution Changes

Ages	2000 PSA Population	2010 PSA Population	% Change	% National Change
Under 5	2,058	2,707	31.5%	5.3%
5-17	6,912	7,098	2.7%	1.6%
18-24	2,447	3,018	23.3%	13.8%
25-44	9,524	9,901	4.0%	(3.4%)
45-54	4,226	6,183	46.3%	19.5%
55-64	2,728	4,229	55.0%	50.3%
65-74	1,666	2,654	59.3%	18.1%
75+	1,726	2,026	17.4%	11.8%

Chart 3 – ISA Population Group Growth



Next, the median age and household income levels are compared with the national data. Both of these factors are primary determiners of participation in recreation activities. The lower the median age, the higher the participation rates are for most activities. The level of participation also increases as the income level goes up.

Table 9 - Median Age

	2000 Census	2010 Census	2013 American Community Survey
City of Cambridge (ISA)	38.5	34.1	34.9
Isanti County (PSA)	35.7	37.6	38.2
State of Minnesota	35.4	37.4	37.6
Nationally	35.3	37.2	37.2

With the median age in the immediate and primary service area being slightly lower than national numbers, it would indicate there is a younger population. This further points to a facility that is both family-friendly and focused on programming that appeals to households with young children.

Table 10 - Median Household Income

	2000 Census	2010 Census	2013 American Community Survey
Cambridge (ISA)	\$35,313	\$46,487	\$45,149
Isanti County (PSA)	\$50,127	\$57,260	\$57,353
Minnesota	\$47,111	\$57,243	\$59,836
Nationally	\$50,046	\$51,194	\$53,046

In 2014, GDP rose at a rate of 2.4% and the 4<sup>th</sup> quarter grew at its fastest pace in more than 8 years. In January 2015, consumer confidence index followed suit and surged to its highest level since before 2007. In May, 2015, consumer spending was at a 6 year high and recent data states that discretionary income accounts for 8.1% of overall spending.

Per the 2013 American Community Survey, the percentage of households in the Immediate Service Area with median income over \$50,000 per year is 43.4% compared to 52.6% on a national level. Also, the percentage of households with median income less than \$25,000 per year is 23.3% - exactly the same as we see at a national level. For the Primary Service Area, the percentage of households with median income over \$50,000 per year is 58.3%. Whereas, the percentage of households in the Primary Service Area with median income less than \$25,000 per year is 15.1%. These statistics indicate that there may be a slightly lower level of discretionary income for indoor aquatics within the ISA but a slightly higher level within the PSA.

Also, based on statistics provided by the National Sporting Goods Association in 2014<sup>3</sup>, the following conclusions regarding “swimming” participants can be drawn:

- 62% of those across the nation that participate in swimming activities have household incomes over \$50,000
- Only 15.5% of participants have income less than \$25,000
- 49.4% of participants are “infrequent” users (note: infrequent users are defined as 6-24 days of use per year or less than 2 days per month)

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<sup>3</sup> National Sporting Goods Association Sports Participation January-December 2013 © 2014



## **Competitive Market Analysis**

Another factor impacting the use of the facility is the presence of alternative service providers in the Immediate and Primary Service Areas. Alternative service providers can have an impact upon membership sales, pay-per-use visits and the associated penetration rates for new programs.

A critical objective the Task Force identified early on was to target and develop framework for a project that would fill a gap in the local marketplace and meet the needs of the community while minimizing impact on existing local businesses. The following pages outline the current facilities operating in the recreation and wellness space within the community and region. Our competitive market analysis is meant to identify the primary services and programs provided at the facilities as well as their respective membership and/or usage rates.

Table 11 – Competitive Market Analysis

	LOCAL COMPETITIVE MARKET ANALYSIS					REGIONAL COMPETITIVE MARKET ANALYSIS								
						Non-Profit / Privately Owned & Operated					Publicly Owned & Operated Facilities			
	Anytime Fitness	Snap Fitness	Total Wellness Coaching	Armed Forces Reserves & Community Center	Community Education	Andover YMCA	Princeton Health & Fitness Center	Fitness Evolution	Brown Family Adventure Park	Pump It Up	Monticello Community Center	Becker Community Center	Minnetonka Williston Fitness Center	Maple Grove Community Center (Aquatics Only Rates)
<b>City Population</b>	8,217	8,217	8,217	8,217	8,217	31,200	4,674	5,246	15,552	15,552	12,964	4,605	49,734	61,567
<b>Median Resident Age</b>	35.6	35.6	35.6	35.6	35.6	37.8	41.7	30.2	41.5	41.5	31.7	30.4	44.8	37.9
<b>Estimated Median HH Income</b>	\$45,802	\$45,802	\$45,802	\$45,802	\$45,802	\$91,297	\$33,088	\$67,902	\$92,567	\$92,567	\$72,974	\$72,516	\$80,372	\$92,188
<b>Proximity to Cambridge</b>	N/A	N/A	N/A	N/A	N/A	25 miles	30 miles	30 miles	23 miles	23 miles	45 miles	45 miles	56.4 miles	47 miles
<b>MONTHLY MEMBERSHIP RATES</b>														
<b>Daily Drop-In / Pay-Per-Use Rates?</b>	N	N	N	Y	Y	N	Y	N	Y	Y	Y	Y	Y	Y
<b>Youth / Student</b>	N/A	N/A	N/A see below	N/A	N/A see below	\$38.00 / \$50.00	\$36.75	N/A	\$6.00	\$6.00	Non-Resident \$26.00 Resident \$20.00	\$19.55	Non-Resident \$39.00 Resident \$31.00	\$11.25
<b>Senior</b>	N/A	N/A	N/A see below	N/A	N/A see below	N/A	\$36.75	N/A	N/A	N/A	Non-Resident \$26.00 Resident \$20.00	\$19.55	Non-Resident \$34.00 Resident \$27.00 Dual Non-Res. \$48.00 Dual Resident \$39.00	\$11.25
<b>Adult Individual</b>	\$39.99	\$36.95	N/A see below	N/A	N/A see below	\$66.00	\$42.00	\$19.99 \$29.99	N/A	N/A	Non-Resident \$35.00 Resident \$29.50	\$30.32	Non-Resident \$48.00 Resident \$39.00	\$13.33
<b>Joint</b>	N/A	\$49.95	N/A see below	N/A	N/A see below	\$110.00	N/A	N/A	N/A	N/A	N/A	\$33.02	Non-Resident \$77.00 Resident \$62.00	N/A
<b>HH / Family</b>	\$34.99 p/person	\$59.95	N/A see below	N/A	N/A see below	\$122.00	\$73.50	\$29.99 \$39.99	N/A	N/A	Non-Resident \$46.00 Resident \$41.00	\$35.71	Non-Resident \$46.00 Resident \$41.00	\$27.08
<b>Single-Parent</b>	N/A	N/A	N/A see below	N/A	N/A see below	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

AMENITIES, SPACES & PROGRAMMING COMPARISON														
	Local privately owned & operated facilities					Regional Non-Profit / Privately Owned & Operated					Publicly Owned & Operated Facilities			
	Anytime Fitness	Snap Fitness	Total Wellness Coaching	Armed Forces Reserves & Community Center	Community Education	Andover YMCA	Princeton Health & Fitness Center	Fitness Evolution	Brown Family Adventure Park	Pump It Up	Monticello Community Center	Becker Community Center	Minnetonka Williston Fitness Center	Maple Grove Community Center (Aquatics Only Rates)
Indoor Aquatics					X	X	X	X			X	X	X	X
Swim Lessons					X	X	X	X			X	X	X	X
Aquatics Group Ex					X	X	X	X			X	X	X	X
Leisure Pool						X	X	X			X	X	X	X
Lap Swimming					X	X	X	X			X	X	X	X
Multi-Purpose Gymnasium				X	X	X	X	X			X	X	X	X
Strength Equipment	X	X	X			X	X	X			X	X	X	X
Cardio Equipment	X	X	X			X	X	X			X	X	X	X
Free Weights	X	X	X			X	X	X			X	X	X	X
Group Ex			X		X	X	X	X			X	X	X	X
Personal Training			X		X	X	X	X			X	X	X	X
Birthday / Party Room						X			X	X	X	X	X	X
Meeting Rooms				X		X					X	X	X	X
Indoor Playground						X			X	X	X	X	X	X
Healthy Food Kiosk or Concessions						X					X	X	X	X
Child Watch						X	X	X			X		X	

## Local Competitive Market

Currently, the primary health, wellness and recreational services, amenities and programs offered within the ISA and community are fitness related. Below is an outline of existing business and/or organizations and their associated membership fees.

### Anytime Fitness

Anytime Fitness is located at 113 Main Street South, Cambridge, Minnesota. The facility offers 24/7 secured-access to cardio and strength equipment, free weights and tanning. They also offers personal training and free group exercise classes.

*Table 12 – Anytime Fitness Membership Rates*

MEMBERSHIP PLANS	MONTHLY RATE
Single (one adult 18 years or older)	\$39.99
Joint (two adults 18 years or older living at the same address and billed to one account)	N/A
Family (Up to 2 adults, and up to 3 minors (maximum of 4 people and minors must be between 14-17) living at the same address and billed to one account.)	\$34.99 p/person

### Snap Fitness

The Snap Fitness is located in the Village Mall at 1820 Second Avenue, Cambridge, Minnesota. The facility offers a 24/7 access with cardio equipment, free weights, strength training equipment, free weights and tanning. They also provide personal training.

*Table 13 – Snap Fitness Membership Rates*

MEMBERSHIP PLANS	MONTHLY RATE
Single (one adult 18 years or older)	\$36.95
Joint (two adults 18 years or older living at the same address and billed to one account)	\$49.95
Family (Up to 2 adults, and up to 3 minors (maximum of 4 people and minors must be between 14-17) living at the same address and billed to one account.)	\$59.95

### Total Wellness Coaching

Total Wellness Coaching provides individualized programs to meet personal needs and desires.

According to the website, they offer the following total wellness experience options:

- Personal fitness training
- Group fitness training
- Boot camp programs
- Specialty fitness programs
- Nutrition & lifestyle coaching
- Corrective exercise programs
- Sports performance training
- Corporate wellness programs

Table 14 – Total Wellness Coaching Services & Fee List

SERVICE LIST	DAILY RATE
Individualized Personal Fitness Training <ul style="list-style-type: none"> <li>- 1 hour p/session; 2 sessions p/week; 3 weeks</li> <li>- 1 hour p/session; 1 session p/week; 6 weeks</li> <li>- 1 hour p/session; 2 sessions p/week; 6 weeks</li> <li>- 1 hour p/session; 1 session p/week; 12 weeks</li> </ul>	\$500 (\$83.33 p/session) \$530 (\$88.33 p/session) \$890 (\$74.17 p/session) \$950 (\$79.17 p/session)
Nutrition & Lifestyle Coaching <ul style="list-style-type: none"> <li>- 1 hour p/session; 2 sessions p/week; 3 weeks</li> <li>- 1 hour p/session; 1 session p/week; 6 weeks</li> <li>- 1 hour p/session; 2 sessions p/week; 6 weeks</li> <li>- 1 hour p/session; 1 session p/week; 12 weeks</li> </ul>	\$500 (\$83.33 p/session) \$530 (\$88.33 p/session) \$890 (\$74.17 p/session) \$950 (\$79.17 p/session)
Fitness Boot Camps <ul style="list-style-type: none"> <li>- 2 sessions p/week; 6 weeks</li> <li>- 3 sessions p/week; 6 weeks</li> </ul>	\$150 (\$11.11 p/session) \$200 (\$11.11 p/session)
Small Group Training w/3 Individuals <ul style="list-style-type: none"> <li>- 6 – 1 hour sessions</li> <li>- 12- 1 hour sessions</li> </ul>	\$960 p/group (\$160 p/session); \$320 p/person (\$53.33 p/session)  \$1,590 p/group (\$132.50 p/session) \$530 p/person (\$44.17 p/session)
Small Group Training w/4 Individuals <ul style="list-style-type: none"> <li>- 6 – 1 hour sessions</li> <li>- 12- 1 hour sessions</li> </ul>	\$780 p/group (\$130 p/session); \$260 p/person (\$43.33 p/session)  \$1,640 p/group (\$136.67 p/session) \$410 p/person (\$34.17 p/session)
Unlimited Fitness / Yoga Classes	\$50 p/mo p/person or \$75 p/mo p/family

### Armed Forces Reserves & Community Center

Per the City’s website, the Armed Forces Reserve and Community Center (AFRCC) offers residents a public gathering place for meetings, classes, basketball/ volleyball tournaments, fundraisers, weddings, receptions and other events.

The Armed Forces Reserve Community Center has a large assembly hall and two classrooms for rent. The Assembly Hall is a multi-purpose room that doubles as a large banquet area and a gymnasium. It has a regulation basketball court or it can be divided into two half courts with adjustable basketball hoops. It can accommodate up to 400 people for a banquet. Each classroom can seat up to sixty people (classroom style) and each classroom can also be divided in half for smaller meetings or break-out sessions. The gym can be rented for \$50/ hr or \$500/ day and the rooms, which hold about 30 people, are rented out for \$20/ hr.

## Regional Competitive Market Analysis

In addition to reviewing the competitive market of the ISA (Cambridge), we also reviewed the amenities, services and programs offered within the PSA as well as some outside the PSA. Below is a list of facilities that were reviewed. Relatively, most are close in proximity while others were reviewed due to the makeup and structure of their operations.

### Andover YMCA – 25 miles / Andover, MN

Per the website, the Andover YMCA offers group exercise classes, personal training, swim lessons, childcare, summer day camps and other fitness and community building programs. The facilities include amenities like a fitness center, aquatics (including 4 indoor pools, whirlpool, sauna and waterslide), multi-purpose gymnasium, etc.

*Table 15 – Andover YMCA Membership Rates*

MEMBERSHIP PLANS	MONTHLY RATE
Youth (ages 10-18)	\$38
Student (college students ages 19-26)	\$50
Single (one adult 18 years or older)	\$66
Dual (two adults 18 years or older living at the same address and billed to one account)	\$110
Family	\$122

### Andover YMCA Drop-In Classes

Members can drop in to free Group Exercise classes at any time. There are over 100 free sessions offered each week. Group exercise class categories include: cardio and strength; Yoga and Pilates; water exercise; dance; cardio; kids and family; strength; and active older adults.

In addition to the free group exercise classes, there are a variety of fee-based classes and programs. Classes that require pre-registration include personal training, swimming lessons, specialty group exercise and youth and teen programs.

*Table 16 – Andover YMCA Program Fees*

FEE BASED CLASSES & PROGRAMS	MEMBER RATE	NON-MEMBER RATE
Swim Lessons	Per lesson	Per lesson
- Group	\$45.00	\$100.00
- Semi-Private lessons	\$28.57 - \$31.33	\$51.43 - \$60.00
- Private lessons	\$35.71 - \$40.00	\$62.14 - \$70.00
Safety & Certification Classes	\$25-\$70/session	\$25-\$70/session
Trainer-Led Group Exercise Classes *7-session packages	\$12-\$20/session	\$18-\$26/session
Youth Programming	\$2.86 - \$14.86/session	\$7.14 - \$28.00/session

**Princeton Health & Fitness – 30 miles / Princeton, MN**

The Princeton Health & Fitness facility includes: a lap pool, hot tub and sauna; cardio, strength and free weights area; multi-purpose gymnasium; and child watch area.

*Table 17 – Princeton Health & Fitness Membership Rates*

MEMBERSHIP PLANS	MONTHLY RATE
Student / Senior	12 month contract - \$36.75 6 month contract - \$42.00 3 month contract – N/A
Senior Family	12 month contract - \$68.50 6 month contract - \$73.50 3 month contract – N/A
Individual (one adult 18 years or older)	12 month contract - \$42 6 month contract - \$47.25 3 month contract - \$68.58
Family	12 month contract - \$73.50 6 month contract - \$78.75 3 month contract - \$101.53
DAILY DROP-IN / PAY-PER-USE	DAILY RATE
Student / Senior	\$9.00
Individual	\$12.00
Child Care	\$3.50 / hour
Group Fitness Classes	\$8.00
Basketball	\$5.00
Swimming – Adult	\$8.00
Swimming – Child	\$6.00

*\*Enrollment fees - \$35/3-month contract and \$75/6- or 12-month contract*

*\*\* Child watch hours: Mon-Fri – 8 Am to noon / Tues/Thurs – 5 PM to 8 PM*

**Fitness Evolution – 30 miles / Zimmerman, MN**

Per the website, Fitness Evolution includes: free weights, group exercise classes, kids club child care (serving infants to 14 year olds), large cardio selection, personal training, pool, sauna and tanning. Classes offered include aqua fit; core Pilates; dance jam; FLEX; golden yoga; h2o circuit; kickboxing; MIXX; step; total body conditioning; yoga; yoga fit; and zumba.

*Table 18 – Fitness Evolution Membership Rates*

MEMBERSHIP PLANS	MONTHLY RATE
Individual (“Premium”) <ul style="list-style-type: none"> <li>- Month-to-month; no contract/no commitment; fitness orientation with trainer; 7 days per week access; and unlimited tanning</li> </ul>	\$24.99
Individual (“Platinum”) <ul style="list-style-type: none"> <li>- All of the premium benefits plus nationwide club access; online workout and nutrition tools; unlimited group x classes; free t-shirt</li> </ul>	\$34.99
Additional costs <ul style="list-style-type: none"> <li>- Enrollment fee</li> <li>- Annual fee guarantees that no price increase of monthly dues will occur at anytime during the membership.</li> <li>- Family package (additional monthly cost per individual package)</li> </ul>	\$30 \$39.99 \$10 p/mo

**\*\*Hours: Monday-Friday – 5 AM to 10 PM / Saturday & Sunday – 7 AM to 7 PM**

**Brown Family Adventure Park – 23 miles / Ham Lake, MN**

Per the website, the facility has a two-story tree house, slides, suspended bridges, arcade machines and party room. There is a dedicated toddler area for kids under 3 and Tuesday is a promotional day where kids 1-4 get \$1.00 off admission. They have a snack bar offering a variety of food, including pizza, hot dogs, popcorn, meal deals and some assorted healthy, gluten-free snacks.




- Hours: 9:30 AM – 3:00 PM, Tuesday-Saturday
- Private rental available 7-days a week
- \$6 p/ child (1-12)
- \$4 p/ child for licensed day cares
- Ten punch and annual passes available
- [www.adventureparkmn.com](http://www.adventureparkmn.com)



**Pump It Up – 23 miles / Ham Lake, MN**

Facility with gigantic inflatables and party rooms that offers themed experiences and birthday parties. The facility offers a variety of packages and prices as depicted below. (<http://pumpitupparty.com/ham-lake-mn>)

*Image 2 – Pump It Up Rental Fees*

Party Pricing	Party Experiences	Party Food	Party Essentials
	 <p><b>Classic</b> Click for more info</p>	 <p><b>Deluxe</b> Click for more info</p>	 <p><b>Ultimate</b> Click for more info</p>
	<p><b>Weekend</b> Friday - Sunday &amp; Holiday's</p>		
<p><b>25 kids</b> 1 hour 45 minutes</p>	<p><b>\$279</b> + Tax / Limited Availability</p>	<p><b>\$349</b> + Tax</p>	<p><b>\$459</b> + Tax</p>
<p><b>15 kids</b> 1 hour 45 minutes</p>	<p><b>\$249</b> + Tax / Limited Availability</p>	<p><b>\$269</b> + tax</p>	<p><b>\$339</b> + Tax</p>
<p><b>10 kids</b> 1 hour 45 minutes</p>	<p><b>\$239</b> + Tax / Limited Availability</p>	<p><b>\$259</b> + Tax</p>	<p><b>\$289</b> + Tax</p>
	<p><b>Weekday</b> Monday - Thursday</p>		
<p><b>25 kids</b> 1 hour 45 minutes</p>	<p><b>\$199</b> + Tax / Limited Availability</p>	<p><b>\$279</b> + Tax</p>	<p><b>\$389</b> + Tax</p>
<p><b>15 kids</b> 1 hour 45 minutes</p>	<p><b>\$169</b> + Tax / Limited Availability</p>	<p><b>\$199</b> + Tax</p>	<p><b>\$269</b> + Tax</p>
<p><b>10 kids</b> 1 hour 45 minutes</p>	<p><b>\$159</b> + Tax / Limited Availability</p>	<p><b>\$179</b> + Tax</p>	<p><b>\$209</b> + Tax</p>

Monticello Community Center – 45 miles / Monticello, MN

The Monticello Community Center is a full service venue for hosting meetings and events. They have a host of recreational amenities, from a pool and waterslide, to climbing wall, fitness center, etc.

Table 19 – Monticello Community Center Membership & Usage Fees

DAILY DROP-IN / PAY-PER-USE PLANS	DAILY RATE
Junior / Senior	\$6.50 (regular) \$5.50 (resident)
Adult	\$7.50 (regular) \$6.50 (resident)
Family	\$27.50 (regular) \$21.00 (resident)
MEMBERSHIP PLANS	MONTHLY RATE
Junior / Senior	\$26.00 (regular) \$20.00 (resident)
Dual Senior	\$42.00 (regular) \$32.50 (resident)
Adult	\$35.00 (regular) \$29.50 (resident)
Family	\$46.00 (regular) \$41.00 (resident)

\* climbing wall is not included in daily pass

Becker Community Center – 45 miles / Becker, MN

The Becker Community Center offers a wide variety of recreational opportunities including fitness rooms and classes; gymnasium; pool; youth programs; drop-in child care; school aged child care; rock climbing wall; racquetball; meeting rooms; birthday party room; and options for special events.

Table 20 – Becker Community Center Membership & Usage Fees

MEMBERSHIP PLANS	RESIDENT MONTHLY RATE	NON-RESIDENT MONTHLY RATE
Youth	\$19.55	\$27.63
Senior	\$19.55	\$27.63
Adult	\$30.32	\$38.42
Dual	\$33.02	\$41.10
Family	\$35.71	\$43.80
DAILY DROP-IN / PAY-PER-USE	DAILY RATE	
Youth / Senior		\$5.50
- 10 punch		\$49.50
Adult		\$6.50
- 10 punch		\$58.50
Family		\$27.50
- 5 punch		\$123.75
Lap Swim – 10 punch		\$45.00
Fitness Classes		
- Adult		\$5.00
o Single class		\$24.00
o 5 punch		\$45.00
o 10 punch		\$63.00
o 15 punch		
- Senior		\$3.50
o Single class		\$17.00
o 5 punch		\$30.00
o 10 punch		\$42.00
o 15 punch		
Swimming – Adult		\$8.00
Swimming – Child		\$6.00

\*Enrollment fees - \$50.00

City of Maple Grove Community Center – 44 miles / Maple Grove, MN

The City of Maple Grove Community Center includes an indoor and outdoor aquatics center; birthday party room; multi-court gymnasium; ice arena; indoor playground; multiple meeting rooms; skate park; and teen center.

Table 21 – City of Maple Grove Community Center Membership Fees

ALL BUILDING MEMBERSHIP PLAN	RESIDENTS ANNUAL RATE	NON-RESIDENT ANNUAL RATE
Youth (17 & under)	\$175.00 (\$14.58 p/mo)	\$195.00 (\$16.25 p/mo)
Senior (62+)	\$175.00 (\$14.58 p/mo)	\$195.00 (\$16.25 p/mo)
Adult	\$195.00 (\$16.25 p/mo)	\$235.00 (\$19.58 p/mo)
Family <i>*immediate family of up to two adults and their children ages 17 and under living at the same address and full-time college students ages 18-24 (with proof of full-time college status) at the same address.</i>	\$375.00 (\$31.25 p/mo)	\$475.00 (\$39.58 p/mo)
POOL MEMBERSHIP PLAN	RESIDENTS ANNUAL RATE	NON-RESIDENT ANNUAL RATE
Youth (17 & under)	\$135.00 (\$11.25 p/mo)	\$160.00 (\$13.33 p/mo)
Senior (62+)	\$135.00 (\$11.25 p/mo)	\$160.00 (\$13.33 p/mo)
Adult	\$160.00 (\$13.33 p/mo)	\$185.00 (15.42 p/mo)
Family <i>*immediate family of up to two adults and their children ages 17 and under living at the same address and full-time college students ages 18-24 (with proof of full-time college status) at the same address.</i>	\$325.00 (\$27.08 p/mo)	\$375.00 (\$31.25 p/mo)

All building membership includes:

- The Grove Cove Aquatic Center features an indoor leisure pool with a zero-depth beach area, water spray activities, tot slide and 130' waterslide.
- The indoor lap pool features a 25-yard lap pool with five lanes, volleyball net, rope swing and aqua climb open during scheduled times.
- The outdoor leisure pool features a zero-depth beach area, lazy river, tumble buckets, water walk, tot slide and interactive water sprays.
- The Maple MAZE Indoor Playground has four levels of climbing with slides, ball pit and more. A toddler area for ages three (3) and under offers ball pit, toddler slide and climbing structure.
- The gymnasium for drop-in basketball.
- Open ice skating, adult open hockey, dead ice and low-test freestyle.

### *Birthday Party Packages*

The Center offers birthday party packages of which the child can choose two activities in the following areas: play time in the aquatics center pools; indoor playground or ice skating. Parties include a private, decorated party room for 90 minutes, a t-shirt for the birthday boy/girl; paper products (cups, plates, sporks and napkins) and beverages (soda or juice boxes). Place settings for five adults are included. The cost is \$100.00 for up to 10 youth and \$5.00 per additional child.

Themed birthday party packages are also available for \$130 for up to 10 youth. In addition to a theme, the cost includes a 5" cake with 10 cupcakes. Additional party options include adding meals (\$3.25 per person for (1) hot dog and chips or \$12.00 per one-topping pizza); additional room time at \$25 per hour for residents or \$30 per hour for non-residents (plus 7.275% sales tax).

Birthday parties for teenagers are also available. The center provides the Teen Center (grades 7-12);, cake and decorations; access to the pool tables and Xbox 360. The fee is \$85.00 with the Teen Center being open to the public or \$90 on Sunday evenings starting at 6 PM for two hours of exclusive use of the Teen Center.

Their website states: "You must have a room reservation or a birthday party package scheduled if you plan on opening presents, having cake/ cupcakes, balloons, and/or decorations. No parties are allowed in the common lounge areas – you must rent a room. You are welcome to stay and play; however, you will be asked by staff to store your belongings in your vehicle."

### *Group or Private Rentals*

The Community Center is available for group, overnight and after hours private rentals. Rentals of the pool; indoor playground; gym; ice arena and skate park are available. The group rates are available for 25 or more in all areas and ten or more in the indoor playground. Advance reservations are required for all groups.

*Table 22 – Qty of Maple Grove Group or Private Rental Fees*

<b>GROUP RATES: SINGLE ACTIVITY</b>	<b>RATES PER PERSON</b>	<b>GROUP RATES: MULTIPLE ACTIVITIES</b>	<b>RATES PER PERSON</b>
Gym	\$2.50	Aquatics Center & Indoor Playground	\$6.00
Ice Skating	\$3.75	Aquatics Center & Gym	\$6.00
Indoor Playground	\$3.75	Aquatics Center & Ice Skating	\$6.00
Aquatics Center	\$5.00 (\$125 @ 25 person group)	Aquatics Center, Indoor Playground & Ice Skating	\$7.00
		Aquatics Center, Indoor Playground & Gym	\$7.00
		All building	\$8.00

Indoor playground rentals for private parties are restricted to Saturday or Sunday nights from 6:15 PM to 8:15 PM. Late night or overnight rentals are available after regular business hours. Prices vary but start as low as \$350.00.

