



# Recreation and Aquatic Center Feasibility Study

Final Report  
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# INTRODUCTION

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### **Section I - Introduction**

Ballard\*King and Associates has been contracted by the City of Sherwood to develop a Recreation and Aquatic Center Feasibility Study that explores possible management and operations options for the future. The study also examines the current operation of the Sherwood Recreation Center which is a partnership between the City and the YMCA of Columbia-Willamette.

This study has been completed based on the experience of Ballard\*King & Associates from past feasibility studies, site visits to Sherwood and interviews with key City staff as well as YMCA of Columbia-Willamette staff. An extensive tour of the existing building was completed and there was a review of operations and budget information that was provided by the City and the YMCA. This also included agreement documents between the two entities for the management and operation of building.

The basic scope of services for the study are outlined below.

#### **Benchmarking and Best Practices:**

- \* Research other financially successful public recreation centers
  - Determine basis for financial success
  - Determine impact of partnerships with other organizations
- \* Develop a summary of industry best practices for the management and operation of public recreation centers

#### **Market Analysis:**

- \* Service area identification
- \* Demographic characteristics/community profile
  - Population/age range/income
  - Future trends
- \* Competitive market analysis
  - Alternative recreation/aquatic service providers
  - Facilities and services offered
  - Admission rates/attendance numbers

#### **Existing Center Assessment:**

- \* Role of the existing center in the market both now and in the future
  - Facility membership and utilization
  - Programs and services
- \* Center operations and management
  - Budget
  - Staffing
  - Fees and charges

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- Maintenance
  - Marketing
  - Community responsiveness

### **Potential Outside Operator Assessment:**

- \* Determine possible outside operators
  - YMCA
  - Boys & Girls Club
  - Special District
  - Other Cities
  - Private management company
  - Other
- \* Complete a pro's and con's assessment of the viable options
  - Possible operational impacts
  - Possible financial impact to the City
- \* Determine most viable outside operator

### **Operations Analysis: (5 year projections)**

- \* Analyze options
  - Operation by the preferred outside operator (if possible)
  - Operation by the City of Sherwood
- \* Attendance/Use estimates
  - Daily
  - Annually
- \* Fee structure
  - Day use
  - Multiple admissions/annual passes
  - Family, corporate, group
  - Rentals
- \* Sources of income
  - Identification and verification of revenue sources
- \* Operating cost projections
  - Develop a line item budget
  - Personnel by position
  - Contractual services
  - Commodities
  - Capital replacement
- \* Revenue generation projections
  - Develop a line item accounting
  - Admissions
  - Annual/multiple admissions

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- Programs and services
  - Rentals
  - Other revenue sources
  - \* Revenue/expenditure comparisons
    - Cost recovery level
    - Organizational structure
  - \* Identify services to be offered
    - Priority services
    - Services to be provided by others

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## **Section II - Benchmarking and Best Practices**

An important aspect of the feasibility study is examining national benchmarking and best practices for public recreation centers across the United States. The information presented below has been developed by Ballard\*King & Associates based on 25 years of experience in the development and operation of public recreation centers throughout the United States. While this information can be valuable as background information for such studies, it must be recognized that each community is unique and there are market and operational issues that impact the management and financial performance of public recreation centers.

**Market Realities:** One of the most important impacts on operations and financial performance of public recreation centers are the market characteristics. This includes:

*Demographics* – Not surprisingly, communities with a larger market area, higher incomes, younger median age, and a significant number of households with children, tend to have higher utilization rates at their centers and usually have a higher cost recovery level associated with operations.

*Other Providers* – The presence of other similar facilities in the market, usually other public or non-profit centers, will have an impact on the use and financial performance of a public recreation center. Private facilities usually have much less of an impact on the market due to their different market focus. The fewer “competitors”, the higher the rate of utilization and revenue production.

*Region of the Country* – Generally speaking, public recreation centers in the eastern portion of the country have better financial performance than centers in the Midwest, south or western portion of the United States. People on the east coast expect to pay more and are more willing to purchase memberships to centers than individuals in other areas of the country. This is particularly true for public centers on the west coast where user fees tend to be lower and the sale of memberships or passes are also lower than some other areas of the country.

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