More information regarding the following can be found at these links:

- Banquet room rentals: <http://www.maplegovernn.gov/community-center/parties-rentals/banquet-room-rentals/>
- Meeting room rentals: <http://www.maplegovernn.gov/community-center/parties-rentals/meeting-room-rentals/>
- Senior center room rentals: <http://www.maplegovernn.gov/community-center/parties-rentals/senior-center-room-rentals/>

#### **Williston Fitness Center – 56 miles / Minnetonka, MN**

The Williston Fitness Center is owned and operated by the city of Minnetonka and is located at 14509 Minnetonka Drive, Minnetonka. In addition to membership rates stated in the table earlier, the facility provides access on a pay-per-use basis of \$8.00 for ages 15+; \$5.00 for ages 1-14; and free for children under 1 year of age.

#### ***Features and services***

- 25-yard swimming pool & splash pad
- Five indoor tennis courts
- Aerobics studio
- Baseball/ softball cages & training
- Basketball/ volleyball court
- Fitness equipment
- Equipment orientations
- Kid's Corner child care
- Land and water aerobics, run club, spin classes
- Meeting/ party room
- Personal training
- Indoor playground
- Whirlpool and saunas

## Existing Community Programs & Services

The Cambridge Community Education offers a variety of aquatics, health and wellness programming options to all ages - below we have summarized the various existing programs. Per a detailed discussion with Sarah Baxter, Aquatics Director of Cambridge Community Education, summer is the busiest time for swim lessons. Typically, they have a waiting list for most sessions. Due to facility restrictions, they only have access to the pool in the mornings and evenings. Because of this they cannot offer mid-day classes and activities. Sarah wanted to go on record stating that she drives to Rush City to do water activities with her own children. She said that the proposed facility would not be in competition to what they are doing and would compliment/augment what is lacking and needed within the community. Also, she said she is "all for" this center moving ahead. Based on the information gathered and discussion with Community Ed, it appears the current programs do not meet the community's aquatics and recreational needs.

### Indoor Aquatics Programming

Per Community Ed's website, the Cambridge-Isanti High School (CHS) swimming pool is an American Red Cross affiliate and there are numerous open swimming sessions and classes offered. These classes will range from beginning swimming classes to Red Cross Water Safety Instruction classes. (American Red Cross "Learn to Swim Program" Levels 1-6, Lifeguard Training, private swimming lessons, Aquacombo, etc). The existing pool operates under limited hours of operation and provides a variety of rates for individuals and households. The pool schedule and associated rates are provided below.

Table 23 – Cambridge Community Ed Aquatics Programming

Indoor Aquatics Programming	Hours	Rates
Family Swim Afternoon - Days: Saturdays - Frequency: Sept 19 – Dec 19	1:00 PM – 3:00 PM	<u>@ door</u> \$5 p/person \$15 p/household <u>All 11 sessions</u> \$22 p/person \$50 p/household
Open Swim - Days: Monday, Tuesday & Thursday during summer months	2:00 PM – 4:00 PM	<u>Season Pass (22 sessions)</u> \$25 – p/individual \$50 p/household <u>Drop-In</u> \$5 p/individual \$15 p/household
Private Swimming Lessons for any age - \$79 / session	N/A	\$79 p/session

Aqua Combo - Community Education class offered to “adults of any ability” that focuses on flexibility, muscle strength, balance and endurance. The first 45 minutes are a structured aqua class; the last 45 minutes are for independent lap swimming, aqua jogging or strength per the Community Education website		\$55 p/10 sessions
Intro to Standup Paddleboarding & Kayaking		
Lap Fitness Swim	5:30 AM – 7:00 AM August 17 – December 30	\$35 p/10 sessions \$5 @ door
Lifeguard Training Review - This abbreviated lifeguarding course briefly reviews information and allows practice of skills and knowledge before testing. Current certification in Red Cross Lifeguarding/ First Aid/ CPR/ AED is required. Upon successful completion, students will receive a certificate for Lifeguarding/ First Aid/ CPR/ EAD which is valid for 2 years.	Vary	\$35 / 1 session
Youth Swimming Lessons <ul style="list-style-type: none"> <li>- Level 1-6 (grades K-12)</li> <li>- American Red Cross Youth Swim classes, tiny tots swimming, water adjustment</li> </ul>	Vary	45 min/session, 9 sessions, \$62

*\*Please note this data may be dated or have changed since completion of this section of the report*

### ***Childcare & Youth Enrichment Services - Adventure Center***

According to their website, Community Ed offers fun, caring and kid friendly before & after school child care programming for youth in grades K– 5 as well as an all-day preschool child care program for children ages 3 to 5 years old.

They also state that: “Adventure Center works closely with Community Education's Youth Enrichment and Recreation programming and Cambridge-Isanti Schools Preschool Program. This allows children the chance to participate in Community Education offerings that they may otherwise not be able to attend because of transportation or other child care issues.”

Cambridge-Isanti Early Childhood and Family Programs is to provide comprehensive program offerings, services and resources which educate, support and strengthen families with children ages birth through kindergarten entrance.



Programs

- Early Childhood Family Education (ECFE)
- Cambridge-Isanti Preschool
- Early Childhood Screening
- School Readiness
- Early Childhood Census
- Teenage Parenting Program (TAPP)

**Cambridge Intermediate School – Early Childhood (CS-EC)**, 428 2nd Ave NW, Cambridge, MN 55008, 763-691-6691 (p), 763-691-6692 (f), [earlychildhood@cambridge.k12.mn.us](mailto:earlychildhood@cambridge.k12.mn.us)

*Health, Fitness & Recreation*

- Adult, Child & Infant CPR, First Aid & AED – 1 session, \$65
- Advanced Archery (Ages 5 & up) – 4 sessions, \$115
- Beginning Archery (Ages 5 & up) – 5 sessions, \$75
- Cross Train (Ages 15 & up) – 6 sessions, \$40
- Dance Classes – Beginning Ballroom – 2 sessions, \$42
- Dance Classes – Night Club Slow Dance
- Fitness & Triathlon Swimming
- Get Fit
- Pickup volleyball (Ages 17 & up) -
- Pum & Sculpt (Ages 15 & up)
- Spring Golf Lessons (Ages 16 & up)
- Top Fuhol Fitness (Ages 16 & up)
- Vinyasa Flow Yoga
- Yoga (Ages 14 & up)
- Zumba (Ages 15 & up)

The following table outlines a recent open gym schedule for Community Ed.

*Table 24 – Cambridge Community Ed Spring 2015 Schedule*

PROGRAM TYPE	HOURS	COST
Open Gym - Days: Saturdays - Frequency: 2x per month	9:30 AM – 10:30 AM January – April 2015	Free
Little Tumblers - Days: Fridays & Saturdays - Frequency: 4x January to April	9:30 AM – 10:30 AM	

## Community Outreach

On high profile and public projects as that being considered in the City of Cambridge, there are many voices to be heard. The objective of our outreach was to gather data to assist with program needs and priority identification. On behalf of the Task Force, ORB facilitated a number of listening sessions and provided an online survey.

### Community Listening Sessions

Following our project kick-off and a series of meetings with the Task Force, we coordinated and facilitated numerous listening sessions to determine and validate the program needs and wish lists of the area residents. Five listening sessions were held on the following dates: Monday, September 14; Wednesday, September 16; and Tuesday, September 22. The listening sessions' attendance ranged from 6-12 individuals interested in learning about the project and sharing their thoughts. Overall, there was a high level of interest and support for indoor aquatics. However, the common concerns were the impact on local taxpayers and the facility's sustainability.

### Online Survey

In September, 2015, the Task Force offered an online survey for community input. The survey was conducted to assist with their evaluation and determination of programs, amenities, features and services area residents would like the facility to offer. It is to act as a tool for the Task Force in determining the likelihood of residents joining the facility as well as to be indicative of residents' reaction to the potential cost of memberships and pay-per-use rates.

Although the survey provides a means for measuring space programmatic priorities, the City should be careful as to how results are interpreted and used for gauging membership capture rates and opportunity. Due to the nature of the survey and it being based on voluntary participation, there is a lack of scientific rigor common among random phone surveys.

With over 1,100 participants, the survey reflected a strong desire for aquatic amenities, services, programming. Participants are most interested in an Indoor Aquatics Center with water features for children; a pool for lap swimming, swimming lessons and recreational use; and water features for all ages. Over seventy nine percent (79.25%) of respondents expressed interest in a family membership and have no preference for where the facility should be built. Cleanliness, safety and friendly staff were key factors for creating a welcoming place. Also, cleanliness and cost will have a major influence on one's decision to visit the new facility.

Although there was only moderate interest in the indoor playground and birthday/party room for children, the Task Force should still consider these top priorities for the Indoor Aquatics Center. Both complement the aquatics programming and require nominal increases in capital expenditures, space and overhead. Also, these spaces provide flexibility to area residents with lower household incomes that may be unable to purchase memberships as well as those that are traveling longer distances for periodic visits. As a result, additional pay-per-use revenue is captured that may otherwise may not have been.

To attract older adults, the Task Force should consider offering water aerobic and fitness classes. To meet the needs of families with children, the Task Force should consider programs and activities such as “family fun nights”; a dedicated teen activity room; swim lessons and multi-purpose gymnasium dedicated to children under 10. Amenities and programs appealing to families are highly desired and will likely offer the greatest return on investment as the majority of survey participants indicated they had children in their households. Overall, the results of the primarily qualitative and non-random quantitative research demonstrate a strong desire for an Indoor Aquatics Center.

### Membership Rates

One of the questions posed in the online survey was to gauge potential membership interested based on proposed membership rates. Although the response to the membership rates proposed was favorable, it is our professional opinion that these may be higher than the market can bear. When compared to other city-owned and operated facilities in the region, these membership rates appear high. Also, when you take into account that the other facilities offer many more amenities, services and program options, these are likely inflated and unsustainable membership rates. Based on the local and regional competitive market analysis, we recommend consideration of the following monthly rate structures for the Indoor Aquatics Center. Lastly, in addition to lower membership rates, we recommend simplifying the offering list to the following: Individual – youth or senior; Individual – adult; and Family or household.

*Table 25 – Membership Rate Recommendations*

TYPE	RECOMMENDED DAILY RATES	MONTHLY RATES PROPOSED IN ONLINE SURVEY	RECOMMENDED MONTHLY RATES
Youth / Senior Memberships	\$5.00	\$25.00	\$17.50 - \$22.50
Individual Adult Memberships	\$7.00	\$35.00	\$27.50 - \$32.50
Dual Memberships	N/A	\$45.00	Eliminate Category
One-Adult Household Memberships	\$12.00	\$55.00	Eliminate Category
Two-Adult Household Memberships	\$17.50	\$65.00	\$47.50 - \$52.50

## Space Program Component Recommendations

The following section details specific findings and recommendations for spaces to be included in the Indoor Aquatics Center. Our recommendations are the result of a community profile review, competitive market analysis and online survey as well as multiple Task Force meetings and community listening sessions.

The conceptual design for the Indoor Aquatics Center project should include approximately 25,350 square feet. We are assuming a City-owned and -operated facility. The primary focus of the facility is to provide aquatics-, family- and youth-based programming, services and amenities. Spaces may include a(n):

- o 6-lane lap pool with seating and viewing deck;
- o Separate recreation and leisure pool with zero-depth entry<sup>4</sup>;
- o Warm water, dedicated therapy pool;
- o Variety of water features for children including fountains and sprayers;
- o Range of water features for all ages such as a climbing wall, basketball hoop and volleyball net; and
- o Outdoor splash pad, sun deck and green space

It would be designed with the following supporting spaces:

- o Party/birthday room;
- o 2-story indoor playground;
- o Open lounge and social gathering place with healthy food kiosk, juice bar or café;
- o Water safety training room for CPR classes, etc;
- o Locker rooms and family changing areas; and
- o Administrative offices, support spaces and storage

*Note: The Committee expressed specific interest in stating that diving boards and a water slide are **NOT** priorities due to capital costs as well as increases to operation costs (staff, risk and liability).*

## Concept Design

One of the primary next steps should be to re-engage Short Elliott Hendrickson Inc. (SEH®) to develop a conceptual floor plan and site plan for the project. In collaboration with ORB and the Committee, SEH® shall develop the initial design based on the report findings and preliminary analysis which includes a 25,350 square foot facility with a targeted total project cost of \$6.0 million.

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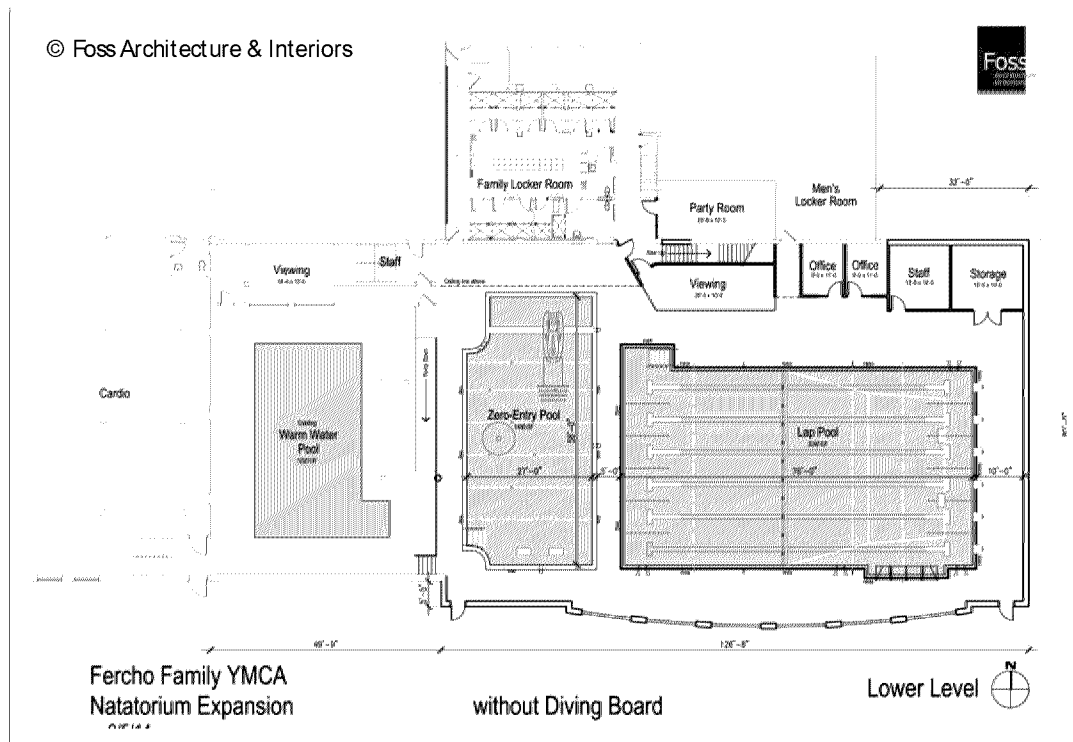
<sup>4</sup> “Zero depth entry pool” is defined as a swimming pool where the pool floor continues to slope upward to a point where it meets the surface of the water and the pool deck surface along the shallow end of the pool.

Table 26 – Proposed Project Square Footage Outline

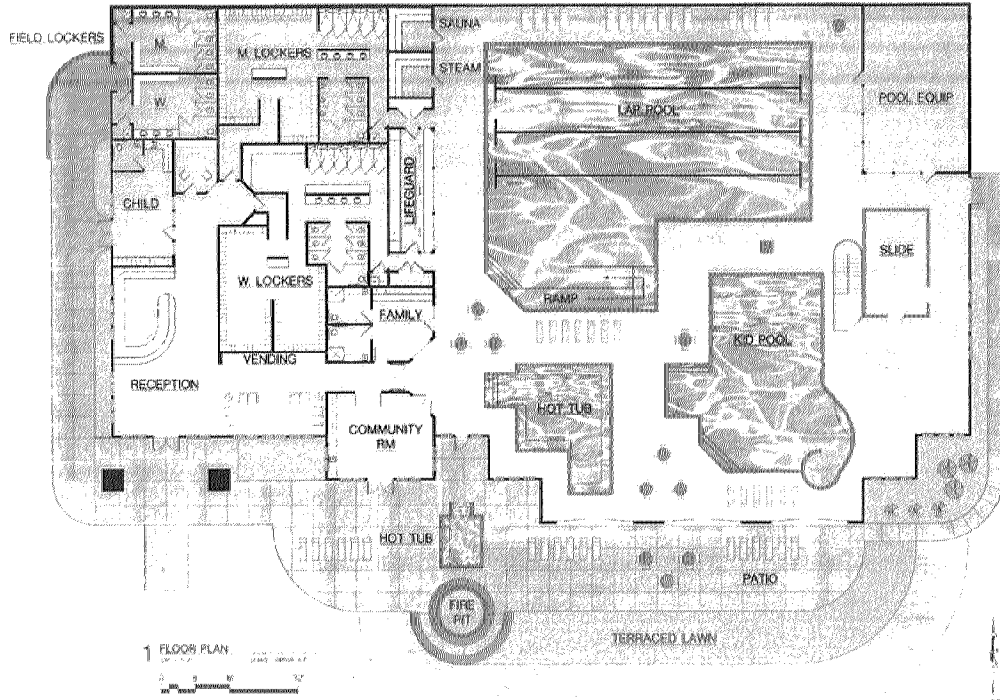
COMPONENT	CURRENT FACILITY SIZE
Aquatics / Natatorium	12,000 SF
Indoor Playground	1,250 SF
Party / Birthday Room	350 SF
Lobby & Gathering Area w/ Healthy Food Kiosk	1,500 SF
Reception & Administrative Offices	1,250 SF
Lifeguard Office & CPR Training Room	500 SF
Mechanical / Electrical Room	1,750 SF
Pool Mechanical Room	1,500 SF
Storage	500 SF
Locker Rooms	2,750 SF
Common Areas	2,000 SF
<b>TOTAL</b>	<b>25,350 SF (Target 22,000 SF)</b>

As a reference, we have included a variety of conceptual layouts below for similar projects that have been developed.

YMCA of Cass & Clay Counties | Indoor Aquatics Addition

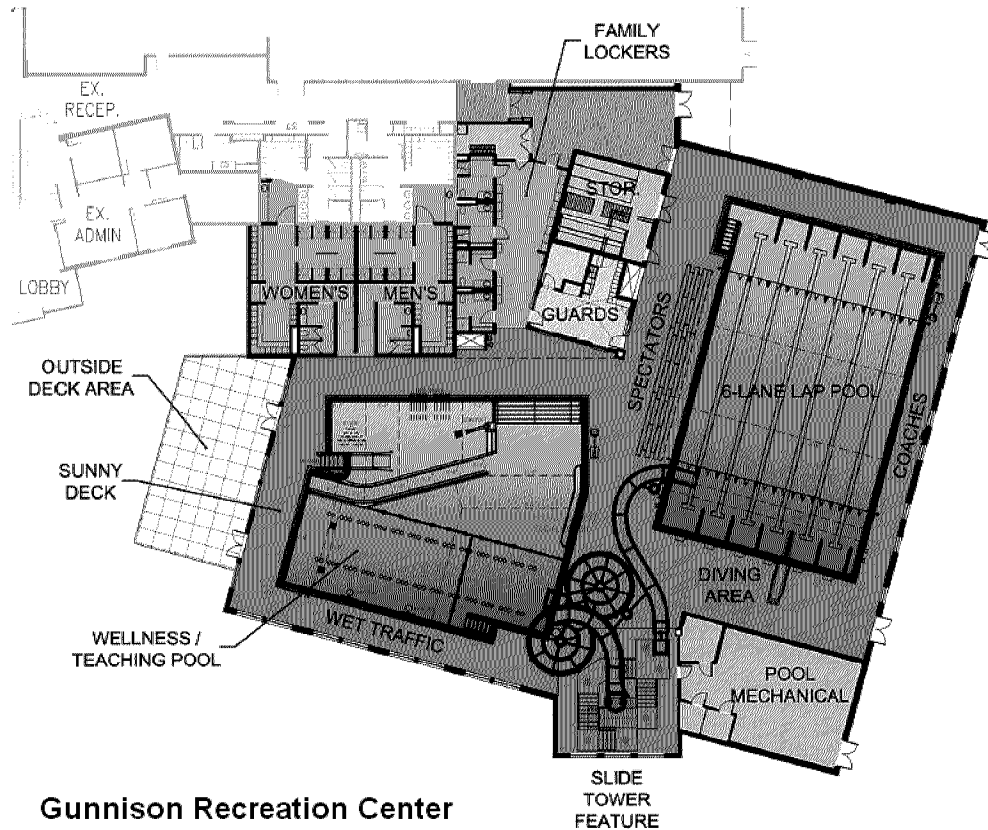


Woodland Aquatics Center | Woodland, Colorado



© Possible Woodland Aquatic Center Floor Plan, by Linda H. Allred, Architect

Gunnison Recreation Center | Gunnison, Colorado



Gunnison Recreation Center

## Program Descriptions

Restricting programmatic space priorities to primarily aquatics may pose challenges and impact the sustainability of the facility. As an Indoor Aquatics Center, the primary challenge will be to operate without annual public tax payer support. Below we have identified recommendations, concerns or potential issues the City and Committee should be aware of related to each proposed program space.

### *Aquatics*

The City Council created a Task Force to explore the feasibility of building and sustaining an Indoor Aquatics Center. Because of this, the Project's core was built around water features and amenities. Due to varying needs and uses, we recommend that the aquatics center be designed and built to accommodate a family leisure pool for recreational activities as well as a six lane lap pool for progressive swim lessons, lap swimming and aquatic fitness classes. Also, if built, we would two separate bodies of water on independent systems. Although a dedicated therapy was discussed, we recommend this only be incorporated into the project scope if the City can establish a partnership with Allina Health.

We believe the leisure pool should receive the highest priority due to community priorities expressed in the online survey. Also, it should include a zero depth entry with assorted water features (fountains, sprayers, etc). Also, the zero depth area should be minimized as allowed by code due to its limited functionality.

Typically, the Indoor Aquatics Center is a primary attraction to draw new members to the proposed center. According to the National Sporting Goods Association, the largest user group is young children. As a result, leisure pools will appeal to families. It is likely that the Indoor Aquatics Center will attract and draw larger crowds that tend to come from further distances and stay longer. As a result, the aquatics component is key to bringing in revenues from outside the Immediate Service Area of the City of Cambridge.

Although the trend for centers is to focus on recreational usage, traditional usage of the local swim clubs, instruction and fitness classes should remain an important piece of the Indoor Aquatics Center.

### *Indoor Playground & Birthday Party Room*

A major focus on the programming of the building has been driven by needs of young families in the area. The indoor playground and birthday/ party room spaces are designed to attract those said families to the proposed facility. These spaces will differentiate the Center from the existing private sector service providers and will place families as the priority in marketing efforts.

### *Indoor Playground*

We believe the playground should be offered to individuals on an unsupervised, drop-in basis for children ages ten and older and children nine and under, if accompanied by an adult. Access should be included in all household membership packages as well as a pay-per-use basis. Special consideration to the indoor playground's location should be an area of focus. Ideally, it should be located adjacent to the birthday/ party room and a secure outdoor space.

### *Party Room*

A small room should be allocated to birthday party programming, pre-school programming (arts/ crafts, etc.) as well as small meeting spaces for staff/ volunteers and the community. Ideally, the party room should be connected to the indoor playground and pool.

### *Social Spaces/ Lobby*

The entry area is an ideal opportunity to provide social spaces to encourage relationship building with members and guests. It is also an opportunity to provide a food kiosk with healthy/ nutritious food and beverage options. The food kiosk is an excellent source of additional revenue for the facility.

### *Special Programs for Consideration*

It will be important to develop special programs at the facility. Below are a few programs that are common in similar facilities:

*Table 27 – Program Considerations*

<b>COMPONENT</b>	<b>SPECIALTY PROGRAMS</b>
Aquatics	<ul style="list-style-type: none"><li>- Progressive swim lessons / swim stroke clinics</li><li>- Water safety, CPR &amp; certification courses</li><li>- Water aerobics / group exercise classes</li><li>- Aquatics Center rentals (swim team, etc)</li></ul>
Special Events/ Family Programming	<ul style="list-style-type: none"><li>- Specialty / themed birthday parties</li><li>- Overnight / lock-in: Halloween, New Years Eve, etc</li><li>- Family nights</li><li>- Facility rentals for non-profit / for-profit community groups (church groups, youth groups, teams, businesses, etc)</li></ul>

### *Progressive Swim Lessons / Swim Stroke Clinics*

Our recommendation is align the facility's swim lessons with the Red Cross Swimming & Water Safety program. Per publications, "their programs teach people to be safe in, on and around the water through water safety courses, water-orientation classes for infants and toddlers and comprehensive Learn-to-Swim courses for individuals of different ages and abilities. Red Cross Learn-to-Swim courses are structured in a logical progression for aquatic skills development." Initial group swim lesson offerings should include:

- Parent & child aquatic classes
- Preschool aquatics
- Learn-to-Swim courses (note: our financial assumptions include only the first 4 of 6 levels in the onset)

Private and semi-private swim lessons are also a recommended offering. Private swim lessons are one-on-one instruction while semi-private lessons are two individuals to an instructor. Similar offerings that you find at the YMCA are offered in 1-, 3- or 7-lesson packages.



### *Water Safety, CPR & Certification Classes*

Facility programming should also include first aid, CPR and AED (automated external defibrillators) classes. According to the Red Cross, these programs are designed to give individuals the confidence to respond in emergency situations with skills that can save a life.

### *Other Considerations*

During the planning and design phases, the Task Force should discuss future expansion and adaptability priorities for other spaces (gymnasium, fitness center, etc). Although facility priorities may change, identifying areas where expansion are most likely to occur will assist in planning for future projects.

## Operational Plan Development

Efficient and effective facility operations will be key to setting the facility up for long-term success.

### Membership Development

Due to the proposed facility type, we recommend developing both a monthly membership structure as well as a pay-per-use option for the various amenities available to visitors. In addition to developing competitive fee structures, it will be important to offer a variety of membership options that are affordable to residents. We recommend the following categories of memberships: individual – youth/ senior; individual – adult; and family/ household memberships.

Preferred payment options would also need to be determined. We recommend that monthly bank drafting be the highest priority and that no annual membership discounts are given. Annual memberships should be encouraged in lieu of short-term and/or seasonal memberships.

A Charter Membership Campaign should be developed and kick-off three months prior to the opening date. It will be important to focus on the facilities attractiveness for all ages, family-friendly facility times and family programs. The Campaign should establish enrollment goals and incentives.

### Staffing Plan

#### Full-Time Personnel

Although the pro forma includes three full-time equivalent (FTE) positions, we believe it is the City's best interest to consider hiring only two full-time staff members until financial trends have been established and key financial indicators demonstrate the addition of a third FTE. Our pro forma calculations reflect full-time personnel as follows:

#### *Executive Director*

The Executive Director directly supervises full-time employees, part-time employees and volunteers. The Executive Director also carries out supervisory responsibilities in accordance with the organization's policies and applicable laws. Responsibilities include interviewing, hiring and training employees; planning, assigning and directing work; reviewing and approving timesheets; appraising performance; rewarding and disciplining employees; monitoring and updating all required staff certifications; addressing complaints and resolving problems.

This position is responsible for delivering quality programs to the members and community. This person works independently and is expected to determine how to accomplish required tasks. Responsibilities include: recruit, train and supervise; coach and develop staff; organize, schedule and coordinate program registration; review and process financial assistance applications; and, compile and review program budgets and post program analysis/ statistics.

#### *Aquatics Coordinator*

The Aquatics Coordinator oversees the operations of the aquatics department and programs, including staff supervision, budget management and planning. Other primary responsibilities include: complying with all industry standards and safety procedures; hiring, training, and supervising lifeguards and

instructors for all aquatic programs; assessing equipment needs; promoting aquatics programs to the public and to current members; working with the Maintenance Manager to ensure the pool, equipment and supplies are maintained and safe; and provide data and reports to Executive Director on programs.

### *Maintenance Manager*

Under the direction of the Executive Director, the Maintenance Manager will be responsible for the management of the property, grounds and other assets. The Maintenance Manager will provide direct leadership to the maintenance and custodial staff. He or she will also provide leadership for the maintenance and development of the facility and property resources.

### **Part-Time Personnel**

Our pro forma calculations and financial analysis reflect the following part-time personnel:

#### *Hospitality & Front Desk Staff*

A critical finding of the online survey was the need for welcoming, friendly staff. The Hospitality & Front Desk staff will provide that initial point of contact for all persons using the facility. It is critical they display enthusiastic, courteous, timely services. These individuals are responsible for welcoming people entering the building and are to learn and use all members' names. Also, it is important that all Front Desk staff maintain current knowledge of the membership information, special incentives and current costs for program or classes.

#### *Sales & Membership Staff*

The Sales and Membership staff sell and promote memberships, programs and services. They assist prospective new members with determining the right membership package for their needs. The staff will work with the Executive Director with prospecting and lead generation including outbound calling, community networking events and timely follow up on referrals. Sales & Membership individuals conduct Indoor Aquatics Center tours, monitor regional competitors' marketing activities and maintain a contact database files.

#### *Event Coordinator*

The Event Coordinator will work with prospects interested in hosting parties and/or events at the facility. He or she will coordinate birthday and party events, lock-ins and pool rentals. This role will work hand-in-hand with the Sales and Membership staff, collaborating on marketing and advertising strategies as well as assisting with lead generation.

#### *Aquatics Center Lifeguards*

The Lifeguards are to maintain safe swimming conditions. Lifeguards will be required to understand and communicate information about the current programs and classes. They are responsible for supervising the aquatics area to prevent accidents and respond to emergencies. Lifeguards will oversee multiple activities including water exercise classes, lap swimming, open swim and swim lessons.

## Head Lifeguard

As Head Lifeguard, the individual is responsible for providing daily direction to all lifeguards and managing certifications. The Head Lifeguard also serves as first contact for responding and documenting incidents that may occur.

## *Water Exercise Instructors*

Under direction of the Aquatics Coordinator (or Executive Director), the Water Exercise Instructors conduct classes that comply with industry standards. Their essential function is to teach water fitness classes while incorporating safety principles. They will also assist lifeguards during the transition times and emergencies.

## *Swim Lesson Instructors*

Instructors are responsible for providing swimming instruction to people of all ages and skill levels. Instructors are to maintain constant supervision of students and aid swimmers when needed.

## *Building Supervisors*

The Building Supervisors are responsible for the safety of all members, guests and staff in the facility. The Building Supervisors are ambassadors for the City and facility and should ensure high standards of customer service. The Building Supervisors shall conduct regular walk-throughs and patrol the facility to preserve order and protect the property. These individuals complement the role of the Executive Director during the evenings and weekends.

## *Housekeeping*

Under the direction of the Maintenance Manager, the Housekeeping staff are responsible for the general cleanliness, safety and appearance of the facility and property.

## Hours of Operation

Due to usage patterns that may differ and decline in the spring and summer, we have recommended split season hours of operation. These should continue to be evaluated as trends are established. Also, reducing hours of operation as required will assist reducing costs throughout the year.

*Table 28 – Hours of Operation*

	<b>FALL &amp; WINTER HOURS OCTOBER – APRIL / 30 WEEKS</b>	<b>SPRING &amp; SUMMER HOURS MAY – SEPTEMBER / 22 WEEKS</b>
Monday - Thursday	5 AM to 10 PM	5 AM to 9 PM
Friday	5 AM to 9 PM	5 AM to 7:30 PM
Saturday	7 AM to 9 PM	7 AM to 5 PM
Sunday	7 AM to 9 PM	11 AM to 3 PM

## Financial Analysis

The following financial analysis outlines assumptions and considerations for capital fundraising; total project costs; operational cost projections; income sources and revenue projections; as well as revenue and expenditure comparisons.

Our analysis represents a conservative approach to estimating the operating budget and projected revenues. It was completed based on relevant information available, our understanding of the project, online survey data and experience in the industry. Due to many variables that affect our projections, there are no guarantees that the expense and revenue projections outlined will be met. Although the projections are subject to change during the actual budgetary process, we have analyzed various models that provide the essential framework for positioning the facility with sustainable operations in Cambridge, Minnesota.

The following variables will need to be constant dashboard items for the City and/or established operational team to review on a monthly basis. These variables will significantly impact the Indoor Aquatics Center's ability to operate in the black:

- **Memberships:** Although we analyzed various membership unit assumptions, there are several factors that will impact actual membership units:
  - o Membership Fees: Alignment of monthly membership fees with other regional facilities may have a negative impact on member recruitment and retention. It is our recommendation to align fees closer to other outstate communities with similar demographics not necessarily those in closest proximity. Also, fees should be aligned with facilities offering similar amenities and services.
  - o Median Household Income: The median household income of Cambridge may affect the ability of individuals and families to become members and/or participate in programs due to financial limitations or limited discretionary spending.
- **Annual Fundraising Campaign & Scholarships:** We believe \$25,000 is a significant but realistic amount of money to raise annually from local businesses and individuals for financial assistance that can be offered to area residents. It will become imperative that a comprehensive and aggressive annual fundraising campaign be developed to ensure targeted contribution goals are met.
- **Occupancy:** Occupancy costs are always a variable that can have a dramatic effect on operating budgets due to a severe winter or an extremely hot summer. It will be imperative that guidelines/ standards be developed on operating temperatures and adjustments made.

The following are key factors to continuously review based on the pro forma:

- o Realized membership units and fees
- o Annual fundraising contributions and scholarships provided
- o Program revenue
- o Occupancy costs and hours
- o Staff salaries, wages and hours

A dashboard should be designed as a tool for the City's ongoing analysis of key indicators to financial performance. Here is a link to a sample dashboard: <http://www.blueavocado.org/content/nonprofit-dashboard-and-signal-light-boards>

## Local Option Sales Tax

Council members have inquired about the option of implementing a local option sales tax to fund future capital projects such as a library and community/ aquatics center. Per a document prepared by Lynda J. Woulfe, City Administrator on June 15, 2015, the following outlines the process for implementing a local option sales tax:

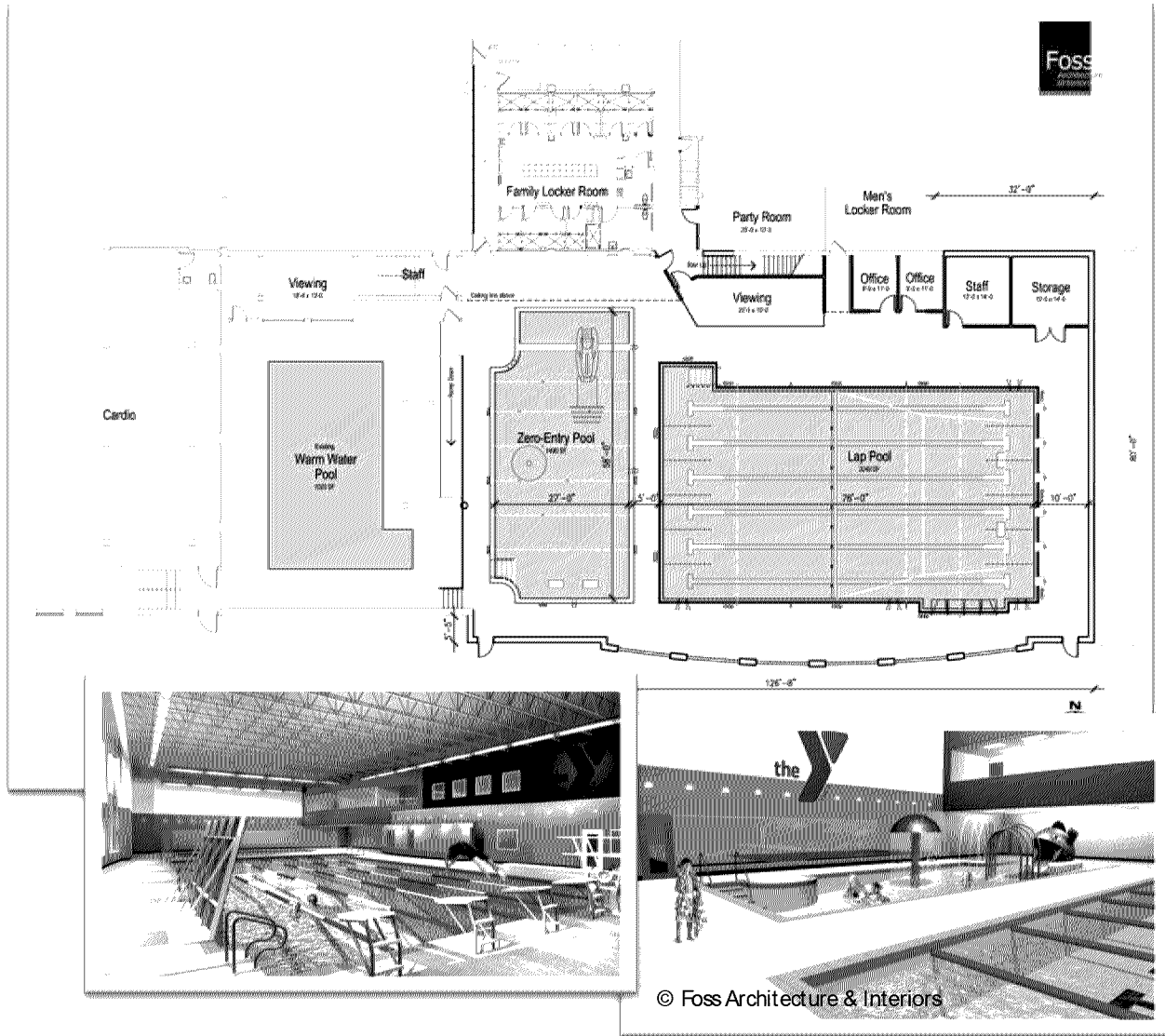
1. City Council needs to pass a resolution calling for the question of a local option sales tax to be placed on the general election ballot for November 2016. The resolution must be specific as to the purpose of the sales tax, the end date (sunset date) for the sales tax collection, and the debt service the sales tax funds will repay. Ultimately the Council would need to confirm whether the request is for: a) library; b) community / aquatics center; c) both the library and the community / aquatics center; d) library, community / aquatics center and curling club. The Council would also need to determine the beginning date for the sales tax collection. ***Prior to May 26, 2016, the City Council must determine whether or not they desire to put the question of a local option sales tax on the November 8, 2016 general election ballot.***
2. If this question is put on the November 8, 2016 general election ballot and it passes, a resolution from the City Council indicating the will of the people to have the Local Option Sales Tax must be forwarded to the Secretary of State certifying the election results and to our local legislators so they can introduce the legislation during the 2017 legislative session.
3. If the 2017 Legislature passes the bill and it is signed by Governor, the earliest it could take effect is July 1, 2017 but most likely it would be made effective January 1, 2018. With the first sales tax collection beginning in 2018, it is estimated that Cambridge would collect \$930,000 per year with the local option sales tax.
4. Debt service for the project(s) cannot be issued until after the legislation has been adopted so projects could not begin until the spring of 2018.

Local Option Sales Tax is only charged on items that are already charged sales tax. For example, the following items are not charged sales tax and would not be charged the local option sales tax: groceries, clothing, cigarettes, motor vehicle purchases and medical bills.

## Total project cost data

Based on the information available at the time this report was written, it is our understanding that the projected \$930,000 annual sales tax collection would be split between the debt service of a library project and an indoor aquatics project. Annual debt service of \$930,000 equates to a cumulative \$12.0 million total project cost. As a result, it is anticipated that \$6.0 million would be allocated to the Indoor Aquatics Center project.

Although market escalation and conditions in 2018 are unpredictable, similar projects under construction and those recently completed indicate that the proposed space programmatic components for the Indoor Aquatics Center could be developed within the targeted capital expenditure of \$6.0 million. Below is a project currently under construction at the YMCA of Cass and Clay Counties of which is being constructed for a Total Project Cost of \$5.9 million.



## Operational Cost Projections

Expenditures reflected have been formulated on the costs that were designated by ORB Management to be included in the operating budget for the facility. The figures are based on the size of the proposed Indoor Aquatics Center, the program components of the facility and the hours of operation. All expenses were calculated to the high side and actual costs may be less based on the final design, operational philosophy and programming considerations.

*Table 29 – Year 1 Operational Costs Projections*

<b>CATEGORY</b>	<b>PROJECTED EXPENSE</b>
Personnel	
Full-Time	\$137,000
Part-Time	\$289,258
Benefits & Taxes	\$84,489
Administrative Services & Supplies	\$22,475
Education & Training	\$15,500
Occupancy	\$63,375
Equipment & Facility Expenses	\$84,250
Advertising & Public Relations	\$5,000
Misc Expenses	\$2,250
Capital Reserves	\$60,000
<b>TOTAL EXPENSES</b>	<b>\$763,596</b>

### Personnel, Benefits & Taxes

Below we have outlined key assumptions and recommendations as it relates to staffing of the facility.

*The year one budget for personnel expenses is \$510,747 equating to 66.5% of total expenses identified.*

### Full-Time Positions

As outlined in the previous section, the financial analysis includes three full-time employees. The costs also include an assumption of 30% for taxes and benefits.



Table 30 – FTE Salaries, Taxes & Benefits

POSITION	TAXES &		FTEs	TOTAL
	SALARY	BENEFITS (30%)		
Executive Director	\$55,000	\$16,500	1	\$71,500
Maintenance Manager	\$43,000	\$12,900	1	\$55,900
Aquatics Coordinator	\$39,000	\$11,700	1	\$50,700
<b>TOTAL</b>	<b>\$137,000</b>	<b>\$41,100</b>		<b>\$178,100</b>

*Part-Time Positions*

Below is a rollup of the assumptions for the expected part-time employees. Detailed assumptions for each role are included below. Taxes and benefits for hourly employees are estimated at 15%.

Table 31 – Part-Time Employee Wages, Hours & Total Costs

POSITION	HOURLY RATE	HOURS	WEEKS OR SESSIONS	TOTAL
<b>Hospitality Desk Staff</b>				
Fall / Winter	\$10.00	118	30	\$35,400
Spring / Summer	\$10.00	96.5	22	\$21,230
Sales / Membership Staff	\$12.00	30	52	\$18,720
Event Coordinator (Party Room & Indoor Playground)	\$12.00	30	52	\$18,720
<b>Aquatic Center</b>				
Fall / Winter				\$0
Lifeguard - Entry Level	\$9.50	29	30	\$8,265
Lifeguard - Experienced	\$11.00	100	30	\$33,000
Head Lifeguards / Deck Managers	\$14.00	40	30	\$16,800
Spring / Summer				\$0
Beginner Lifeguard	\$9.50	23.5	22	\$4,912
Experienced Lifeguard	\$11.00	66.5	22	\$16,093
Head Lifeguards / Deck Managers	\$14.00	40	22	\$12,320
<b>Building Supervisors (Evening / Weekend Manager)</b>				
Fall / Winter	\$13.00	52	32	\$21,632
Spring / Summer	\$13.00	32.5	20	\$8,450
Housekeeping	\$10.00	70	52	\$36,400
<b>Program Instructors</b>				
Water Group Instructors	\$14.00	28.5	52	\$20,748
Swim Lesson Instructors	\$13.00	1071	1	\$13,923
Safety & Certification Instructors	\$15.00	36.5	4	\$2,190
Subtotal				\$288,803
Benefits & Taxes				\$43,320
<b>Grand Total</b>				<b>\$332,123</b>

Hospitality & Front Desk Staff

Below we have outlined the detailed staffing assumptions for the Hospitality and Front Desk staff. The model includes a single-staffed front desk aside from limited support hours on the weekends. Additional support will be available from the Building Supervisors; Sales and Membership staff; and the Event Coordinator.

Table 32 – Hospitality & Front Desk Staff Hours

TIME	HOURS	STAFF	DAYS	TOTAL HOURS / WK
<b>Hospitality Desk - Fall &amp; Winter Hours (October thru April / 30 weeks)</b>				
<u>Mon-Thu</u>				
5 AM - 10 PM		17	1	4
				68
<u>Fri</u>				
5 AM - 9 PM		16	1	1
				16
<u>Sat</u>				
7 AM - 9 PM		14	1	1
1 PM - 4 PM		3	1	1
				14
				3
<u>Sun</u>				
7 AM - 9 PM		14	1	1
1 PM - 4 PM		3	1	1
				14
				3
<b>TOTAL</b>				<b>118</b>

TIME	HOURS	STAFF	DAYS	TOTAL HOURS / WK
<b>Hospitality Desk - Spring &amp; Summer Hours (May thru Sept / 22 weeks)</b>				
<u>Mon-Thu</u>				
5 AM - 9 PM		16	1	4
				64
<u>Fri</u>				
5 AM - 7:30 PM		14.5	1	1
				14.5
<u>Sat</u>				
7 AM - 5 PM		10	1	1
1 PM - 3 PM		2	1	1
				10
				2
<u>Sun</u>				
11 AM - 3 PM		4	1	1
12 PM - 2 PM		2	1	1
				4
				2
<b>TOTAL</b>				<b>96.5</b>

Sales & Membership Staff and Event Coordinator

The financial model includes 30 dedicated hours for the Sales and Membership employee(s) as well as 30 hours for the Event Coordinator.

## Lifeguards

During planning meetings with the Task Force, concerns were raised regarding the hourly rates proposed for the lifeguards. Although minimum wage increases will occur in the future, the potential opening date of the facility is uncertain. Because of this we are using current market conditions for the hourly rate assumptions. We also proposed three hourly rates for the guards to reflect skill and certification level.

Per discussions with Sara Baxter, Aquatics Director of Cambridge Community Education, their lifeguards start at \$8.40 p/hour. The lifeguards' first raise to \$8.92 occurs after 100 hours of work. The second increase to \$9.52 occurs after the next 100 hours are completed. All required certifications are that of the lifeguard whereas this financial model has included that cost as an expense.

Also, per discussions with YMCA representatives, regularly completed market studies dictate the wages each of their branches pay lifeguards. Current hourly rates range from \$9.50 to \$14 depending on skill set, age and certification. On average, lifeguards are being paid \$10. Our model was created with three different hourly wage rates. For entry level lifeguards we used a rate of \$9.50 per hour. It should be noted that those individuals are never guarding the pool independently. They are always the support lifeguard on duty. Our second and primary rate is \$11 per hour for experienced lifeguards. The highest hourly wage rate included is \$14 per hour. The financial model assumes assumed 40 hours per week for the head lifeguard.

The City should be aware that deviations from the lifeguard staffing model can have a significant impact on the personnel expense. Currently, our model includes primarily single-staffing. The table rows highlighted in yellow below represent the number of hours each day we have included double-staffing. Staffing requirements vary but a typical rule of thumb is one lifeguard on duty for every 25 swimmers in the pool. Other items that can affect staffing requirements include: final design and pool layout, number of bodies of water and whether there is a water slide.

Table 33 – Lifeguard Staff Hours

TIME	HOURS	STAFF	DAYS	TOTAL HOURS / WK	
<b>Lifeguard - Fall &amp; Winter Hours (October thru April / 30 weeks)</b>					
<u>Mon-Thu</u>					
5 AM - 10 PM		17	1	4	68
5 AM - 9 AM		4	0	4	0
11 AM - 1 PM		2	0	4	0
3 PM - 8 PM		5	1	4	20
Extra Staff		2	0	4	0
<u>Fri</u>					
5 AM - 9 PM		16	1	1	16
5 AM - 9 AM		4	0	1	0
11 AM - 1 PM		2	0	1	0
3 PM - 8 PM		5	1	1	5
Extra Staff		2	0	1	0
<u>Sat</u>					
7 AM - 9 PM		14	2	1	28
1 PM - 3 PM		2	1	1	2
<u>Sun</u>					
7 AM - 9 PM		14	2	1	28
1 PM - 3 PM		2	1	1	2
<b>TOTAL</b>					<b>169</b>

TIME	HOURS	STAFF	DAYS	TOTAL HOURS / WK	
<b>Lifeguard - Spring &amp; Summer Hours (May thru Sept / 22 weeks)</b>					
<u>Mon-Thu</u>					
5 AM - 9 PM		16	1	4	64
5 AM - 9 AM		4	0	4	0
11 AM - 1 PM		2	0	4	0
3 PM - 7 PM		4	1	4	16
Extra Staff		2	0	4	0
<u>Fri</u>					
5 AM - 7:30 PM		14.5	1	1	14.5
5 AM - 9 AM		4	0	1	0
11 AM - 1 PM		2	0	1	0
3 PM - 6:30 PM		3.5	1	1	3.5
Extra Staff		2	0	1	0
<u>Sat</u>					
7 AM - 5 PM		10	2	1	20
1 PM - 3 PM		2	1	1	2
<u>Sun</u>					
11 AM - 3 PM		4	2	1	8
12 PM - 2 PM		2	1	1	2
<b>TOTAL</b>					<b>130</b>

Building Supervisors

Below is a list of specific hourly assumptions for the evening and weekend Building Supervisors.

Table 34 – Building Supervisors Staff Hours

TIME	HOURS	STAFF	DAYS	TOTAL HOURS / WK	
<b>Building Supervisors - Fall &amp; Winter Hours (October thru April / 30 weeks)</b>					
<u>Mon-Thu</u>					
5 PM - 10 PM		5	1	4	20
<u>Fri</u>					
5 PM - 9 PM		4	1	1	4
<u>Sat</u>					
7 AM - 9 PM		14	1	1	14
<u>Sun</u>					
7 AM - 9 PM		14	1	1	14
<b>TOTAL</b>					<b>52</b>

TIME	HOURS	STAFF	DAYS	TOTAL HOURS / WK	
<b>Building Supervisors - Spring &amp; Summer Hours (May thru Sept / 22 weeks)</b>					
<u>Mon-Thu</u>					
5 PM - 9 PM		4	1	4	16
<u>Fri</u>					
5 PM - 7:30 PM		2.5	1	1	2.5
<u>Sat</u>					
7 AM - 5 PM		10	1	1	10
<u>Sun</u>					
11 AM - 3 PM		4	1	1	4
<b>TOTAL</b>					<b>32.5</b>

Housekeeping

The financial model includes daily housekeeping services in the morning and evening.

Table 35 – Housekeeping Staff Hours

TIME	HOURS	STAFF	DAYS	TOTAL HOURS / WK	
<b>Housekeeping</b>					
<u>Mon - Sun</u>					
5 AM - 7 AM		2	2	7	28
5 PM - 8 PM		3	2	7	42
<b>TOTAL</b>					<b>70</b>

Program Instructors

Most of the financial assumptions we included for programming are conservative in nature and viewed as a baseline for the early years. We believe these assumptions provide room for growth within the swimming lessons offering as well as the safety and certification courses. The only area that may not leave room for additional growth is the water aerobics and group exercise classes. The tables below outline the hourly instructor assumptions which directly correspond to the class sizes and frequencies identified in the revenue projections that follow.

Table 36 – Program Instructors Staff Hours

TIME	HOURS	STAFF	DAYS	TOTAL HOURS / WK of SESSION	
<b>Water Aerobics &amp; Group Instructors</b>					
<u>Mon-Fri</u>					
11 AM - 2 PM		3	1.5	5	22.5
7 PM - 8 PM		1	1	5	5
<u>Mon-Fri</u>					
7:30 AM - 8:30 AM		1	1	1	1
<b>TOTAL</b>					<b>28.5</b>
<b>Safety &amp; Certification Instructors</b>					
Lifeguard Training / Review		8	1	3	24
First Aid Training / Renewal		3	1	1	3
CPR Training / Renewal		2	1	1	2
Oxygen Review Administration		1.5	1	1	1.5
Child / Babysitting Safety		2	1	3	6
<b>TOTAL</b>					<b>36.5</b>

TIME	HOURS	STAFF	SESSIONS	OFFERS P/SESSION	SEASONS	TOTAL HOURS /	
<b>Swim Lesson Instructors</b>							
Parent/Child	0.5	1	8		2	4	32
Pre-School	0.75	2	8		3	4	144
Level 1	0.75	1.5	8		5	4	180
Level 2	0.75	1.5	8		5	4	180
Level 3	0.75	1.5	8		5	4	180
Level 4	0.75	1.5	8		5	4	180
Private	0.5	1	7		30	1	105
Semi-Private	0.5	1	7		30	1	105
<b>TOTAL</b>							<b>1106</b>

### Taxes & Benefits

Below we have outlined our assumptions for staff benefits and taxes. Our calculations used 30% for FTEs and 15% for part-time/hourly personnel.

Table 37 – Taxes & Benefits Assumptions

PERSONNEL	TAXES & BENEFITS ASSUMPTIONS
Full-Time Personnel	<ul style="list-style-type: none"> <li>• Taxes &amp; Benefits – 7.5% PERA contribution, Medicare, social security, health insurance, life insurance, workers compensation and unemployment</li> </ul>
Part-Time / Hourly Personnel	<ul style="list-style-type: none"> <li>- Related taxes – PERA contribution, Medicare, social security, workers compensation and unemployment</li> </ul>

### Staffing Considerations

Personnel, including taxes and benefits, costs alone will create baseline requirements for membership revenue necessary at the facility. A conservative approach to staffing the first few years will be absolutely critical to operations. There are a few areas of opportunity within the pro forma that require additional thought during the facility planning process and detailed budgeting process. Below are considerations for the Task Force and City:

#### Initial Staff Structure

- Strong consideration should be given to a combined role of the Executive Director and Aquatics Coordinator until required memberships are realized and/ or actual membership trends are understood. ***Eliminating this role at the onset would reduce annual operational expenses by \$50,700.***
- To ensure customer service is not sacrificed with the elimination of the Aquatics Coordinator, additional hours for the Head Lifeguards could be included in the model. ***The savings from elimination of the Aquatics Coordinator equate to an additional 60+ hours per week that could be reallocated to the head lifeguards.***
- Another option available is to simply double the weekly Head Lifeguard hours after eliminating the position. ***As a result, a net savings of \$17,212 would be realized even after doubling the hours allocated to Head Lifeguards.***
- Consideration should be given to combining the role of the event coordinator and sales & membership staff. Until the Executive Director has a better understanding of requirements for birthday parties and special events, it may be best to cap these hours at 40 hours per week. ***If done, a savings of \$14,352 would be realized. Another option is to keep the roles separate but reducing the weekly hours to 25 in lieu of 30. This would create a savings of \$7,176.***

- Within the proposed model, lifeguard double staffing costs account for more than 26 hours per week or 1,387 hours per year. The associated costs equate to \$15,152.98. *Continuous evaluation of double staffing requirements as well as the pool hours can generate significant savings.*

Explore Opportunity to Hire Anoka-Ramsey Student Employees (Work Study Program)

- The opportunity to work with Anoka-Ramsey Community College to develop Work Study positions (Hospitality Desk Staff; Sales Staff; or Event Coordinator) could alleviate staffing costs for the proposed Indoor Aquatics Center.
- Consider reducing part-time personnel expense annually assuming increased role over time.

**Administrative Services & Supplies**

The recommended budget for administrative services and supplies is \$22,475 which is comparable to similar sized facilities. The sales tax identified below represents merchandise sales for apparel, water bottle and other branded items sold. Contracted services include IT support, payroll services, etc.

*Table 38 – Administrative Services & Supplies Expenses*

<b>CATEGORY</b>	<b>TOTAL</b>
<b>ADMINISTRATIVE SERVICES &amp; SUPPLIES</b>	
Computer Software	\$2,000
Office Supplies	\$2,000
Printing / Postage / Shipping	\$2,000
Sales Tax	\$1,300
Telephone / Internet	\$1,500
Employee Uniforms	\$1,500
Front Desk / Membership Supplies	\$1,000
Program Supplies	\$1,800
Contracted Services	\$2,500
Credit Card Fees	\$5,000
Dues / Subscriptions / Memberships	\$2,000
POS over / short	-\$125
<b>TOTAL SUPPLIES EXPENSES</b>	<b>\$22,475</b>



### Education & Training

The education and training section creates a level of “contingency” within the initial budget. A number of these items are discretionary spending allowances that can be eliminated if needed. For example, not all facilities pay for lifeguard certification and training. Also, staff/member appreciation and special events total \$7,500 which could be reduced.

Table 39 – Education & Training Expenses

<b>CATEGORY</b>	<b>TOTAL</b>
<b>EDUCATION &amp; TRAINING</b>	
Staff Training	\$1,000
Lifeguard Certification / Training	\$4,500
License & Registration Fees	\$2,500
Membership Appreciation	\$2,500
Special Events	\$2,500
Staff Appreciation	\$2,500
<b>TOTAL EDUCATION &amp; TRAINING EXPENSES</b>	<b>\$15,500</b>

### Occupancy

The occupancy costs projected are \$63,375 based on a \$2.50 per square foot cost for 25,350 square feet. We cross-referenced the projected occupancy costs with other regional facilities and \$2.50 per square foot was consistent across most facilities.

### Equipment & Facility Expenses

The costs listed below are meant to cover routine maintenance, equipment and facility expenses. Per a quote from the City’s insurance representative, Property Casualty Insurance is estimated at \$10,000 and Liability Insurance is estimated at \$5,000.

Table 40 – Equipment & Facility Expenses

<b>CATEGORY</b>	<b>TOTAL</b>
<b>EQUIPMENT &amp; FACILITY EXPENSES</b>	
Rental Equipment	\$500
Repairs / Maintenance - Equipment & Tools	\$4,000
Repairs / Maintenance - Building	\$20,000
Repairs / Maintenance - Property & Grounds	\$6,000
Housekeeping Supplies	\$10,000
Pool Chemicals	\$15,000
Pool Maintenance	\$8,000
Miscellaneous Supplies	\$750
Insurance / Property / Liability	\$15,000
Pro Shop / Concessions	\$5,000
<b>TOTAL EQUIPMENT &amp; FACILITY EXPENSES</b>	<b>\$84,250</b>

**Advertising & Promotions**

We've budgeted \$5,000 for website development, marketing programs and advertising collateral.

### Miscellaneous Expenses

Below are a few miscellaneous expenses that may be incurred by the leadership team.

Table 41 – Miscellaneous Expenses

<b>CATEGORY</b>	<b>TOTAL</b>
<b>MISC EXPENSES</b>	
Mieage & Travel	\$1,500
Meals	\$750
<b>TOTAL MISC EXPENSES</b>	<b>\$2,250</b>

### Capital Replacements / Reserves

We recommend that all operating surplus be earmarked as long-term reserves for depreciation, repair and replacements. Capital needs will be minimal during the first few years of operation since most equipment and operating systems will be under warranty. American Public Works recommends planning for 2% to 4% of construction cost for capital and maintenance needs. A target for building the sinking fund to a level of \$180,000-\$240,000 is desirable. A detailed repair/ replacement schedule should be established identifying all assets, cost at purchase, estimated replacement costs and estimated life expectancy of each asset. This will provide a detailed synopsis of estimated annual replacement costs and assist with financial planning for the replacement of these assets.

*The current operating budget includes annual capital reserves of \$60,000.*

### Considerations & Opportunities for Savings

The following should be considered for reducing operating expenditures in the early years:

- Combine Executive Director and Aquatics Coordinator roles & double hours allocated to head lifeguards for a net savings of \$17,212. Or, eliminate the position all together resulting in a savings of \$50,700.
- Consider reducing double-staffing projections by 187 hours per year (from 1,387 to 1,200) to save \$2,042.98.
- Cap event coordinator and sales and marketing personnel time to 25 hours per week respectively resulting in a savings of \$7,176.
- Reduce initial capital replacement & reserves by \$25,000. At a 3% increase, total capital reserves available at Year 5 equate to \$185,900.
- Reduce budgets for Staff/ Membership Appreciation and Special Events by \$3,750.

*These modifications would create a total annual savings range of \$53,138.00 - \$88,668.98.*

## Revenue Projections

Below we have outlined the projected revenue streams for the Indoor Aquatics Center. The Membership Revenue and Enrollment Fees reflected in Table 42 are based on a 3.5% capture rate of the adjusted PSA as outlined in the following pages. These are the primary two line items that will vary based on the scenarios analyzed below.

Table 42 – Year 1 Revenue Projections

CATEGORY	PROJECTED REVENUE
Membership Revenue	\$582,550
Enrollment Fees	\$22,569
Daily Drop-Ins Fees	\$50,778
Rental Fees	\$18,000
Scholarship & Financial Assistance	-\$50,000
Annual Fundraising Campaign	\$25,000
Grants	\$5,000
Program Fees	\$87,150
Net Retail Sales	\$25,000
<b>TOTAL REVENUE</b>	<b>\$766,047</b>

### Membership Revenue

Our membership assumptions, budgets and projections were established on a number of factors. First, we identified the breakeven amount we believe must be captured by membership fees to ensure the facility operates in the black.

#### *Breakeven*

Assuming all other revenue line items are consistent with projections, *the cumulative membership revenue and enrollment fees required to breakeven during the first year are \$602,669.00*. Typically, within the industry, approximately two-thirds of all membership units are family memberships. As a result, at least 645 family households and 318 individual memberships would be required<sup>5</sup>. 645 household memberships equates to 20.6% of 2010 households in the City of Cambridge (ISA) and 4.6% of 2010 households in Isanti County (PSA).

<sup>5</sup> Step 1: Total Expenses less all other revenue line items

Step 2: \$602,669 = [family: 0.67(X)\*\$60 p/mo\* 12 mo] + [Individual: 0.33(x)\*\$30 p/mo\* 12 mo] + [enrollment: \$25(X)]

On the other hand, if the primary revenue model for the Indoor Aquatics Center is structured around maximizing the pay-per-use basis, it would require 702 family visits and 829 individual visits per week<sup>6</sup>.

Secondly, we compared various potential levels of membership revenue to the breakeven amount based on the assumptions outlined below. Also, it should be noted that the data from the online survey indicated *the percentage of family memberships desired in Cambridge could be closer to 80%*.

*Membership Revenue Projections Based on Survey Data*

The first analysis was to compare potential membership revenue based solely on those that completed the online survey as an online survey is not a complete random sampling of the entire City population. It is highly likely that those that participated in the survey are supporters of the project and indicative of the population interested in obtaining memberships. Also, the information below does not include any population adjustments. The maximum potential membership units based on survey respondents are currently being used in the five year pro forma calculations.

*Table 43 – Survey Data Membership Revenue Projections*

<b>MEMBERSHIP INTEREST RESPONSE</b>	<b>MAXIMUM POTENTIAL MEMBERSHIP UNITS*</b>	<b>OBTAINABLE POTENTIAL MEMBERSHIP UNITS**</b>	<b>CONSERVATIVE POTENTIAL MEMBERSHIP UNITS***</b>
Definitely Join (38.29%)	322	274	209
Probably Join (28.06%)	236	153	59
Maybe Join (30.92%)	260	26	0
<b>TOTAL UNITS</b>	<b>818</b> <b>(648 family / 170 ind)</b>	<b>453</b> <b>(359 family / 64 ind)</b>	<b>268</b> <b>(208 family / 60 ind)</b>
<b>REVENUE PROJECTION****</b>	<b>\$548,305.40</b>	<b>\$303,712.93</b>	<b>\$179,841.49</b>

*Note:*

\*Maximum potential membership capture assumptions include 100% of survey respondents that stated they would definitely, probably or maybe join the Indoor Aquatics Center based on the proposed membership rates.

\*\* Obtainable potential membership capture assumptions include 85% of survey respondents that stated they would definitely join, 65% of respondents that stated they would probably join, and 10% of respondents that stated they would maybe join the Indoor Aquatics Center based on the proposed membership rates.

\*\*\* Conservative potential membership capture assumptions include 65% of survey respondents that stated they would definitely join, 25% of respondents that stated they would probably join, and 0% of respondents that stated they would maybe join the Indoor Aquatics Center based on the proposed membership rates.

<sup>6</sup>  $\$653,447 = (\$602,669 + \$50,778) = [\text{family: } 0.67(\$653,447) = X * \$12 \text{ p/ visit}] + [\text{individual: } 0.33(\$654,447) = Y * \$5 \text{ p/ visit}]$

\*\*\*\* Revenue projections are based on 79.25% family memberships at \$60 (average monthly membership rate between 1-Adult HH and 2-adult HH), 15.56% individual memberships and 5.19% don't know, which are counted as individual memberships at \$30 (average monthly membership rate between youth/senior and adult individual). The projections also include the associated enrollment fees for the total membership units.

**Concerns**

Although we did not include a population adjustment, the primary concern of this model is the number of household memberships identified. *The number of household memberships included, whether 1-adult households or 2-adult households, require a capture rate ranging from 18.9% - 58.9% of 2010 households, in the City of Cambridge, with children or individuals under the age of 18.* On the other hand, knowing that we recommended simplifying the membership offerings, the household memberships would be an option for all types of households. As a result, the required capture rate range is reduced to 6.6%-20.7%.

**Membership Revenue Projections Based on Survey Data & ISA Population Adjustment**

A second analysis was created with a variation to assumptions identified above. First, survey responses were adjusted to reflect the City of Cambridge 2010 population of 8,111. The population was then reduced so that it did not include residents under the age of 14 (1,884) and 70 years of age and older (1,166). We removed these individuals as they would represent residents under the age of 18 and over the age of 75 in 2015. The result is an adjusted, relevant population of 5,063. The last adjustment made was to then reduce the population by 3% to represent the percentage of residents interested in memberships based on those that stated they would definitely, probably or maybe join an Indoor Aquatics Center. The specific assumptions included are as noted below.

*Table 44 – Survey Data + ISA (Cambridge) Population Adjustment Membership Revenue Projections*

<b>MEMBERSHIP INTEREST RESPONSE</b>	<b>POPULATION POOL AVAILABLE BASED ON ADJUSTMENT</b>	<b>MAXIMUM POTENTIAL MEMBERSHIP UNITS*</b>	<b>OBTAINABLE POTENTIAL MEMBERSHIP UNITS**</b>	<b>CONSERVATIVE POTENTIAL MEMBERSHIP UNITS***</b>
Definitely Join (38.29%)	1,939	388	291	194
Probably Join (28.06%)	1,421	284	213	142
Maybe Join (30.92%)	1,565	313	78	0
<b>TOTAL UNITS</b>	<b>4,925</b>	<b>985</b> <b>(780 family / 205 individual)</b>	<b>582</b> <b>(461 family / 121 individual)</b>	<b>336</b> <b>(266 family / 70 individual)</b>
<b>REVENUE PROJECTION****</b>		<b>\$660,216.02</b>	<b>\$390,227.92</b>	<b>\$225,173.91</b>

*Note:*

\*Maximum potential membership capture assumptions include 20% of survey respondents that stated they would definitely, probably or maybe join the Indoor Aquatics Center based on the proposed membership rates as well as population adjustments.

\*\*Obtainable potential membership capture assumptions include 15% of survey respondents that stated they would definitely join or probably join and 5% of those that stated they would maybe join the Indoor Aquatics Center based on the proposed membership rates as well as population adjustments.

\*\*\*Conservative potential membership capture assumptions include 10% of survey respondents that stated they would definitely join or probably join and 0% of those that stated they would maybe join the Indoor Aquatics Center based on the proposed membership rates as well as population adjustments.

\*\*\*\*Revenue projections are based on 79.25% family memberships at \$60 (average monthly membership rate between 1-Adult HH and 2-adult HH), 15.56% individual memberships and 5.19% don't know, which are counted as individual memberships at \$30 (average monthly membership rate between youth/senior and adult individual).

Concerns

Similar to the concern of the first financial model, the number of household memberships identified after a population adjustment are highly unlikely. *The number of household memberships included, whether 1-adult households or 2-adult households, require a capture rate ranging from 24.2% - 70.8% of 2010 households, in the City of Cambridge, with children or individuals under the age of 18.* When considering all households, capture rates decrease to 8.5%- 24.9%. Although lower, these percentages are still significantly higher than industry standards.

*Membership Revenue Projections Based on Survey Data & PSA Population Adjustment*

A third analysis was created with a variation to assumptions identified above. First, survey responses were adjusted to reflect the Isanti County 2010 population of 37,816. The population was then reduced so that it did not include residents under the age of 14 (8,137) and 70 years of age and older (3,162). We removed these individuals as they would represent residents under the age of 18 and over the age of 75 in 2015. The result is an adjusted, relevant population of 26,517. The last adjustment made was to then reduce the population by 3% to represent the percentage of residents interested in memberships based on those that stated they would definitely, probably or maybe join an Indoor Aquatics Center. The specific assumptions included are as noted below.

Table 45 – Survey Data + PSA (Isanti County) Population Membership Revenue Projections

MEMBERSHIP INTEREST RESPONSE	POPULATION POOL AVAILABLE BASED ON ADJUSTMENT	MAXIMUM POTENTIAL MEMBERSHIP UNITS*	OBTAINABLE POTENTIAL MEMBERSHIP UNITS**	CONSERVATIVE POTENTIAL MEMBERSHIP UNITS***
Definitely Join (38.29%)	10,153	355	305	254
Probably Join (28.06%)	7,441	260	223	186
Maybe Join (30.92%)	8,199	287	246	0
<b>TOTAL UNITS</b>	<b>25,793</b>	<b>903</b> <b>(716 family / 187 individual)</b>	<b>774</b> <b>(613 family / 161 individual)</b>	<b>440</b> <b>(349 family / 91 individual)</b>
<b>REVENUE PROJECTION****</b>		<b>\$605,118.69</b>	<b>\$518,673.16</b>	<b>\$294,831.95</b>

*Note:*

\*Maximum potential membership capture assumptions include 3.5% of survey respondents that stated they would definitely or probably join or maybe join the Indoor Aquatics Center based on the proposed membership rates as well as population adjustments.

\*\*Obtainable potential membership capture assumptions include 3.0% of survey respondents that stated they would definitely join, probably join, and maybe join the Indoor Aquatics Center based on the proposed membership rates as well as population adjustments.

\*\*\*Conservative potential membership capture assumptions include 2.5% of survey respondents that stated they would definitely join or probably join and 0% of those that stated they would maybe join the Indoor Aquatics Center based on the proposed membership rates as well as population adjustments.

\*\*\*\*Revenue projections are based on 79.25% family memberships at \$60 (average monthly membership rate between 1-Adult HH and 2-adult HH), 15.56% individual memberships and 5.19% don't know, which are counted as individual memberships at \$30 (average monthly membership rate between youth/senior and adult individual).

**Concerns**

In contrast to the previous financial models, the number of household memberships identified after a population adjustment are closer to industry standards but still optimistic. *The number of household memberships included, whether 1-adult households or 2-adult households, require a capture rate ranging from 6.9%-14.2% of 2010 households, in Isanti County, with children or individuals under the age of 18.* When considering all households in the County, capture rates decrease to 2.5%-5.1%. If the facility is able to pull a significant membership base from outside the City limits, these are much more realistic capture rates.



### *Membership Revenue Based on Typical Industry Trends*

The last analysis was to project potential membership revenue based on typical industry trends. On average, about 10% of the immediate service area population purchase memberships at a fitness or recreational facility. Making no assumption for those that may already have or will purchase at a different facility, the resulting *potential membership revenue is \$507,848.20<sup>7</sup> for the ISA.*

### *Membership Rates*

Below are the membership rates proposed in the online survey. For all of the calculations stated above, we used an average of \$30 for individual memberships and \$60 for household or family memberships. As stated earlier, we believe that the City should consider simplifying the rate structure to three types – individual youth/senior; individual adult and family/household – as well as lower monthly rates.

*Table 46 – Membership Types & Rates Proposed in Online Survey*

MEMBERSHIP TYPE	MONTHLY MEMBERSHIP RATES PROPOSED IN ONLINE SURVEY	RECOMMENDED MONTHLY RATES
Individual Membership – Youth or Senior	\$25.00	\$17.50 - \$22.50
Individual Membership - Adult	\$35.00	\$27.50 - \$32.50
Dual Membership	\$45.00	Eliminate Category
1-Adult HH Membership	\$55.00	Eliminate Category
2-Adult HH Membership	\$65.00	\$47.50 - \$52.50

### **Enrollment Fees**

The projected annual revenue includes enrollment fees of \$25.00 per membership unit purchased.

### **Daily Drop-In Fees**

The proposed financial model includes two types of drop-in fees. The standard drop-in fees grant access to the entire facility on a pay-per-use basis for visitors that do not have a monthly membership. The associated drop-in costs vary based on the type of visitor similar to the proposed membership rates. Table 47 identifies the drop-in rates proposed in the online survey as well as the number of visits that it takes to break-even with purchase of a monthly membership (*at the proposed rates of the survey*).

<sup>7</sup> [family: 0.67(811)\*\$60 p/mo\* 12 mo] + [individual: 0.33(811)\*\$30 p/mo\* 12 mo] + [enrollment: \$25(811)]

Table 47 – Membership Types & Rates Proposed in Online Survey

DROP-IN / MEMBERSHIP TYPE	UNIT PRICE	# OF MONTHLY VISITS FOR MEMBERSHIP BREAKEVEN
Individual - Youth or Senior	\$5.00	5
Individual - Adult	\$7.00	5
1-Adult HH	\$12.00	5
2-Adult HH	\$17.50	4

Also, Table 48 below identifies all financial model assumptions including the daily drop-in cost per visitor type; anticipated visits per week and the number of weeks included. Our assumption was that facility would average three drop-in visits per day per category.

*Indoor Playground Drop-Ins*

The financial model also includes a separate, lower drop-in rate of \$3.00 per child for accessing only the indoor playground. Although this may create additional administrative requirements of the staff, it provides an affordable option for families only wishing to use the indoor playground. The current assumption includes 1,820 visits per year. This equates to roughly one visit per year by 34% of children under the age of 10 in the PSA (at the time of the 2010 census).

Table 48 – Drop-In Revenue Projections

DROP-IN VISITOR TYPE	UNIT PRICE PER VISITOR	VISITORS PER WEEK	WEEKS	TOTAL REVENUE
Individual - Youth or Senior	\$5.00	21	52	\$5,460.00
Individual - Adult	\$7.00	21	52	\$7,644.00
1-Adult HH	\$12.00	21	52	\$13,104.00
2-Adult HH	\$17.50	21	52	\$19,110.00
Indoor Playground	\$3.00	35	52	\$5,460.00
<b>TOTAL REVENUE</b>				<b>\$50,778.00</b>

### Scholarships, Financial Assistance & Annual Fundraising Campaign

An offering of \$50,000 in scholarships and financial assistance is included in the pro forma calculations as well as a \$25,000 annual fundraising campaign. Due to membership costs proposed, the average household incomes of Cambridge residents and potential taxpayer capital support of the project, it will be important for the facility to provide scholarships and financial assistance for memberships and programs. It is anticipated that there may be a lack of support from families that will not be able to afford memberships in spite of incurring sales tax increases to offset the debt service. Providing this opportunity to the service area households may assist with generating a favorable vote from the constituents on November 8, 2016. Those that qualify for the assistance program will be required to pay a portion of fees that otherwise would not have been captured and the related expenses are nominal.

### Grants

As an Indoor Aquatics Center, there are many opportunities for obtaining grants related to program development. A nominal amount has been budgeted annually which could provide an additional source of operating revenue if prioritized and appropriate time is allocated by staff. Grant dollars are available to assist in numerous areas of programming/ operations:

- Progressive swim lessons for those that need financial assistance
- Obesity/diabetes prevention
- Senior programming
- Programs for those with disabilities
- Statewide Health Improvement Program (SHIP) dollars for corporations/local businesses for health and wellness improvements

### Program Fees

The financial model includes significant yet conservative fees for program development. Additional revenue generated from programming is a critical component to balance the budget. The \$87,150 line item included in the pro forma represents revenue anticipated by offering year-round group, semi-private and private swim lessons; safety and certification courses; and water aerobics and group exercise classes per Table 49 below.

Table 49 – Program Revenue Projections

TIME	MEMBER		NON-MEMBER		OFFERS P/SESSION	SEASONS	TOTAL REVENUE
	STUDENTS	MEMBER FEE	STUDENTS	NON-MEMBER FEE			
<b>Swim Lesson Revenue</b>							
Parent/Child	3	\$40.00	1	\$60.00	2	4	\$1,440.00
Pre-School	4	\$40.00	2	\$60.00	3	4	\$3,360.00
Level 1	4	\$40.00	2	\$60.00	5	4	\$5,600.00
Level 2	4	\$40.00	2	\$60.00	5	4	\$5,600.00
Level 3	4	\$40.00	2	\$60.00	5	4	\$5,600.00
Level 4	4	\$40.00	2	\$60.00	5	4	\$5,600.00
Private	15	\$200.00	15	\$350.00	1	1	\$8,250.00
Semi-Private*	15	\$300.00	15	\$450.00	1	1	\$11,250.00
					<b>SWIM LESSONS TOTAL</b>		<b>\$46,700.00</b>
<i>*fee is for two people / individuals split costs</i>							
<b>Water Aerobics / Group Ex Revenue</b>	5	\$0.00	5	\$4.50	25	52	<b>\$29,250.00</b>
<b>Safety &amp; Certification Classes Revenue</b>							
ASHI 1st Aid Review	8	\$50.00			1	4	\$1,600.00
ASHI Oxygen Review	16	\$25.00			1	4	\$1,600.00
ASHI Blended Learning CPR	8	\$75.00			1	4	\$2,400.00
American Red Cross Lifeguard Training	4	\$200.00			1	4	\$3,200.00
Child & Babysitting safety	8	\$75.00			1	4	\$2,400.00
					<b>SAFETY &amp; CERTIFICATION TOTAL</b>		<b>\$11,200.00</b>

### Group Swim Lessons

Below is a list of the assumptions for group swim lesson revenue:

- Swim lessons sessions include 8 classes
- All packages cost the same
- Costs for members are \$40 per package (\$5 p/ session); costs for non-members are \$60 per package (\$7.50 p/ session)
- Parent / Child Class:
  - o 4 children per instructor
  - o Attendance – 3 member students; 1 non-member student
  - o Offerings per season - 2
  - o Seasons per year – 4
  - o Total # of students per year – 32
- Pre-School Class:
  - o 6 children per instructor (*note: may be able to increase ratio*)
  - o Attendance – 4 member students; 2 non-member students
  - o Offerings per season - 3
  - o Seasons per year – 4
  - o Total # of students per year - 72
- Levels 1 – 4
  - o 6 students per instructor
  - o Attendance – 4 member students; 2 non-member students
  - o Offerings per season - 5
  - o Seasons per year – 4
  - o Total # of students per year – 120 per level; 480 for all four levels
- Total number of students – 146 per season / 584 per year

### *Private & Semi-Private Swim Lessons*

Below is a list of the assumptions for private and semi-private swim lessons revenue:

- Private lessons:
  - o 15 members taking 7-lesson packages per year at \$300 (\$42 p/lesson)
  - o 15 non-members taking 7-lesson packages per year at \$400 (\$57 p/lesson)
- Semi-Private lessons
  - o 20 members taking 7-lesson packages per year at \$200 (\$28.57 p/lesson)
  - o 20 non-members taking 7-lesson packages per year at \$250 (\$35.71 p/lesson)
- Total number of students – 70 per year

### *Water Aerobics & Group Exercise Classes*

Below is a list of the assumptions in our financial calculations related to the water aerobics and water group exercise classes:

- Free for members
- \$3.50 for non-members
- 10 people per class equally split between members and non-members
- 5 classes offered per day; 25 classes per week

### *Safety & Certification Classes*

There are a number of training and certification courses that can be incorporated into the facility programming. We have included a baseline offering, however, there are additional courses that can be added and incorporated over time. At minimum, the Indoor Aquatics Center should offer American Red Cross lifeguard training classes and American Safety and Health Institute (ASHI) CPR training courses including:

- American Red Cross lifeguard training and review courses (financial model assumes 4 students per instructor; 8 hours per day; 3 day training; \$200 per student; 4 times per year)
- ASHI first aid training and renewal classes (3 hours per class; 1 day; \$50 per student; max 10 students; 4 times per year)
- ASHI CPR training and renewal classes (2 hours per class; 1 day; \$75 per student; max 10 students; 4 times per year)
- ASHI Oxygen Review Administration (1.5 hours per class; 1 day class; \$25 per student; max 20 students; 4 times per year)
- ASHI child and babysitting safety classes (2 hours; 3 sessions; \$75 per student; max 10 students; 4 times per year)

### **Rental Fees**

The financial model includes revenue from a variety of rental opportunities including pool rentals to swim teams, schools, churches and other community organizations for various events and lock-ins. The line item also includes a nominal amount for room rental fees for birthday parties. Assumptions regarding rental fees and frequency of rentals are included below.

Table 50 – Facility Rental Revenue Projections

PROGRAM	REVENUE
Pool Rentals - Swim Teams, Community Events, & Lock-Ins <i>Assumptions: \$750 per rental; 12 rentals per year</i>	\$9,000
Birthday / Party Room Rentals <i>Assumptions: \$75 per party; 3 parties per week; 40 weeks</i>	\$9,000
<b>TOTAL</b>	<b>\$18,000</b>

**Net Retail Sales**

Additional revenue is anticipated through merchandise sales of Indoor Aquatics Center apparel and related items as well as a healthy food and beverage kiosk.

The healthy food kiosk is an excellent way to provide healthy and nutritious food/ beverage options, while maximizing revenue potential. Purchasing items independently will provide control over the food/ beverage offered and also generate significant income. Purchasing non-perishable items (Gatorade/Water/Snacks, etc.) in large quantity through third party vendor (Costco/Sam’s Club) provides a much larger contribution to margin than purchasing through Pepsi or Coca-Cola.

**Considerations for Additional Sources of Revenue**

*Contributions*

Contributions from community stakeholders and partnerships are a viable means of revenue not currently identified as being captured in the preliminary pro forma. If project development continues, partnerships with local and regional public and private schools; community education and healthcare providers should be explored. Typically, contributions from these types of partnerships are established on square footage allocations of designated space and/ or lease agreements for dedicated usage hours of facility amenities. In smaller communities, it is imperative that any and all relationships are established and maximized to the greatest extent to increase revenue streams.

*Miscellaneous Income*

Development of one or two signature fundraising events can assist in raising additional revenue. Events such as a golf tournament, dinner/ dance, chili cook-off, silent auction, casino night, etc should be considered and developed. Miscellaneous income could also include locker rental fees, towel rental fees, etc.

## Revenue & Expenditure Comparison

The operational costs are expected to increase by approximately 3% a year through the first three to five years of operations. Expenses for the first year of operation should be slightly lower than projected with the facility being under warranty.

Revenue growth from membership dues are expected to increase by 10% a year through the first three years and then level off with only a slight growth (3% or less) the next two years. Revenue growth in the first three years is attributed to increased market penetration and in the remaining years to population growth which is extremely conservative for the City of Cambridge due to significantly higher population growth trends of 40% from 2000-2010. In most facilities the first three years show tremendous growth from increasing the market share of patrons who use such facilities but at the end of this time period revenue growth begins to flatten out. Also, a specific marketing plan to develop additional amenities or by increasing user fees should be established.

### Scenario #1 – Online Survey Revenue & Expense Comparison

Based on the proposed annual expenses, the Maximum Potential Membership Units of survey participants must be captured for any chance of positive cash flow. Also, even with capturing the Maximum Potential Membership Units of 648 household units and 170 individual units, positive cash flow may not occur until Year 3 if all cost saving measures are not incorporated.

*Table 51 – 5-Year Pro Forma: Maximum Membership Revenue Based on Online Survey Results*

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Total Revenue	\$709,233	\$769,500	\$823,400	\$848,700	\$874,900
Total Expenses	\$763,597	\$786,500	\$810,300	\$834,700	\$859,900
<b>TOTAL</b>	<b>(\$54,364)</b>	<b>(\$17,000)</b>	<b>\$13,100</b>	<b>\$14,000</b>	<b>\$15,000</b>

### *If, Then Scenario*

In Table 51a below we have highlighted the impacts of the same pro forma based on the various considerations being incorporated:

- Reduce membership rates as proposed on page 33<sup>8</sup>. If membership rates are reduced, then the lost revenue in year one is \$82,883. Also, if membership rates are reduced, then all considerations for savings as proposed on page 57 must be incorporated for the facility to have the highest chance of positive cash flow. This includes combining the Executive Director and Aquatics Coordinator FTEs but not doubling the Head Lifeguard hours to generate annual savings of \$86,626.

<sup>8</sup> Membership Rates: \$17.50 - \$22.50 for Individual Youth / Senior; \$27.50-\$32.50 for Individual Adults; \$47.50-\$52.50 for households/families. For calculations, we used an average of \$27.50 for individual memberships and \$50.00 for household memberships.

As the table indicates, if membership rates are reduced and cost saving measures are implemented, positive cash flow would still not occur until year 3. If membership rate adjustments were not incorporated, the pro forma indicates a potential positive cash flow of \$32,262 from the onset.

*Table 51a – 5-Year Pro Forma: Maximum Membership Revenue Based on Online Survey Results w/ Reduced Membership Rates & Incorporation of Cost Saving Measures*

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Total Revenue	\$626,350	\$678,400	\$725,100	\$747,500	\$770,600
Total Expenses	\$676,971	\$697,300	\$718,400	\$740,000	\$762,300
<b>TOTAL</b>	<b>(\$50,621)</b>	<b>(\$18,900)</b>	<b>\$6,700</b>	<b>\$7,500</b>	<b>\$8,300</b>

**Scenario #2 – Immediate Service Area Revenue & Expense Comparison**

The five year pro forma for Scenario #2 is based on the assumption that the potential membership capture rate of the facility equates to 10% of the City of Cambridge’s population (8,111). It also includes all the baseline expenses. As reflected in the rollup summary below, positive cash flow does not occur in the first five years.

*Table 52 – 5-Year Pro Forma: Membership Revenue Based on 10% of ISA 2010 Population*

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Total Revenue	\$668,776	\$725,000	\$775,400	\$799,300	\$823,900
Total Expenses	\$763,597	\$786,500	\$810,300	\$834,700	\$859,900
<b>TOTAL</b>	<b>(\$94,821)</b>	<b>(\$61,500)</b>	<b>(\$34,900)</b>	<b>(\$35,400)</b>	<b>(\$36,000)</b>

*If, Then Scenario*

As reflected in 52a that follows, 553 household units and 272 individual units must be realized from the onset for positive cash flow (*this equates to just over 10% capture of the ISA*). Also, all cost saving measures must be incorporated while no deviation from the proposed membership rates in the online survey may occur.

*Table 52a – 5-Year Pro Forma: Membership Revenue Based on 10% of the City of Cambridge 2010 Population w/ Cost Saving Measures*

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Total Revenue	\$677,543	\$734,700	\$785,800	\$810,000	\$835,000
Total Expenses	\$676,971	\$697,300	\$718,400	\$740,000	\$762,300
<b>TOTAL</b>	<b>\$572</b>	<b>\$37,400</b>	<b>\$67,400</b>	<b>\$70,000</b>	<b>\$72,700</b>



### Scenario #3 – Adjusted Primary Service Area Revenue & Expense Comparison

For the best chance of long-term sustainability, it will be critical that the facility's membership base be built from a larger population pool of the Primary Service Area (Isanti County). As indicated on pages 63 and 64, capturing 3.5% of the adjusted Isanti County 2010 population would result in 716 household memberships and 187 individual memberships. If these units are captured from the onset, the facility could cash flow as early as Year 1. *When compared to the entire County population, the combined membership units equate to a 2.4%<sup>9</sup> capture rate.*

Table 53 – 5-Year Pro Forma: Revenue Based on 3.5% of the Adjusted Isanti County 2010 Population

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Total Revenue	\$766,047	\$832,000	\$891,000	\$918,400	\$946,600
Total Expenses	\$763,597	\$786,500	\$810,300	\$834,700	\$859,900
<b>TOTAL</b>	<b>\$2,450</b>	<b>\$45,500</b>	<b>\$80,700</b>	<b>\$83,700</b>	<b>\$86,700</b>

#### *If, Then Scenario*

If the membership rates are reduced and all cost saving measures are incorporated, as previously discussed, then the following cash flow can be anticipated. This table reflects the same 3.5% Adjusted Primary Service Area membership capture of 716 household and 187 individual units.

Table 53a – 5-Year Pro Forma: Revenue Based on 3.5% of the Adjusted Isanti County 2010 Population w/ Reduced Membership Rates & Incorporation of Cost Saving Measures

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Total Revenue	\$674,575	\$731,400	\$782,300	\$806,400	\$831,200
Total Expenses	\$676,971	\$697,300	\$718,400	\$740,000	\$762,300
<b>TOTAL</b>	<b>(\$2,396)</b>	<b>\$34,100</b>	<b>\$63,900</b>	<b>\$66,400</b>	<b>\$68,900</b>

### Program Revenue & Expense Comparison

Below is a snapshot of the revenue and expense comparison for the proposed programming.

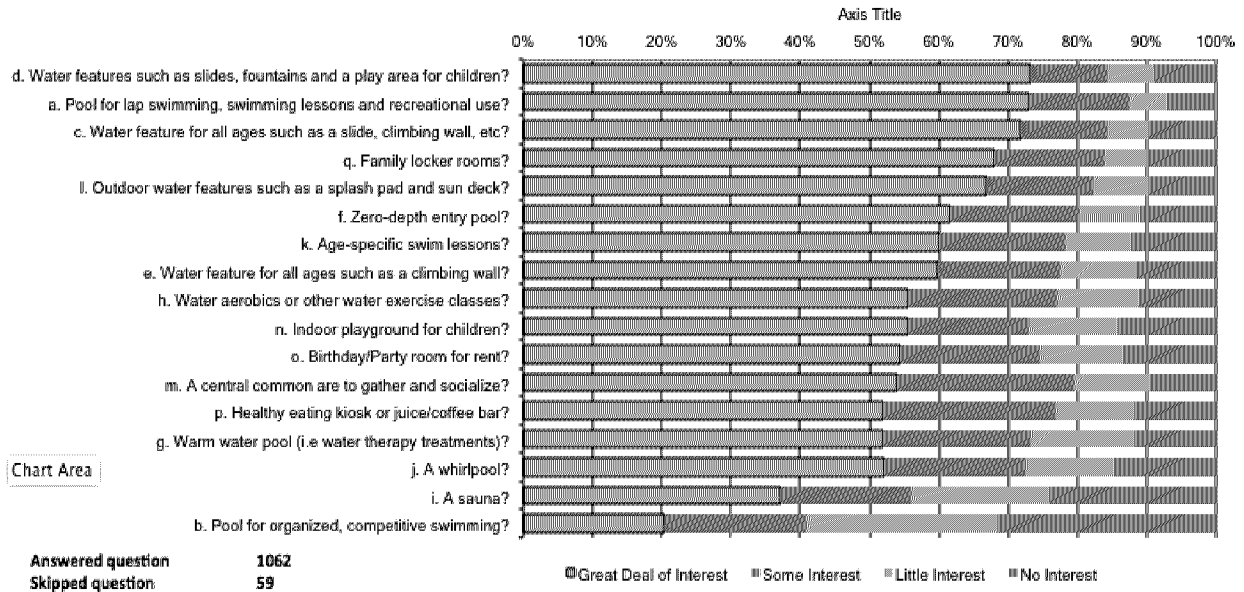
PROGRAM	SWIM LESSONS	WATER AEROBICS	SAFETY & CERTIFICATION
Revenue	\$46,700	\$29,250	\$11,200
Expenses	\$14,378	\$20,748	\$2,190
<b>Profit / Loss</b>	<b>\$32,322</b>	<b>\$8,502</b>	<b>\$9,010</b>

<sup>9</sup> 2.4% capture rate: 903 membership units (716 household + 187 individual) / 37,816 (2010 Isanti County population)

# Appendix I: Survey Results

## Q1:

At minimum, the new Indoor Aquatics Center would offer a variety of water features and activities. For each of the following, please state if you or someone in your household would have a great deal of interest, some interest, a little interest or no interest at all.



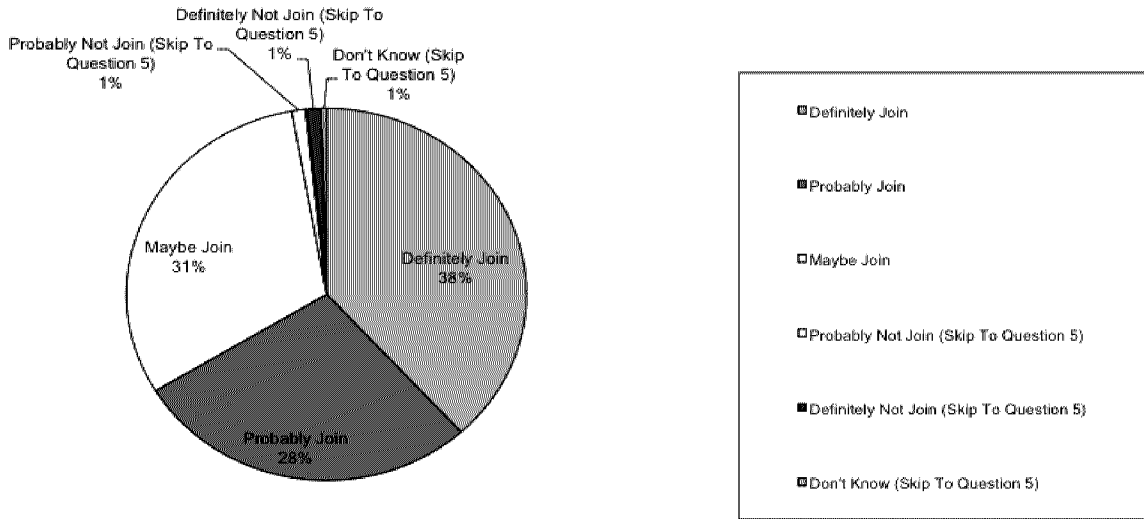
### Conclusions Drawn

Seven in ten or more respondents have a great deal of interest in a pool for lap swimming, swimming lessons and recreational use; water features such as slides, fountains and a play area for children; and water features for all ages such as a slide and climbing wall. Three in ten or more respondents have no interest at all in a pool for organized, competitive swimming.

Also, family locker rooms ranked 4<sup>th</sup> highest in terms of great deal of interest; more than six of ten respondents have a great deal of interest in outdoor water features such as a splash pad and sun deck; and at least one of every 2 respondents had a great deal of interest for all program priorities identified by the committee.

**Q2:**

How likely or unlikely would you be to obtain a membership to a facility that only provided water features and activities if the proposed/tentative cost of membership was \$25 per month for an individual youth or senior membership; \$35 per month for an individual adult membership; \$45 per month for a dual membership; \$55 per month for a one-adult household membership; and \$65 per month for a two-adult household membership?



Answered question      **841**  
 Skipped question      **280**

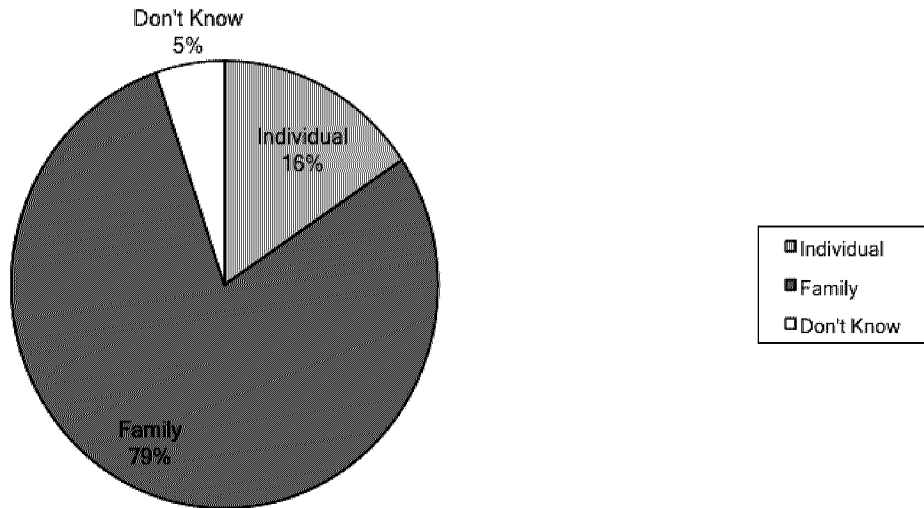
**Conclusions Drawn**

Over 97% of respondents stated they would definitely, probably or maybe join an aquatic center based on the stated membership fees. On the other hand, 2% of respondents probably or definitely will not join the aquatic center based on the stated membership fees.

*\* It should be noted that 25% of the overall survey participants skipped this question.*

Q3:

Would you be interested in an individual or family membership?



Answered question **829**  
Skipped question **292**

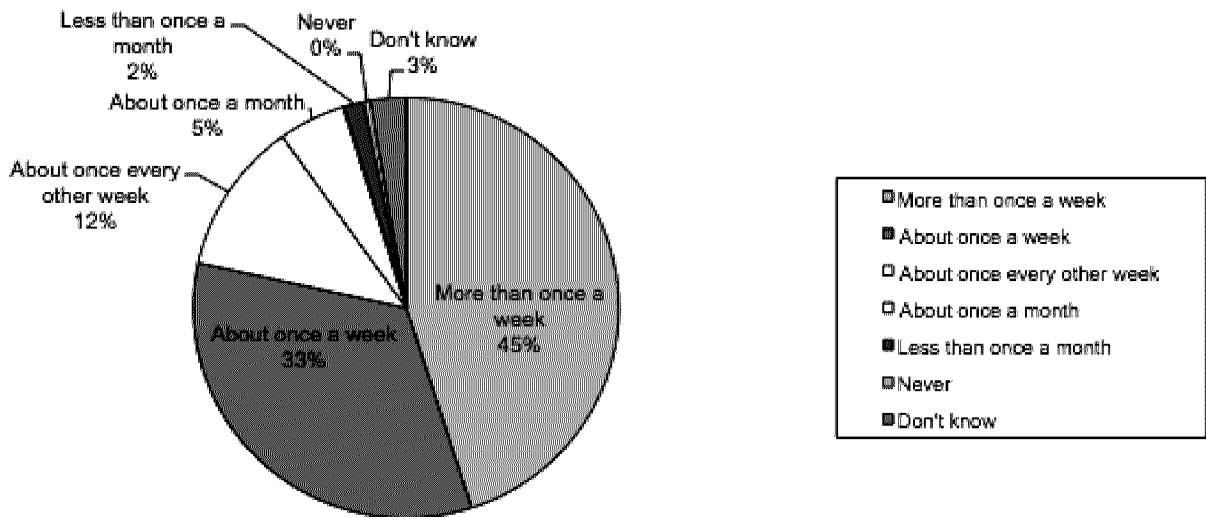
Conclusions Drawn

Nearly eight in ten respondents stated they would purchase a family membership. One in ten or more respondents would purchase an individual membership.

*\* It should be noted that 26% of the overall survey participants skipped this question.*

Q4:

How often would you and/or your family use the Indoor Aquatics Center?



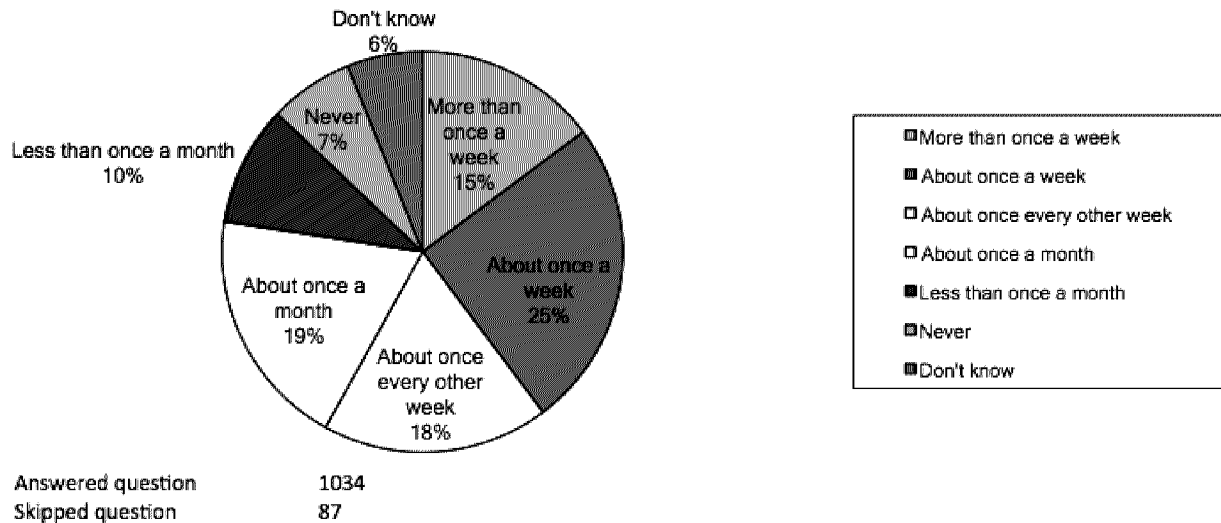
Answered question **830**  
Skipped question **291**

### Conclusions Drawn

More than four in ten respondents stated they would use the aquatic center more than once a week. Three in ten or more respondents stated they would use the aquatic center about once a week. One in ten or more respondents stated they would use the aquatic center about once every other week, while one in ten will use the aquatic center once a month or less.

### Q5:

If you decided not to purchase a membership to the Indoor Aquatics Center, access could be provided on a pay-per-use basis. The fee to use the Indoor Aquatics Center would potentially be \$5.00 for youth or seniors, \$7.00 for adults, \$12.00 for one-adult households and \$17.50 for two-adult households? Based on this scenario, how often would you and/or your family use the Indoor Aquatics Center on a pay-per-use basis?



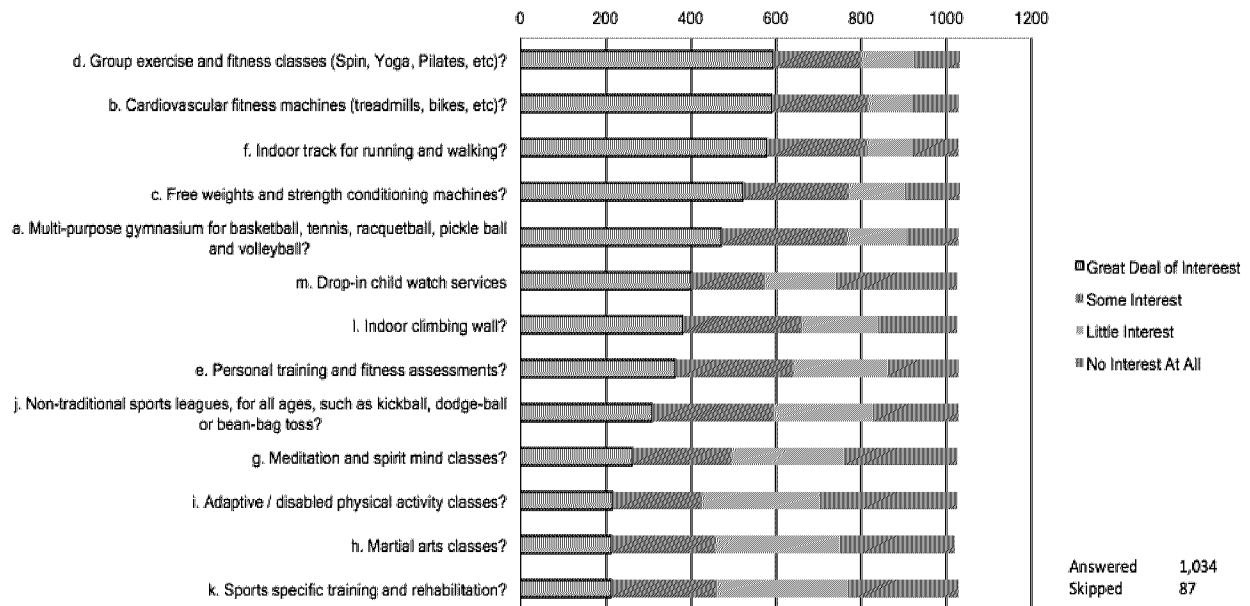
### Conclusions Drawn

Nearly four of ten respondents would use the aquatic center at least once a week on a pay-per-use basis. More than seven of ten respondents would use the aquatics center at least once a month on a pay-per-use basis.

*\*92% of overall survey participants answered this question.*

**Q6:**

Below is a list of additional programs and services a new Community Recreation Center could offer you and your family. For each, please state whether you or someone in your household have a great deal of interest, some interest, a little interest, or no interest at all



**Conclusions Drawn**

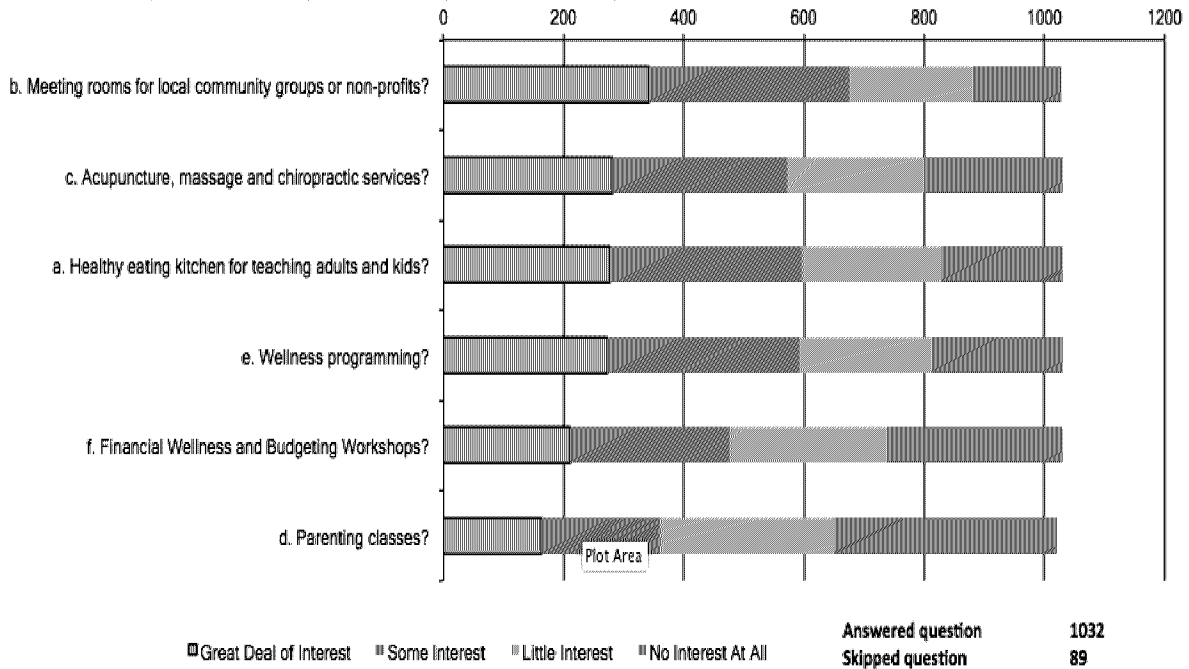
More than five in ten respondents expressed a great deal of interest in a community recreation center that includes group exercise and fitness classes; cardiovascular machines; an indoor track; and free weights and strength conditioning machines.

Three in ten respondents expressed no interest at all in disabled/ adaptive physical activity classes. Also, more than two in ten respondents stated that they had no interest in meditation and spirit-mind classes; martial arts classes; sport specific training and rehab; or drop-in child watch services.

*\*It should be noted that respondents of Q12 indicated short-term child watch as the second highest priority for teen / youth services which may indicate a lack of understanding of “drop-in child watch services”*

**Q7:**

Below are some general programs and services the multi-purpose community rooms in the Community Recreation Center might offer you and your family. For each, please state whether you or someone in your household have a great deal of interest, some interest, a little interest, or no interest at all

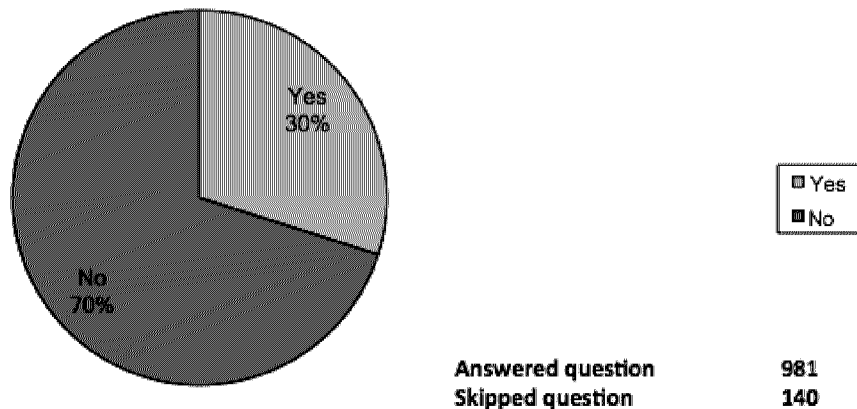


**Conclusions Drawn**

Three in ten respondents expressed a great deal of interest in meeting rooms for local community groups or non-profits; while another three in ten respondents expressed some interest. On the other hand, more than three in ten respondents expressed no interest at all in parenting classes and nearly two in ten respondents expressed no interest at all in financial wellness and budgeting workshops.

**Q8:**

The Community Recreation Center may also offer programs for adults age 55 and over. Would a member of your household be interested in programming for adults 55 and over?



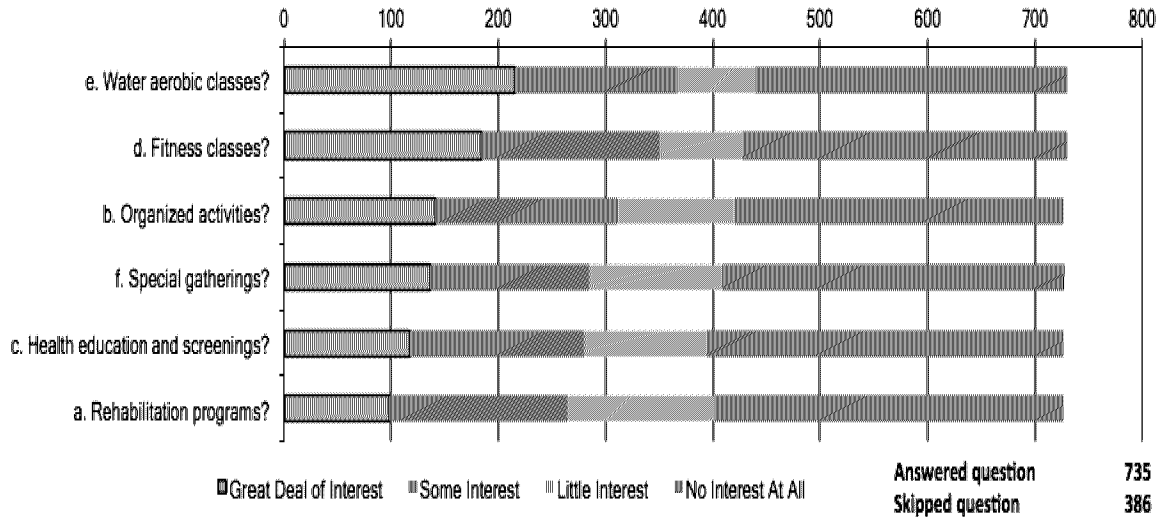
### Conclusions Drawn

Seven in ten respondents said they would not be interested in programs for adults age 55 and over.

*\*It should be noted that only 14% of survey participants were 55 and older.*

### Q9:

For each of the following activities for adults age 55 and over, please state if you or a member of your household would have a great deal of interest, some interest, a little interest or no interest at all.



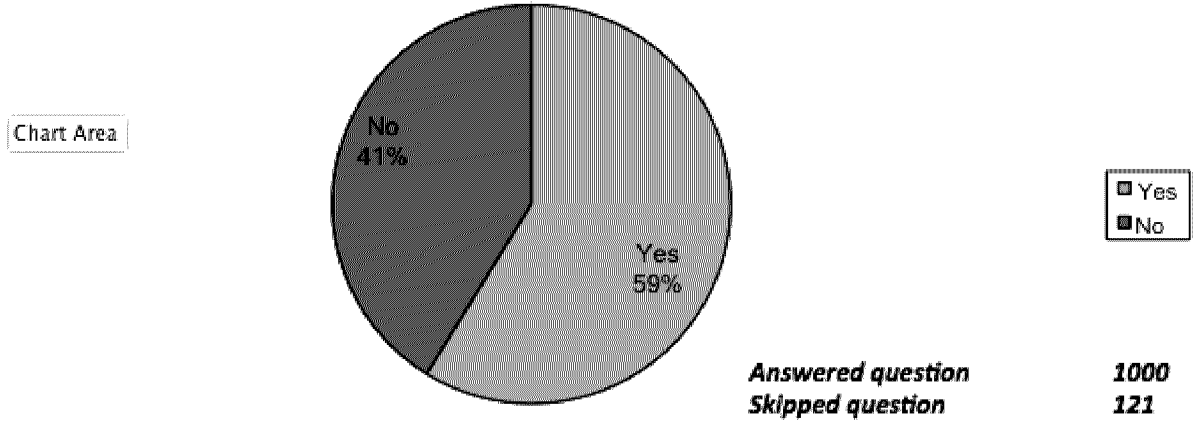
### Conclusions Drawn

Nearly three in ten respondents expressed a great deal of interest in water aerobic classes for adults age 55 and over. Also, 25% of respondents expressed a great deal of interest in fitness classes for adults age 55 and over. More than four in ten respondents stated no interest at all in rehabilitation programs; organized activities; healthy education and screening; fitness classes; and special gatherings.



Q10:

Would you or anyone in your household be interested in youth programming for those 5 to 12 years old at the Community Recreation Center?

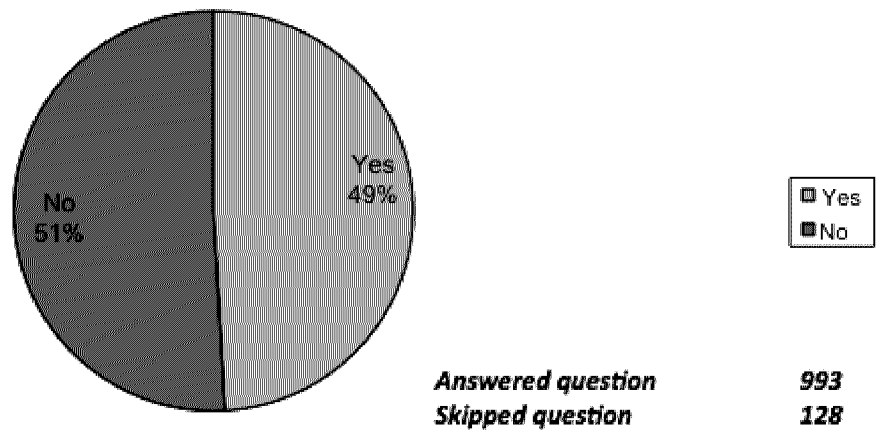


Conclusions Drawn

Six out of ten respondents said they would be interested in programming for youth ages 5 to 12 years old at a community recreation center.

Q11:

Would you or anyone in your household be interested in teen programming for those 13 to 17 years old at the Community Recreation Center?

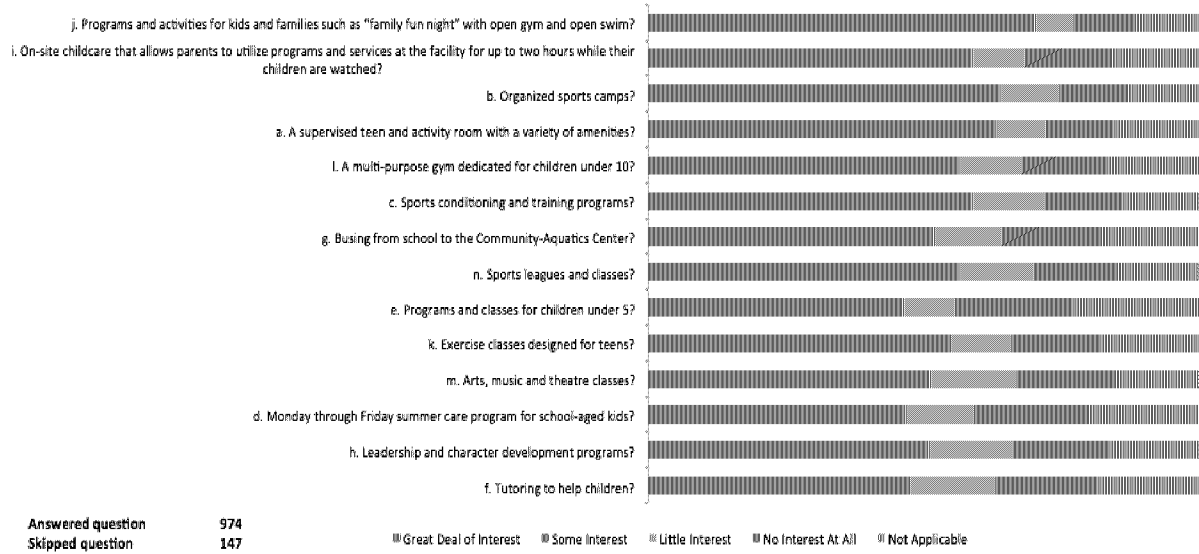


Conclusions Drawn

Nearly five of ten respondents said they would be interested in teen programming for those 13 to 17 years old at the community recreation center.

**Q12:**

**Following is a list of services and activities that the Community Recreation Center may provide for youth and teens. Please state if you or a member of your household would have a great deal of interest, some interest, a little interest or no interest at all.**



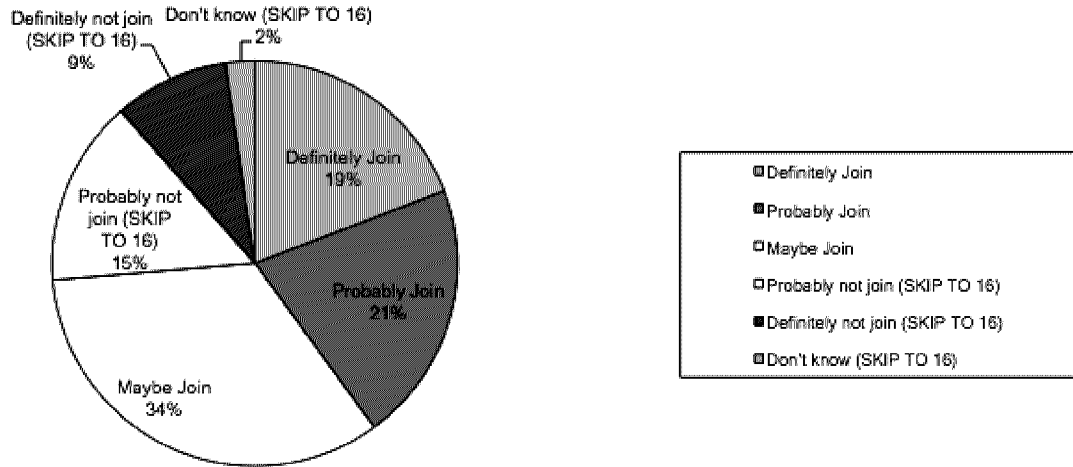
**Conclusions Drawn**

Five out of ten respondents stated they would have a great deal of interest in programs and activities for kids and families such as "family fun night" with open gym and open swim. Four out of ten respondents stated they would have a great deal of interest in on-site, short-term child watch; organized sports camps; teen room and dedicated multi-purpose gym for children under 10.

On the other hand, four out of ten respondents stated they had no interest at all in programs and classes for children under age 5 or Monday through Friday summer care programs.

**Q13:**

How likely or unlikely would you be to join the Community Recreation Center if the cost of a membership was \$35 per month for an individual youth or senior membership, \$65 per month for an individual adult membership; \$95 per month for a dual membership; \$105 per month for one-adult household membership; and \$120 per month for a two-adult household membership?



Answered question 813  
Skipped question 308

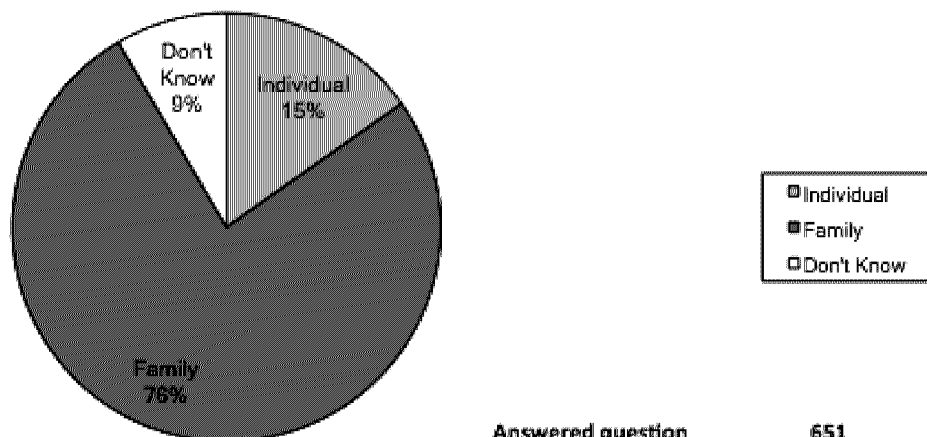
**Conclusions Drawn**

Over 73% of respondents stated they would definitely, probably or maybe join the community recreation center based on the stated membership rates. In contrast, 97% of respondents said they would definitely, probably or maybe join an aquatics center at the stated membership rates. This is a 24% difference between the two proposed options.

*\*It should be noted that only 72.5% of all participants answered this question.*

**Q14:**

Would you be interested in an individual or family membership?



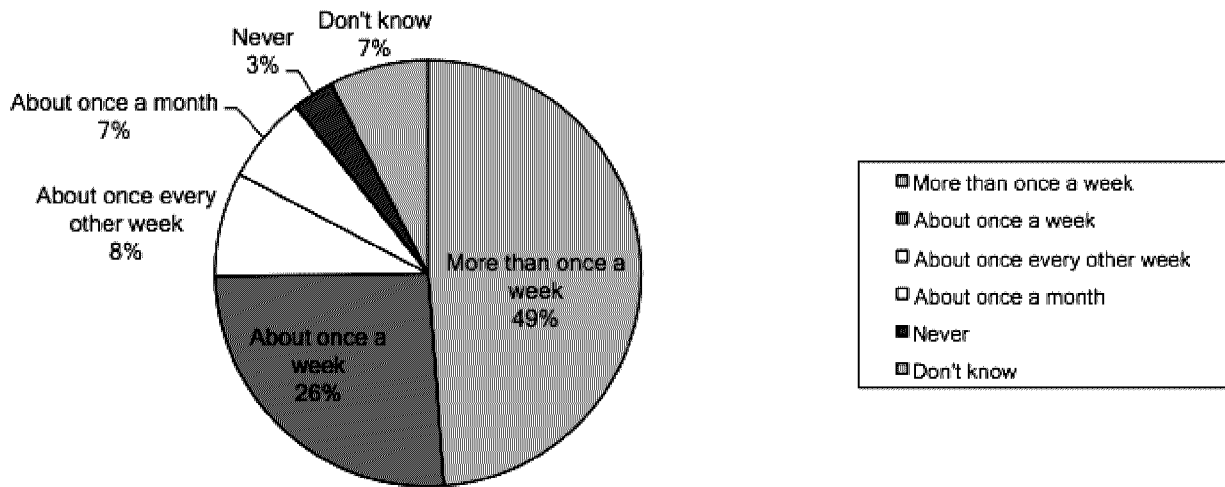
Answered question 651  
Skipped question 470

### Conclusions Drawn

Over seven in ten respondents stated they would be interested in a family membership. However, only 58% of participants answered the question.

### Q15:

How often would you and/or your family use the Community Recreation Center?



<b>Answered question</b>	<b>693</b>
<b>Skipped question</b>	<b>428</b>

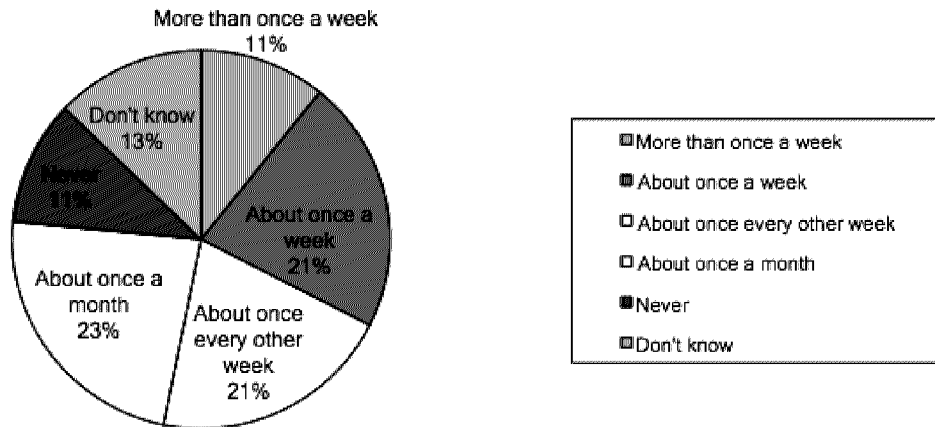
### Conclusions Drawn

Nearly five in ten respondents said they would use the community recreation center more than once a week. On the other hand, one in ten respondents said they would never use or did not know how often they would use the community recreation center.

*\*It should be noted that only 62% of participants answered this question.*

**Q16:**

If you decided not to purchase a membership to the Community Recreation Center, access could be provided on a pay-per-use basis. The fee to use the Community-Aquatics Center would potentially be \$5.50 for youth and seniors, \$8.00 for adults, \$15.00 for one-adult households and \$21.50 for two-adult households? Based on this scenario, how often would you and/or your family use the Community Recreation Center on a pay-per-use-basis?



**Answered Question 1015**  
**Skipped Question 106**

**Conclusions Drawn**

Over six in ten respondents stated they would use the community recreation center less than once a week if they were paying on a pay-per-use basis at the proposed rates. On the other hand, three in ten respondents stated they would use the community recreation center once a week or more.

*\* Only 22% of participants skipped this question.*

**Q17:**

What kinds of features and characteristics would the new facility need to have for you to feel that the center was a welcoming place?

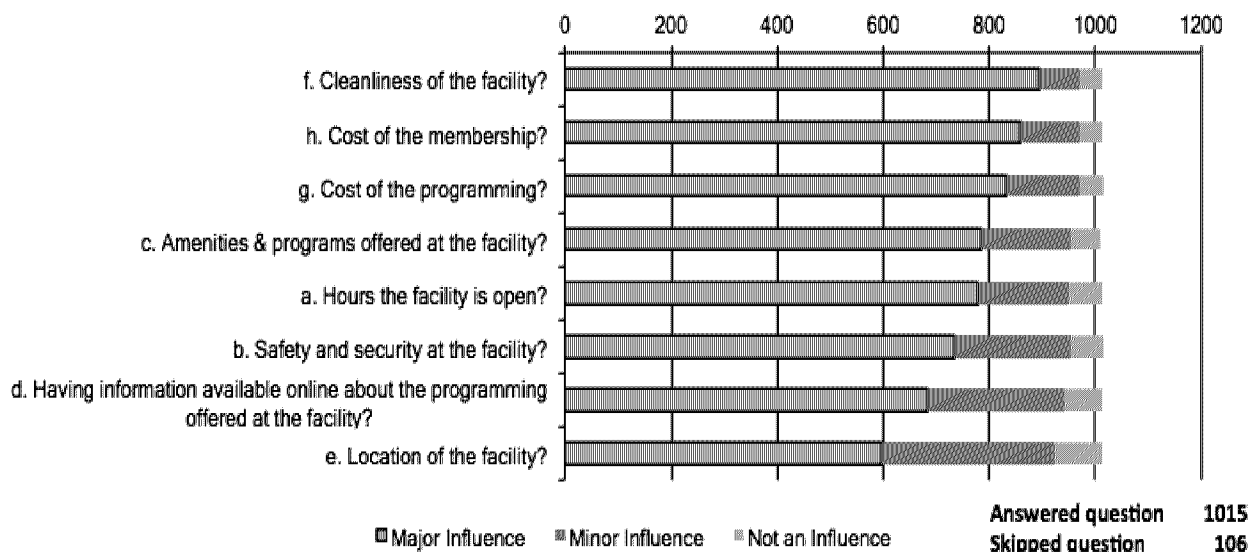
TOP RESPONSES	
Clean, warm, welcoming, bright, open, secure, friendly staff	229
Pool, water feature, locker room/ changing room	78
Fitness area, organized activities, indoor track	38
OTHER COMMENTS	
Make the facility financially accessible for all	Do not do this at all (9 comments)
Total participating in question: 433	

### Conclusions Drawn

The top features and characteristics to make the center feel welcoming are a clean facility, secure facility, and friendly staff. Out of 433 comments for this response, nine participants said they did not want any kind of aquatic or community center.

### Q18:

Below is a list of factors that may influence your decision to visit the new facility. For each, please state if it would be a major influence, minor influence or have no influence on your decision to visit.



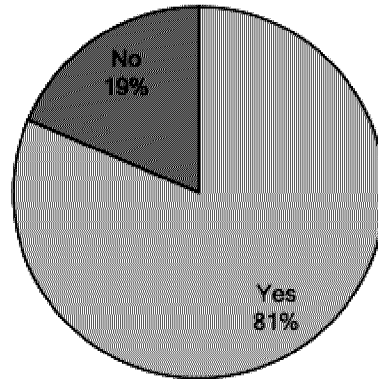
### Conclusions Drawn

The top three factors that may influence respondents decision to visit the new facility are:

- Cleanliness of the facility 88%
- Cost of membership 84%
- Cost of the programming 82%

Q19:

Are you or are members of your household currently involved in some type of regular physical exercise or recreational activity?



Answered question 721  
Skipped question 400

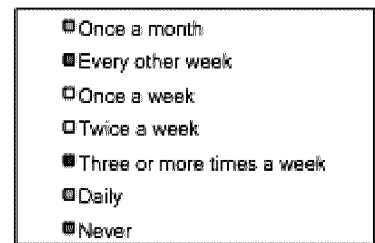
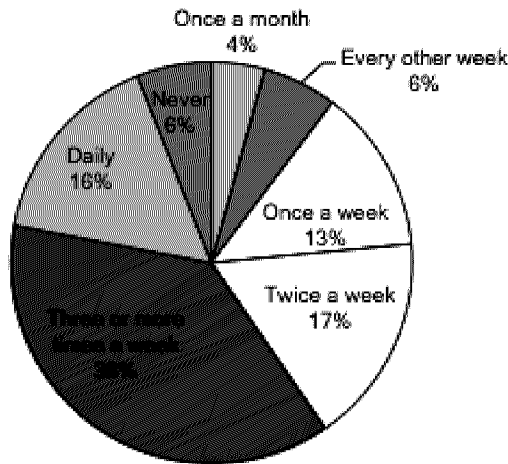
Conclusions Drawn

Eight in ten respondents are currently involved in some type of regular exercise or recreational activity.

*\*It should be noted that only 64% of participants answered the question.*

Q20:

How often do you or members of your household participate in regular physical exercise or recreational activities? Do you participate:



Answered question 718  
Skipped question 403

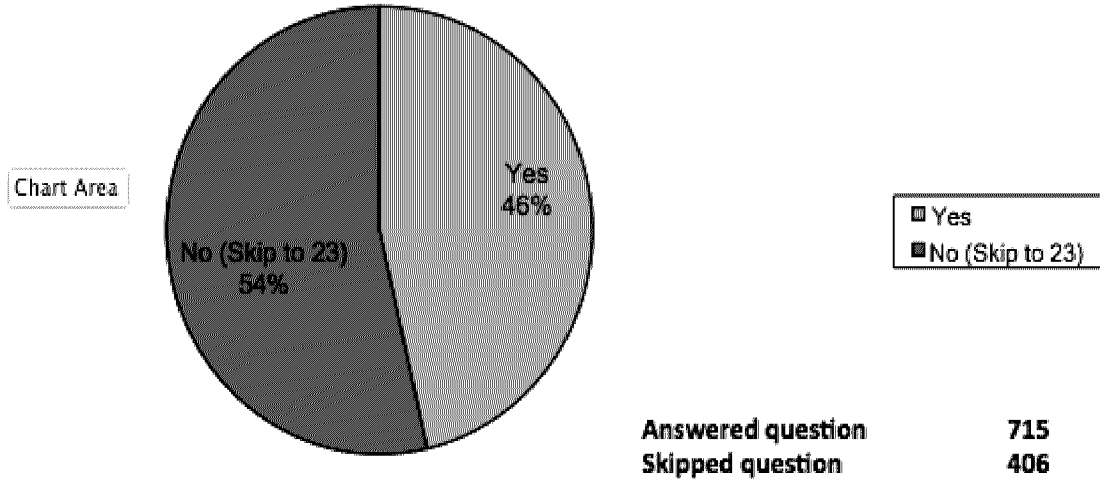
Conclusions Drawn

Nearly four in ten respondents engage in exercise or recreational activities three or more times per week. Less than one in ten respondents never participate in exercise or recreational activities.

*\*Only 64% of participants answered this question.*

Q21:

Do you currently belong to a public or private health, fitness or recreational facility?



**Conclusions Drawn**

More than five in ten respondents do not currently belong to a public or private health, fitness or recreational facility.

*\* Only 64% of participants answered this question.*

Q22:

If yes, which facility?

TOP RESPONSES	
Anytime Fitness (Cambridge, North Branch or Isanti)	91
Snap Fitness	78
Total Wellness	59
YMCA (Andover, Lino Lakes, Elk River, Coon Rapids, Twin Cities Area)	28
Various other facilities and activities	42

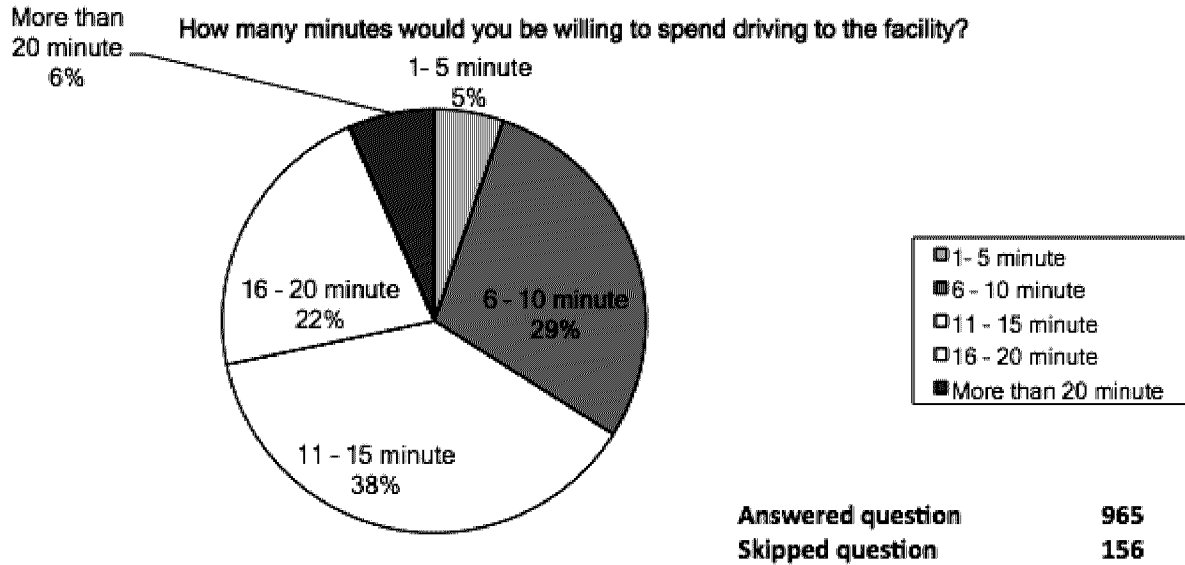
Total participating in question: 298



**Conclusions Drawn**

Of the 332 that belong to another facility, 90% stated which facility.

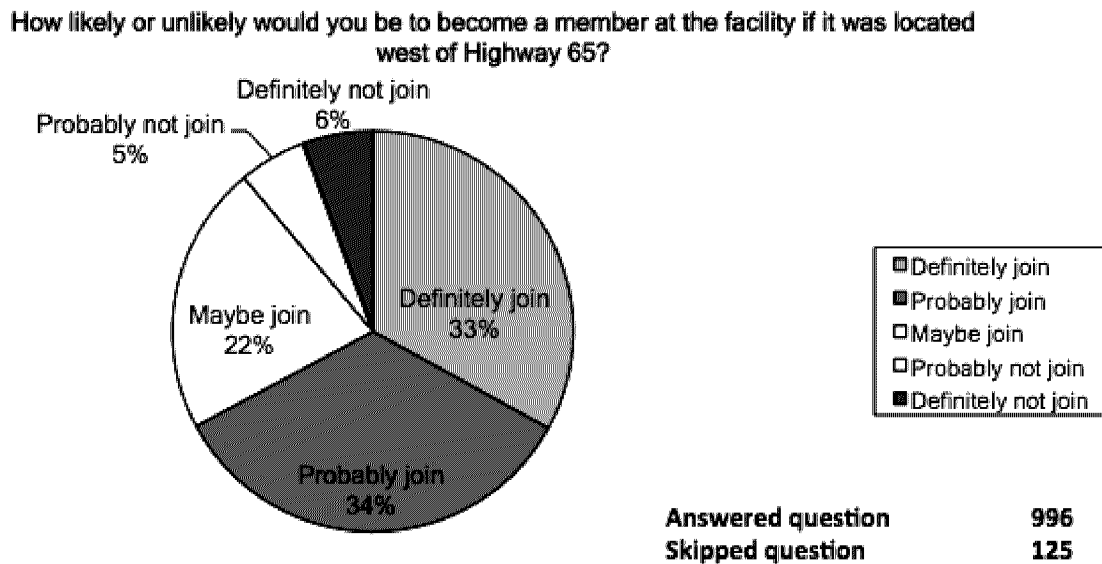
**Q23:**



**Conclusions Drawn**

Over three in ten respondents are willing to drive up to 15 minutes to a new facility. Two in ten respondents are willing to drive up to 20 minutes to a new facility.

**Q24:**

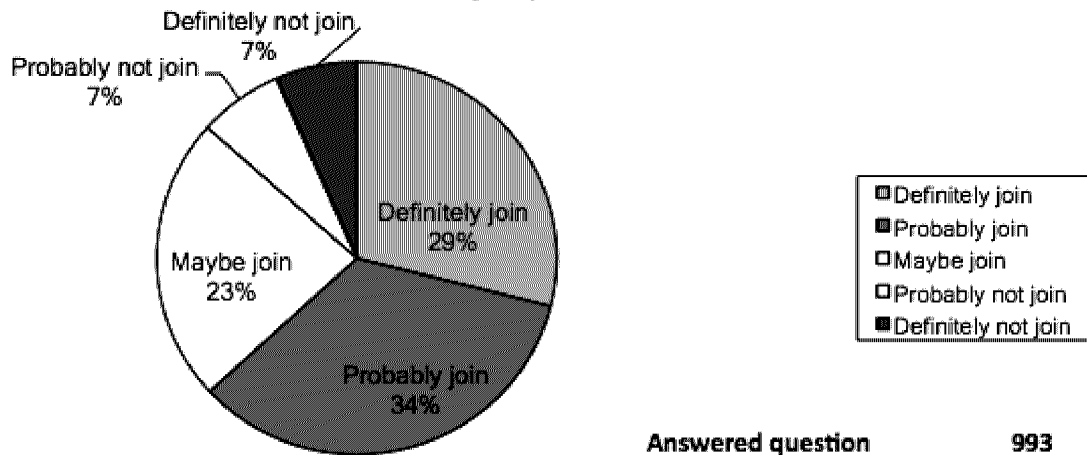


**Conclusions Drawn**

Over 88% of respondents would join if the facility was located west of Highway 65.

**Q25:**

**How likely or unlikely would you be to become a member at the facility if it was located east of Highway 65?**



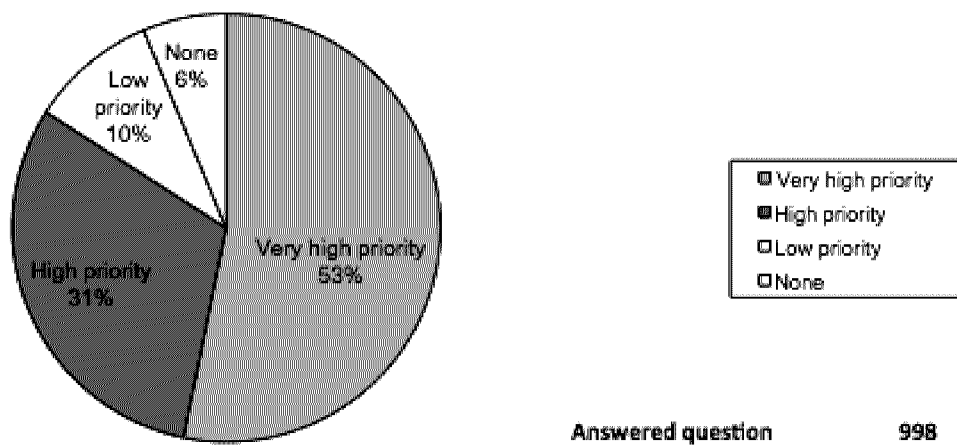
**Answered question 993**  
**Skipped question 128**

**Conclusions Drawn**

Over 86% of respondents would join if the facility was located west of Highway 65.

**Q26:**

**What priority should the City of Cambridge place on Indoor Aquatics?**



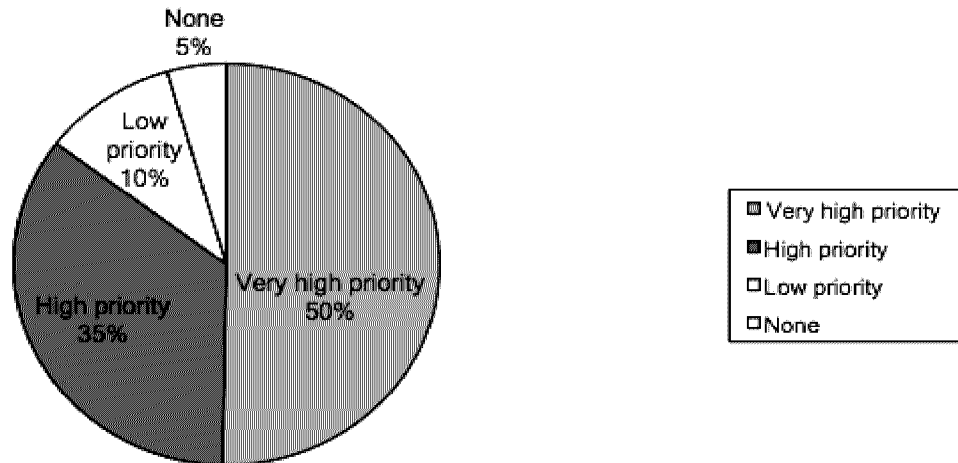
**Answered question 998**  
**Skipped question 123**

**Conclusions Drawn**

Five in ten respondents stated the city should place a very high priority on an indoor aquatics center. Three in ten respondents said the city should place a high priority on an indoor aquatics center. Less than one in ten respondents said the city should have no priority on an indoor aquatics center.

Q27:

What priority should the City of Cambridge place on Community Recreation?



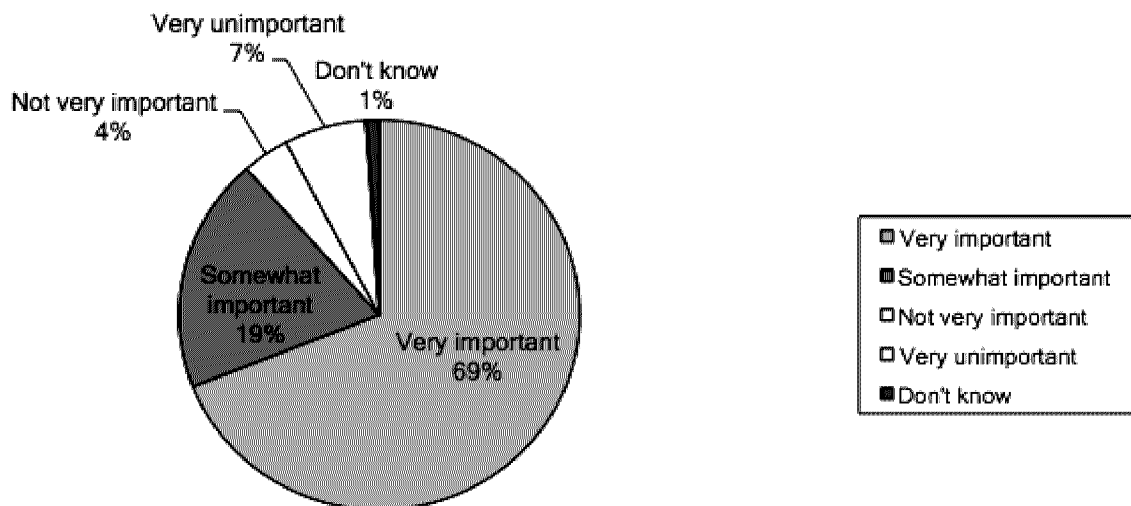
Answered question	1001
Skipped question	120

**Conclusions Drawn**

Five in ten respondents said the city should place a very high priority on a community recreation center. Three in ten respondents said the city should place a high priority on a community recreation center. Less than 5% of respondents said the city should have no priority on a community recreation center.

Q28:

How important do you feel it is for the City to provide aquatics and recreational opportunities for its citizens and visitors?



Answered question	1003
Skipped question	118

### Conclusions Drawn

More than six in ten respondents feel it is very important for the city to provide aquatics and recreational opportunities for its citizens and visitors. One in ten respondents feel it is not very important or very unimportant for the city to provide aquatics and recreational opportunities for its citizens and visitors.

### Q29:

Name the City or Township that you live:

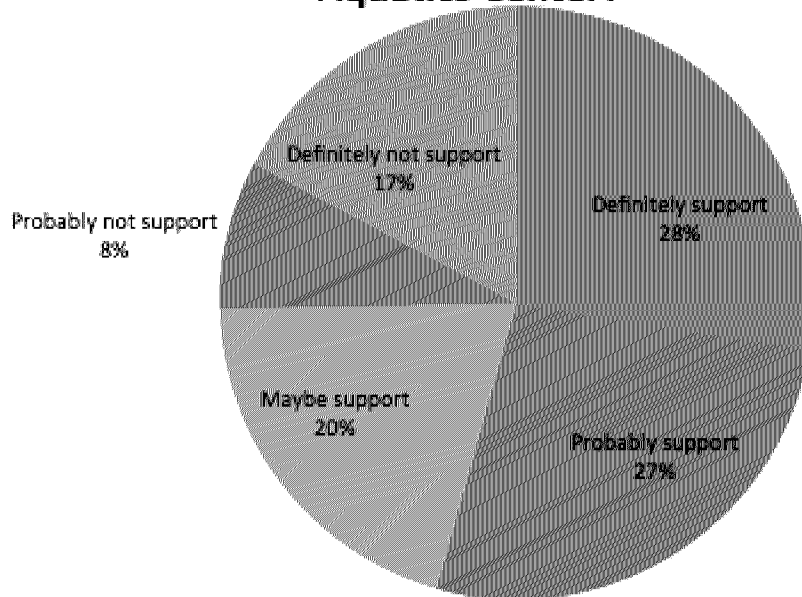
TOP RESPONSES	
City of Cambridge	414
Cambridge Township	30
Isanti	156
Braham, North Branch, Stanchfield, Bradford, Springvale, E. Al.	160
Total participating in question: 760	

### Conclusions Drawn

More than five in ten respondents live in the City of Cambridge. Less than one in ten respondents live outside Isanti County.

Q30:

**How likely or unlikely would you be to support a City of Cambridge property tax increase to help fund the development and building of an Indoor Aquatics Center?**



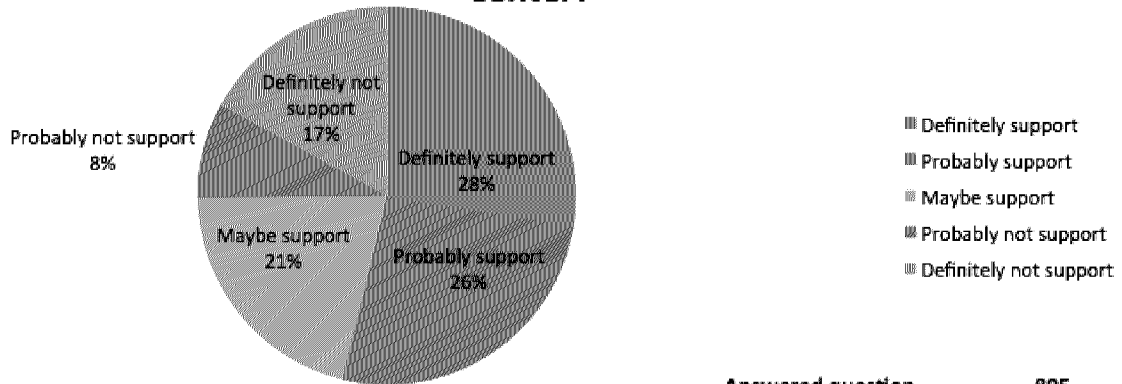
Answered question	755
Skipped question	366

**Conclusions Drawn**

Nearly three in ten respondents definitely support a property tax increase to help fund the development of an indoor aquatics center. Less than two in ten respondents definitely do not support a property tax increase to help fund the development of an indoor aquatics center.

Q31:

### How likely or unlikely would you be to support a City of Cambridge property tax increase to help fund the development and building of a Community Recreation Center?



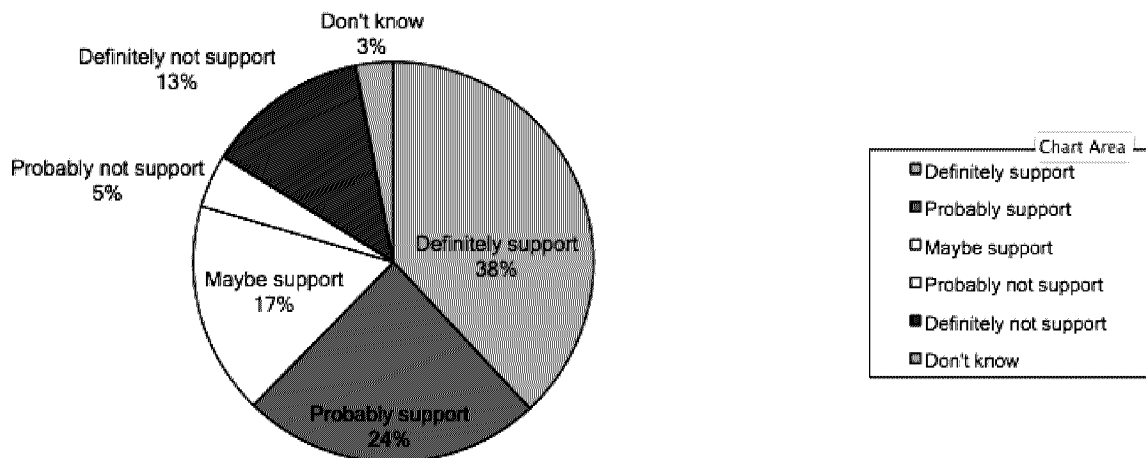
Answered question 805  
 Skipped question 316

#### Conclusions Drawn

Nearly three in ten respondents definitely support a property tax increase to help fund the development of a community recreation center. Less than two in ten respondents definitely do not support a property tax increase to help fund the development of a community recreation center.

Q32:

How likely or unlikely would you be to support a 0.5% sales tax to pay the debt service of the Community-Aquatics Center? (Note that a 0.5% sales tax increase would have the following impact: \$0.05 increase for a \$10 purchase; \$0.50 increase for a \$100 purchase; \$5.00 increase for a \$1,000 purchase. Also, the sales tax increase does not apply to purchase such as homes, automobiles, etc.)

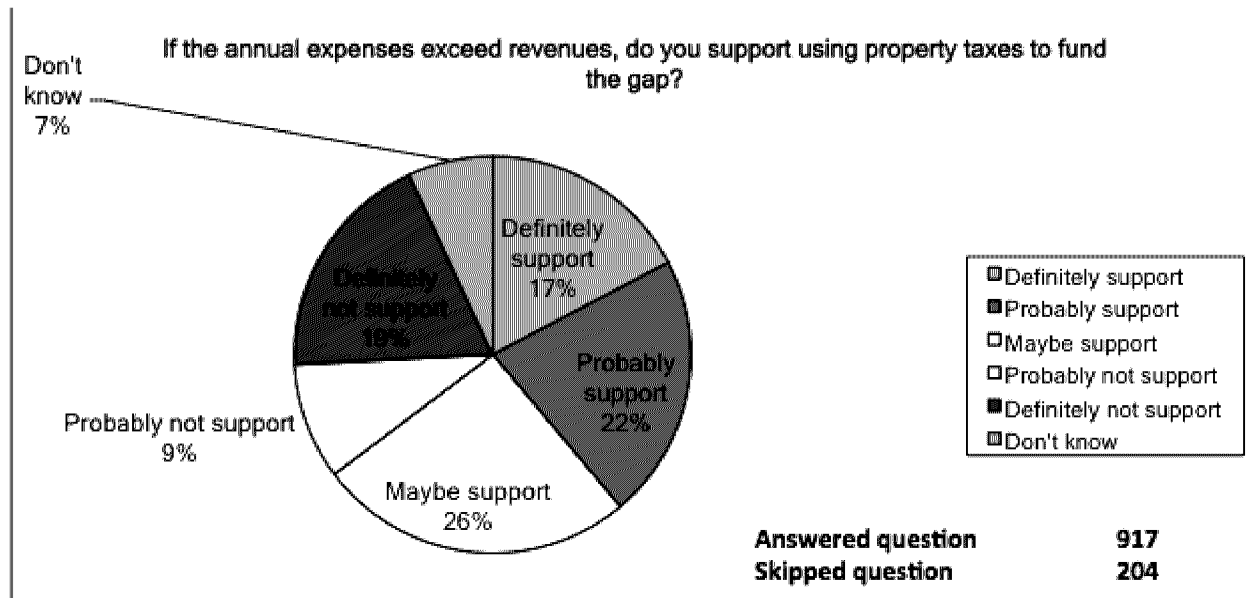


Answered question 903  
 Skipped question 218

### Conclusions Drawn

An additional 98 participants answered this question that did not answer Q31. Nearly four in ten respondents definitely support a .05% sales tax increase to help fund the development of an indoor aquatics and/or community recreation center. Less than two in ten respondents definitely do not support a .05% sales tax increase to help fund the development of an indoor aquatics and/or community recreation center.

### Q33:

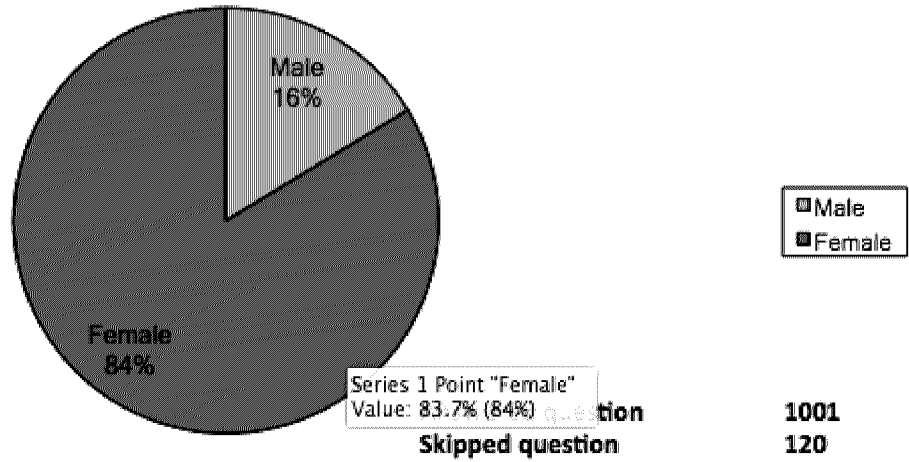


### Conclusions Drawn

Nearly four in ten respondents definitely or probably support using property taxes to help fund the gap if annual expenses exceed revenues. However, nearly two in ten respondents definitely do not support using property taxes to help fund the gap if annual expenses exceed revenues.

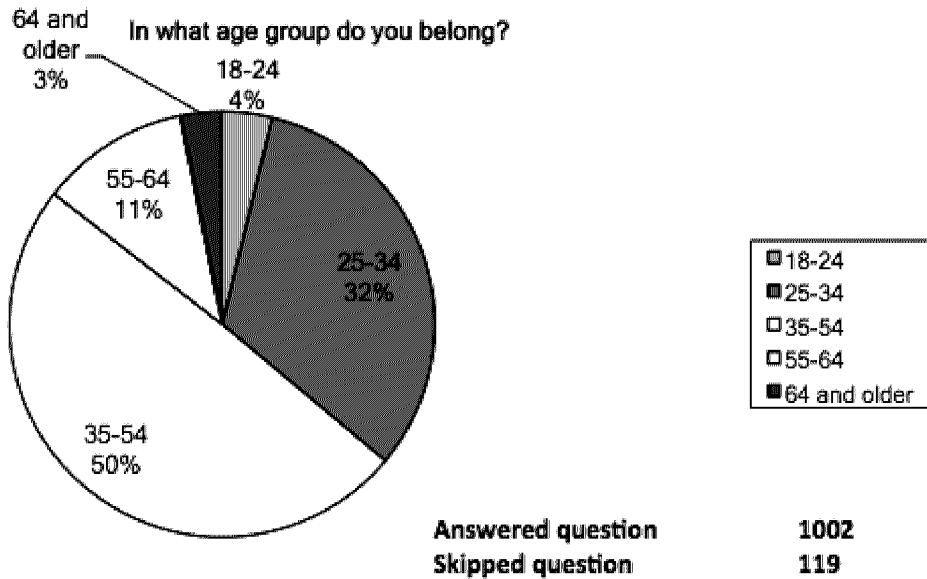
Q34:

What is your gender?



1001  
120

Q35:



Answered question 1002  
Skipped question 119

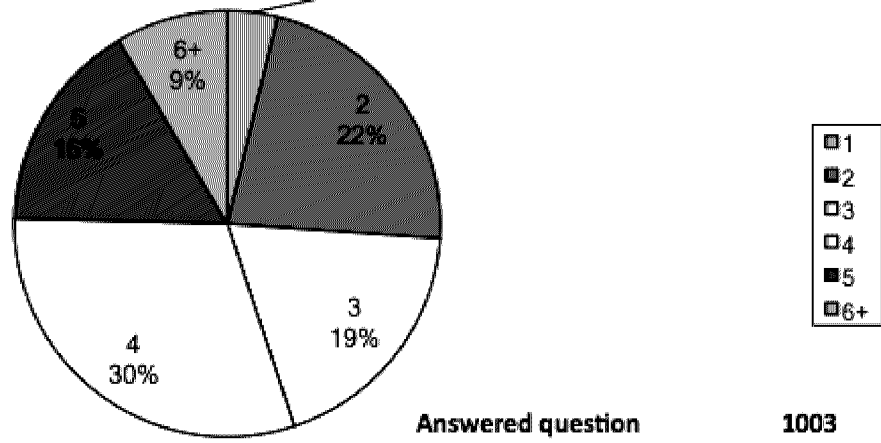
### Conclusions Drawn

Over 80% of respondents were females. Over 80% of respondents were between the ages of 25-54. Nearly half of the respondents were between the ages of 35-54



Q36:

How many people live in your household? 1 4%



Answered question 1003  
Skipped question 118

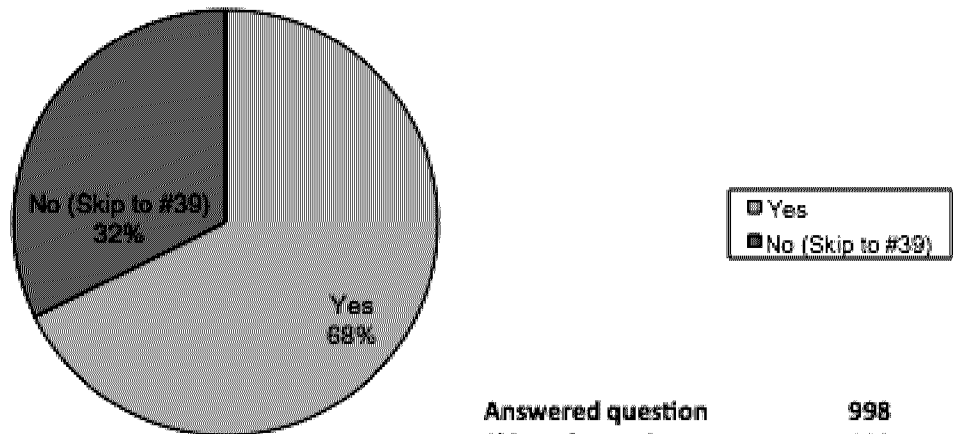
Conclusions Drawn

Over 55% of all respondents have at least four people in their household.

Q37:

Do you have any children living in your household under the age of 18?

Chart Area



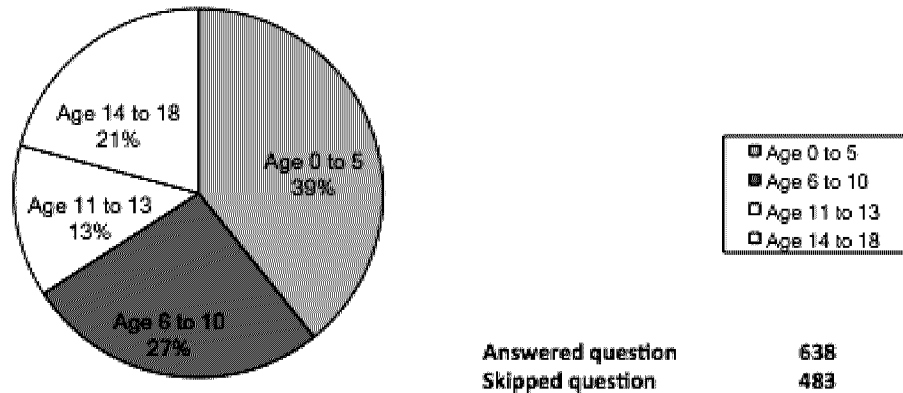
Answered question 998  
Skipped question 123

Conclusions Drawn

Over two-thirds of respondents have children in their household under the age of 18.

**Q38:**

How many children in your household are in each age group?

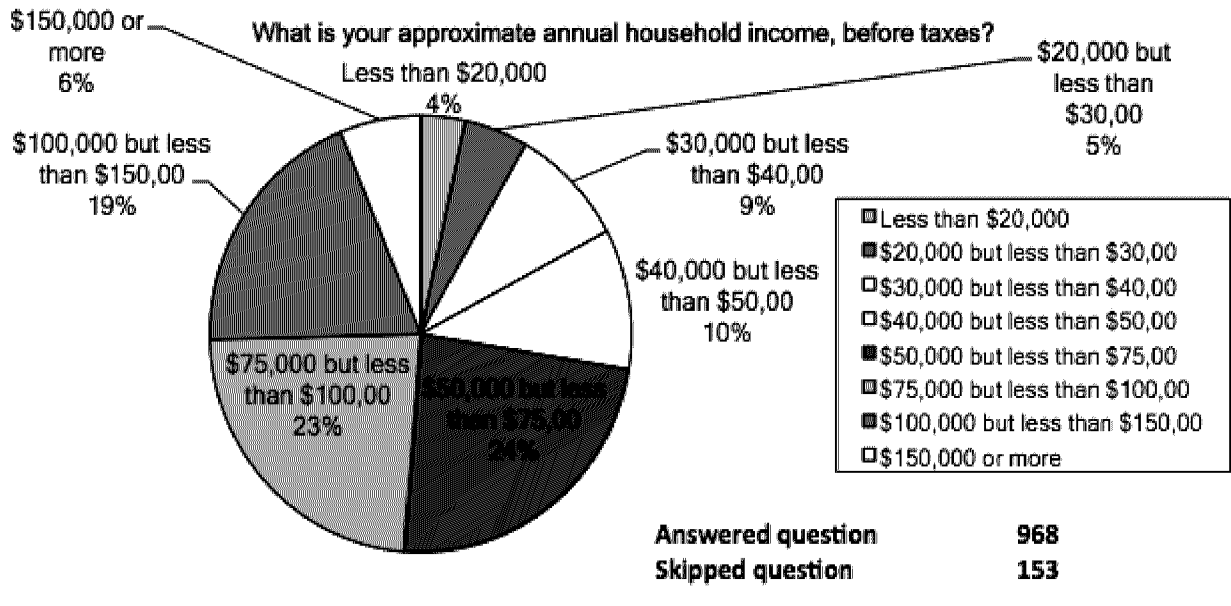


**Conclusions Drawn**

Over 65% of respondents have children under the age of 10. Over 34% of respondents have children between the ages of 11 and 18.

*\* Only 57% of participants answered this question.*

**Q39:**



**Conclusions Drawn**

72% of all respondents have annual household incomes, before taxes, greater than \$50,000. Nearly 50% of respondents have annual household incomes, before taxes, greater than \$75,000.

## Appendix II: Community Recreation Center

### Project Parameters

Although we agree there is an unmet need in the community and desire for an Indoor Aquatic Center, building a sustainable operational model without the presence of revenue producing amenities such as fitness and youth programs will a significant challenge for the City. We believe the pursuit of a public-private partnership may be in the best interest of the City of Cambridge to ensure long-term sustainability of a future recreational and aquatics facility. Executing a management agreement and/or partnership with a private fitness provider results in a number of benefits including:

- Development of state-of-the-art, desired amenities with limited and/or zero risk related to revenue shortfalls;
- Alleviating residents' concerns of future property tax increases to fund said shortfalls;
- Operational partner that is well-versed in developing and managing sound, successful recreational facility operations.

In return, the private partner reduces their capital costs for purchasing land and developing the project. The savings generated from the partnership may be the missing link between an unrealistic project and a successful, sustainable project.

If a partnership were formed, the Community Recreation Center would be defined as a multi-generational gathering place that enables people to socialize with others in the community and engage in healthy, recreational activities. In addition to the natatorium, playground, party room and healthy food kiosk proposed in the report; program spaces may include a multi-purpose gymnasium with walking/running track, dedicated cardio and fitness area as well as group exercise studios and multi-purpose community rooms. This multi-functional, multi-component concept of delivering health, wellness and recreational services continues to grow in acceptance with the idea of providing for a variety of activities and programs in a single location.

### Online Survey

Online survey participants were most interested in a community recreation center with group exercise and fitness classes; cardiovascular fitness machines; and an indoor track for running and walking. Participants stated more interest in purchasing a membership to an Indoor Aquatics Center at the proposed membership rates than a Community Recreation Center at the proposed higher rates.

Based on this information, the Task Force should consider re-prioritizing the top priorities of a Community Recreation Center. Participants stated that the most desired amenities, in order of importance, were: group exercise classes; cardio fitness machines; an indoor track; free weights and strength/conditioning machines. Also, based on decrease in level of interest from that of the indoor aquatics center, the Task Force should consider lowering potential membership rates to capture a larger percentage of regional residents.

## Memberships Dues

Below are the various daily pay-per-use rates and monthly membership dues that were proposed in the online survey. Although these rates

*Table 54 – Community Recreation Center Membership Dues*

TYPE	DAILY PAY-PER-USE RATES PROPOSED IN ONLINE SURVEY	MONTHLY RATES PROPOSED IN ONLINE SURVEY
Individual Youth & Senior Memberships	\$5.50	\$35.00
Individual Adult Memberships	\$8.00	\$65.00
Dual Memberships	N/A	\$95.00
One-Adult Household Memberships	\$15.00	\$105.00
Two-Adult Household Memberships	\$21.50	\$120.00

## Space Program Components

Majority of the health, wellness and recreation centers being built today are between 55,000 and 75,000 square feet and include three primary components:

- An aquatics area that has both competitive and leisure amenities
- Multi-purpose gymnasium
- Health and Wellness (Cardio/ Strength/ Group Exercise Classes)

In addition, they have child watch and social gathering spaces. Lastly, it should be noted that most private facilities today are serving larger service areas and have specific community profile guidelines<sup>10</sup> for site selection. For example, 24 Hour Fitness requires a minimum population of 100,000 in a 3-mile radius (7 mile drive time, depending on density).

The conceptual design for the Community Recreation Center project includes approximately 58,785 square feet. The primary focus of the facility is to expand upon the Indoor Aquatics Center with the following additional programmatic spaces. Our assumption is that the facility includes a long-term management agreement with a third-party operator or a partnership with an entity that can fill the gap for additional capital cost requirements. The said partner would need to be identified as the planning process continues to unfold. Proposed spaces include a(n):

- o Fitness center with cardiovascular and strength equipment; free weights and group exercise studios;

<sup>10</sup> Per 24 Hour Fitness website, <http://www.24hourfitness.com/company/realestate/>

- o Multi-purpose gymnasium that provides at least (2) full-size courts with an indoor walking track and spectator area;
- o (4) multi-purpose rooms with retractable walls;
- o Youth and teen activity room; and
- o Additional office/ administrative space

Below is a snapshot of the associated program components and sizes for the health, wellness and recreation center developed by the Task Force.

*Table 55 – Proposed Project Square Footage Outline*

COMPONENT	CURRENT FACILITY SIZE
Indoor Aquatics Center (Report Baseline)	25,350 SF
Gymnasium	10,700 SF
Track	4,010 SF
(4) Multi-Purpose Community Rooms	4,500 SF
Youth & Teen Room*	750 SF
Fitness Center	7,500 SF
Child Watch	1,200 SF
Additional Mechanical Room	1,275 SF
Additional Storage	1,000 SF
Additional Common Areas	2,500 SF
<b>TOTAL</b>	<b>58,785 SF</b>

### **Fitness / Health & Wellness**

Fitness is typically the primary driver for revenue due to the impact it has on membership recruitment/retention and program offerings (personal training, specialty classes, sports training, wellness orientations, nutrition counseling, etc.). At 7,500 square feet, the proposed fitness area of the Wellness Center is comparable to projects serving communities of similar size. It is important that the space not be undersized or underemphasized. However, during the design process, that square footage should be further analyzed.

Based on community demographics and potential programming, one or two studio room will be required. We are confident that any projected group exercise classes and various program offerings could share a space without the capital costs of constructing more studios. There may be challenges during peak times; however, facilities should not be built to accommodate peak programming due to the significant hours of down time in those same areas.

Statistically, exercise walking, exercise with equipment and aerobic exercise all rank in the top activities/ sports most popular in the United States, according to findings from National Sporting Goods Association 2014 results. Again, exercise and fitness space will be one of the components that will drive membership and overall participation. As a result, the fitness component is listed as the recommended top priority beyond indoor aquatics and has become the foundation for many wellness centers. In

addition to being a community priority of the online survey participants, its importance is as a budget driver and primary indicator of financial performance.

Without a doubt, the fitness component is the primary component that will create the greatest opposition from the private sector and local service providers. Also, the Task Force has clearly expressed the desire to develop a facility that fills a need and gap in the industry without competing with local businesses. Although the addition of a fitness component would compete with local businesses, it is more apt to serve and cater to a different clientele and market niche of families and area households.

#### Multi-Purpose Gymnasium Space

A primary challenge of most communities is a lack of gymnasium space. The proposed two-court gymnasium should include a drop curtain so that it is divisible. The space should accommodate a variety of activities including basketball, volleyball and potentially tennis. Consideration should be given to the flooring surface as the planning process continues to unfold.

#### Running/Walking/Jogging Track

Exercise walking is rated as the top sport activity in the nation according to National Sporting Goods Association. Consequently, an indoor track suspended above the gymnasium perimeter will be highly sought after and will meet the needs of several diverse groups of users. A multi-lane track allows runners, joggers and walkers to all use the track simultaneously. The track is an essential and critical facility component during the winter months and is attractive to seniors and young families.

#### Child Watch & Childcare Services

We strongly recommend consideration for adding a child watch space. If included, it should be connected to the proposed indoor playground. From a functional and operational standpoint, this is essential to enable usage from child watch center while keeping staff costs in check. Also, the ability to utilize the playground is an essential component to the child watch center to attract children from six to nine years of age. Lastly, we recommend further analysis as to full-time, licensed daycare needs within the community.

#### Special Programs for Consideration

It will be important to develop special programs at the facility. Below are a few programs that are common in similar facilities:

*Table 56 – Community Recreation Center Program Considerations*

COMPONENT	SPECIALTY PROGRAMS	
Youth Programs	<ul style="list-style-type: none"> <li>- Soccer</li> <li>- Basketball</li> <li>- Floor hockey</li> </ul>	<ul style="list-style-type: none"> <li>- Baseball batting cage / clinics</li> <li>- Arts and crafts</li> <li>- Gymnasium</li> </ul>
Health & Wellness	<ul style="list-style-type: none"> <li>- Personal training</li> <li>- Body fitness testing / analysis</li> <li>- Marathon / triathlon</li> </ul>	<ul style="list-style-type: none"> <li>- Sport specific training / programs (baseball, basketball, football, etc)</li> </ul>

## Appendix III: Scenario #1 | 5-Year Pro Forma

The following pages provide additional detail for the (2) 5-year pro formas based on membership revenue projections as a result of capturing the online survey participant population:

- Table 51 – 5-Year Pro Forma; Maximum Membership Revenue Based on Online Survey Results
  - o Assumptions
    - 648 household membership units
    - 170 individual membership units
- Table 51a – 5-Year Pro Forma; Maximum Membership Revenue Based on Online Survey Results with Reduced Membership Rates & Incorporation of Cost Saving Measures
  - o Assumptions
    - Reduced membership rates - \$17.50 for individual youth/senior; \$27.50 - \$32.50 for individual adults; and \$47.50-\$52.50 for household/families
    - For calculations, we used an average of \$27.50 for individual memberships and \$50.00 for household memberships
    - All cost saving considerations proposed on page 57 are included



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**PRO FORMA Cambridge Indoor Aquatics Center**

**Pro Forma Financials**

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<u>Revenues</u>					
Membership Revenue	527,855	580,600	627,000	645,800	665,200
Enrollment Fees	20,450	22,500	24,300	25,000	25,800
Daily Drop-In Fees	50,778	52,300	53,900	55,500	57,200
Rental Fees	18,000	18,500	19,100	19,700	20,300
Scholarships & Financial Assistance	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Annual Fundraising Campaign	25,000	25,000	25,000	25,000	25,000
Grants	5,000	5,000	5,000	5,000	5,000
Program Fees	87,150	89,800	92,500	95,300	98,200
Net Retail Sales	25,000	25,800	26,600	27,400	28,200
<u>Total Revenue</u>	<u>709,233</u>	<u>769,500</u>	<u>823,400</u>	<u>848,700</u>	<u>874,900</u>





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Expenses

Personnel	426,258	439,000	452,200	465,800	479,800
Benefits & Taxes	84,489	87,000	89,600	92,300	95,100
Administrative Services & Supplies	22,475	23,100	23,800	24,500	25,200
Education & Training	15,500	16,000	16,500	17,000	17,500
Occupancy	63,375	65,300	67,300	69,300	71,400
Equipment & Facility Expenses	84,250	86,800	89,400	92,100	94,900
Advertising & Public Relations	5,000	5,200	5,400	5,600	5,800
Misc. Expenses	2,250	2,300	2,400	2,500	2,600
Capital Reserves	60,000	61,800	63,700	65,600	67,600
<u>Total Expense</u>	<u>763,597</u>	<u>786,500</u>	<u>810,300</u>	<u>834,700</u>	<u>859,900</u>
<u>DIRECT NET</u>	<u>(54,364)</u>	<u>(17,000)</u>	<u>13,100</u>	<u>14,000</u>	<u>15,000</u>



Ubcfrn 62b; 6.Zf bs Qsp Gpsn b Cbt f e po Tvsf z Sft vnt x Dpt uTbvjoht )Ef ubjrt\*

**PRO FORMA Cambridge Indoor Aquatics Center**

**Pro Forma Financials**

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<u>Revenues</u>					
Membership Revenue	444,972	489,500	528,700	544,600	560,900
Enrollment Fees	20,450	22,500	24,300	25,000	25,800
Daily Drop-In Fees	50,778	52,300	53,900	55,500	57,200
Rental Fees	18,000	18,500	19,100	19,700	20,300
Scholarships & Financial Assistance	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Annual Fundraising Campaign	25,000	25,000	25,000	25,000	25,000
Grants	5,000	5,000	5,000	5,000	5,000
Program Fees	87,150	89,800	92,500	95,300	98,200
Net Retail Sales	25,000	25,800	26,600	27,400	28,200
<u>Total Revenue</u>	<u>626,350</u>	<u>678,400</u>	<u>725,100</u>	<u>747,500</u>	<u>770,600</u>



Ubcfrn 62b; 6.Zf bs Qsp Gpsn b Cbt f e po Tvsrf z Sf t vnt x Dpt uTbwjohht )Ef ubjrt\*

Expenses

Personnel	381,018	392,400	404,200	416,300	428,800
Benefits & Taxes	71,853	74,000	76,200	78,500	80,900
Administrative Services & Supplies	22,475	23,100	23,800	24,500	25,200
Education & Training	11,750	12,100	12,500	12,900	13,300
Occupancy	63,375	65,300	67,300	69,300	71,400
Equipment & Facility Expenses	84,250	86,800	89,400	92,100	94,900
Advertising & Public Relations	5,000	5,200	5,400	5,600	5,800
Misc. Expenses	2,250	2,300	2,400	2,500	2,600
Capital Reserves	35,000	36,100	37,200	38,300	39,400
<u>Total Expense</u>	<u>676,971</u>	<u>697,300</u>	<u>718,400</u>	<u>740,000</u>	<u>762,300</u>
 <u>DIRECT NET</u>	 <u>(50,621)</u>	 <u>(18,900)</u>	 <u>6,700</u>	 <u>7,500</u>	 <u>8,300</u>



**PRO FORMA TEMPLATE Cambridge Indoor Aquatics Center**

	Annual Growth Rate			
	1 <u>Yr 1 to Yr 2</u>	2 <u>Yr 2 to Yr 3</u>	3 <u>Yr 3 to Yr 4</u>	4 <u>Yr 4 to Yr 5</u>
<b><u>Revenues</u></b>				
Membership Revenue	10.0%	8.0%	3.0%	3.0%
Enrollment Fees	10.0%	8.0%	3.0%	3.0%
Daily Drop-In Fees	3.0%	3.0%	3.0%	3.0%
Rental Fees	3.0%	3.0%	3.0%	3.0%
Scholarships & Financial Assistance	0.0%	0.0%	0.0%	0.0%
Annual Fundraising Campaign	0.0%	0.0%	0.0%	0.0%
Grants	3.0%	3.0%	3.0%	3.0%
Program Fees	3.0%	3.0%	3.0%	3.0%
Net Retail Sales	3.0%	3.0%	3.0%	3.0%
<b><u>Expenses</u></b>				
Professional Fees	3.0%	3.0%	3.0%	3.0%
Personnel	3.0%	3.0%	3.0%	3.0%
Benefits & Taxes	3.0%	3.0%	3.0%	3.0%
Administrative Services & Supplies	3.0%	3.0%	3.0%	3.0%
Education & Training	3.0%	3.0%	3.0%	3.0%
Occupancy	3.0%	3.0%	3.0%	3.0%
Equipment & Facility Expenses	3.0%	3.0%	3.0%	3.0%
Advertising & Public Relations	3.0%	3.0%	3.0%	3.0%
Misc. Expenses	3.0%	3.0%	3.0%	3.0%
Capital Reserves	3.0%	3.0%	3.0%	3.0%

## Appendix IV: Scenario #2 | 5-Year Pro Forma

The following pages provide additional detail for the (2) 5-year pro formas based on membership revenue projections as a result of capturing 10% of the ISA (City of Cambridge, MN):

- Table 52 – 5-Year Pro Forma; Membership revenue based on 10% of the City of Cambridge 2010
  - o Assumptions:
    - Membership units equate to 10% of 8,111
    - Individual memberships: 268 units / 33%
    - Household / Family memberships: 544 units / 67%
- Table 52a – 5-Year Pro Forma; Membership revenue based on 10% of the City of Cambridge 2010 population w/ cost saving measures
  - o Assumptions
    - No reduced membership rates
    - Individual memberships: 553 units / 33%
    - Household / Family memberships: 553 units / 67%
    - All cost saving considerations proposed on page 57 are included



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**PRO FORMA Cambridge Indoor Aquatics Center**

**Pro Forma Financials**

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<u>Revenues</u>					
Membership Revenue	487,573	536,300	579,200	596,600	614,500
Enrollment Fees	20,275	22,300	24,100	24,800	25,500
Daily Drop-In Fees	50,778	52,300	53,900	55,500	57,200
Rental Fees	18,000	18,500	19,100	19,700	20,300
Scholarships & Financial Assistance	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Annual Fundraising Campaign	25,000	25,000	25,000	25,000	25,000
Grants	5,000	5,000	5,000	5,000	5,000
Program Fees	87,150	89,800	92,500	95,300	98,200
Net Retail Sales	25,000	25,800	26,600	27,400	28,200
<u>Total Revenue</u>	<u>668,776</u>	<u>725,000</u>	<u>775,400</u>	<u>799,300</u>	<u>823,900</u>



Ubcrrh 63; 6.Zf bs Qsp Gpsn b Cbt f e po 21& pgJTB qpqvrbujpo )Ef ubjrr\*

Expenses

Personnel	426,258	439,000	452,200	465,800	479,800
Benefits & Taxes	84,489	87,000	89,600	92,300	95,100
Administrative Services & Supplies	22,475	23,100	23,800	24,500	25,200
Education & Training	15,500	16,000	16,500	17,000	17,500
Occupancy	63,375	65,300	67,300	69,300	71,400
Equipment & Facility Expenses	84,250	86,800	89,400	92,100	94,900
Advertising & Public Relations	5,000	5,200	5,400	5,600	5,800
Misc. Expenses	2,250	2,300	2,400	2,500	2,600
Capital Reserves	60,000	61,800	63,700	65,600	67,600
<u>Total Expense</u>	<u>763,597</u>	<u>786,500</u>	<u>810,300</u>	<u>834,700</u>	<u>859,900</u>
 <u>DIRECT NET</u>	 <u>(94,821)</u>	 <u>(61,500)</u>	 <u>(34,900)</u>	 <u>(35,400)</u>	 <u>(36,000)</u>



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**PRO FORMA Cambridge Indoor Aquatics Center**

**Pro Forma Financials**

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<b><u>Revenues</u></b>					
Membership Revenue	495,990	545,600	589,200	606,900	625,100
Enrollment Fees	20,625	22,700	24,500	25,200	26,000
Daily Drop-In Fees	50,778	52,300	53,900	55,500	57,200
Rental Fees	18,000	18,500	19,100	19,700	20,300
Scholarships & Financial Assistance	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Annual Fundraising Campaign	25,000	25,000	25,000	25,000	25,000
Grants	5,000	5,000	5,000	5,000	5,000
Program Fees	87,150	89,800	92,500	95,300	98,200
Net Retail Sales	25,000	25,800	26,600	27,400	28,200
<b><u>Total Revenue</u></b>	<b>677,543</b>	<b>734,700</b>	<b>785,800</b>	<b>810,000</b>	<b>835,000</b>





Ubcfrh 63b; 6.Zf bs Qsp Gpsn b Cbt f e po 21& pgJTB qpqvrvhypo x Dpt uTbwjoht )Ef wjrt\*

Expenses

Personnel	381,018	392,400	404,200	416,300	428,800
Benefits & Taxes	71,853	74,000	76,200	78,500	80,900
Administrative Services & Supplies	22,475	23,100	23,800	24,500	25,200
Education & Training	11,750	12,100	12,500	12,900	13,300
Occupancy	63,375	65,300	67,300	69,300	71,400
Equipment & Facility Expenses	84,250	86,800	89,400	92,100	94,900
Advertising & Public Relations	5,000	5,200	5,400	5,600	5,800
Misc. Expenses	2,250	2,300	2,400	2,500	2,600
Capital Reserves	35,000	36,100	37,200	38,300	39,400
<u>Total Expense</u>	<u>676,971</u>	<u>697,300</u>	<u>718,400</u>	<u>740,000</u>	<u>762,300</u>
<u>DIRECT NET</u>	<u>572</u>	<u>37,400</u>	<u>67,400</u>	<u>70,000</u>	<u>72,700</u>



**PRO FORMA TEMPLATE Cambridge Indoor Aquatics Center**

	Annual Growth Rate			
	1 <u>Yr 1 to Yr 2</u>	2 <u>Yr 2 to Yr 3</u>	3 <u>Yr 3 to Yr 4</u>	4 <u>Yr 4 to Yr 5</u>
<b><u>Revenues</u></b>				
Membership Revenue	10.0%	8.0%	3.0%	3.0%
Enrollment Fees	10.0%	8.0%	3.0%	3.0%
Daily Drop-In Fees	3.0%	3.0%	3.0%	3.0%
Rental Fees	3.0%	3.0%	3.0%	3.0%
Scholarships & Financial Assistance	0.0%	0.0%	0.0%	0.0%
Annual Fundraising Campaign	0.0%	0.0%	0.0%	0.0%
Grants	3.0%	3.0%	3.0%	3.0%
Program Fees	3.0%	3.0%	3.0%	3.0%
Net Retail Sales	3.0%	3.0%	3.0%	3.0%
<b><u>Expenses</u></b>				
Professional Fees	3.0%	3.0%	3.0%	3.0%
Personnel	3.0%	3.0%	3.0%	3.0%
Benefits & Taxes	3.0%	3.0%	3.0%	3.0%
Administrative Services & Supplies	3.0%	3.0%	3.0%	3.0%
Education & Training	3.0%	3.0%	3.0%	3.0%
Occupancy	3.0%	3.0%	3.0%	3.0%
Equipment & Facility Expenses	3.0%	3.0%	3.0%	3.0%
Advertising & Public Relations	3.0%	3.0%	3.0%	3.0%
Misc. Expenses	3.0%	3.0%	3.0%	3.0%
Capital Reserves	3.0%	3.0%	3.0%	3.0%

## Appendix V: Scenario #3 | 5-Year Pro Forma

The following pages provide additional detail for the (2) 5-year pro formas based on membership revenue projections as a result of capturing 3.5% of the adjusted PSA (Isanti County):

- Table 53 – 5-Year Pro Forma; Membership revenue based on 3.5% capture of the adjusted PSA (Isanti County) 2010 population
  - o Assumptions:
    - Membership units equate to 3.5% of adjusted population or 2.4% of total County population of 37,816
- Table 53a – 5-Year Pro Forma; Membership revenue based on 3.5% capture of the adjusted PSA population as well as reduced membership rates and incorporation of cost saving measures
  - o Assumptions
    - Reduced membership rates
    - All cost saving considerations proposed on page 57 are included



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**PRO FORMA Cambridge Indoor Aquatics Center**

**Pro Forma Financials**

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<b><u>Revenues</u></b>					
Membership Revenue	582,550	640,800	692,100	712,900	734,300
Enrollment Fees	22,569	24,800	26,800	27,600	28,400
Daily Drop-In Fees	50,778	52,300	53,900	55,500	57,200
Rental Fees	18,000	18,500	19,100	19,700	20,300
Scholarships & Financial Assistance	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Annual Fundraising Campaign	25,000	25,000	25,000	25,000	25,000
Grants	5,000	5,000	5,000	5,000	5,000
Program Fees	87,150	89,800	92,500	95,300	98,200
Net Retail Sales	25,000	25,800	26,600	27,400	28,200
<b><u>Total Revenue</u></b>	<b>766,047</b>	<b>832,000</b>	<b>891,000</b>	<b>918,400</b>	<b>946,600</b>



Ubcfrh 64; 6.Zf bs Qsp Gpsn b Cbt f e po 4/6& pgQTB bekwf uf e qpqvrbujpo )Ef ubjrt\*

Expenses

Personnel	426,258	439,000	452,200	465,800	479,800
Benefits & Taxes	84,489	87,000	89,600	92,300	95,100
Administrative Services & Supplies	22,475	23,100	23,800	24,500	25,200
Education & Training	15,500	16,000	16,500	17,000	17,500
Occupancy	63,375	65,300	67,300	69,300	71,400
Equipment & Facility Expenses	84,250	86,800	89,400	92,100	94,900
Advertising & Public Relations	5,000	5,200	5,400	5,600	5,800
Misc. Expenses	2,250	2,300	2,400	2,500	2,600
Capital Reserves	60,000	61,800	63,700	65,600	67,600
<u>Total Expense</u>	<u>763,597</u>	<u>786,500</u>	<u>810,300</u>	<u>834,700</u>	<u>859,900</u>
<u>DIRECT NET</u>	<u>2,450</u>	<u>45,500</u>	<u>80,700</u>	<u>83,700</u>	<u>86,700</u>



Ubcfrn 64b; 6.Zf bs Qsp Gpsn b Cbt f e po 4/6& pgQTB bekvf uf e qpqvrbujpo x Dpt uTbwjohf )Ef ubjrn\*

**PRO FORMA Cambridge Indoor Aquatics Center**

**Pro Forma Financials**

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<b><u>Revenues</u></b>					
Membership Revenue	491,078	540,200	583,400	600,900	618,900
Enrollment Fees	22,569	24,800	26,800	27,600	28,400
Daily Drop-In Fees	50,778	52,300	53,900	55,500	57,200
Rental Fees	18,000	18,500	19,100	19,700	20,300
Scholarships & Financial Assistance	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Annual Fundraising Campaign	25,000	25,000	25,000	25,000	25,000
Grants	5,000	5,000	5,000	5,000	5,000
Program Fees	87,150	89,800	92,500	95,300	98,200
Net Retail Sales	25,000	25,800	26,600	27,400	28,200
<b><u>Total Revenue</u></b>	<b>674,575</b>	<b>731,400</b>	<b>782,300</b>	<b>806,400</b>	<b>831,200</b>



Ubcfrn 64b; 6.Zf bs Qsp Gpsn b Cbt f e po 4/6& pgQTB bekvf uf e qpqvrujpo x Dpt uTbwjoht )Ef ubjrtr\*

Expenses

Personnel	381,018	392,400	404,200	416,300	428,800
Benefits & Taxes	71,853	74,000	76,200	78,500	80,900
Administrative Services & Supplies	22,475	23,100	23,800	24,500	25,200
Education & Training	11,750	12,100	12,500	12,900	13,300
Occupancy	63,375	65,300	67,300	69,300	71,400
Equipment & Facility Expenses	84,250	86,800	89,400	92,100	94,900
Advertising & Public Relations	5,000	5,200	5,400	5,600	5,800
Misc. Expenses	2,250	2,300	2,400	2,500	2,600
Capital Reserves	35,000	36,100	37,200	38,300	39,400
<u>Total Expense</u>	<u>676,971</u>	<u>697,300</u>	<u>718,400</u>	<u>740,000</u>	<u>762,300</u>
<u>DIRECT NET</u>	<u>(2,396)</u>	<u>34,100</u>	<u>63,900</u>	<u>66,400</u>	<u>68,900</u>



**PRO FORMA TEMPLATE Cambridge Indoor Aquatics Center**

	Annual Growth Rate			
	1 <u>Yr 1 to Yr 2</u>	2 <u>Yr 2 to Yr 3</u>	3 <u>Yr 3 to Yr 4</u>	4 <u>Yr 4 to Yr 5</u>
<b><u>Revenues</u></b>				
Membership Revenue	10.0%	8.0%	3.0%	3.0%
Enrollment Fees	10.0%	8.0%	3.0%	3.0%
Daily Drop-In Fees	3.0%	3.0%	3.0%	3.0%
Rental Fees	3.0%	3.0%	3.0%	3.0%
Scholarships & Financial Assistance	0.0%	0.0%	0.0%	0.0%
Annual Fundraising Campaign	0.0%	0.0%	0.0%	0.0%
Grants	3.0%	3.0%	3.0%	3.0%
Program Fees	3.0%	3.0%	3.0%	3.0%
Net Retail Sales	3.0%	3.0%	3.0%	3.0%
<b><u>Expenses</u></b>				
Professional Fees	3.0%	3.0%	3.0%	3.0%
Personnel	3.0%	3.0%	3.0%	3.0%
Benefits & Taxes	3.0%	3.0%	3.0%	3.0%
Administrative Services & Supplies	3.0%	3.0%	3.0%	3.0%
Education & Training	3.0%	3.0%	3.0%	3.0%
Occupancy	3.0%	3.0%	3.0%	3.0%
Equipment & Facility Expenses	3.0%	3.0%	3.0%	3.0%
Advertising & Public Relations	3.0%	3.0%	3.0%	3.0%
Misc. Expenses	3.0%	3.0%	3.0%	3.0%
Capital Reserves	3.0%	3.0%	3.0%	3.0%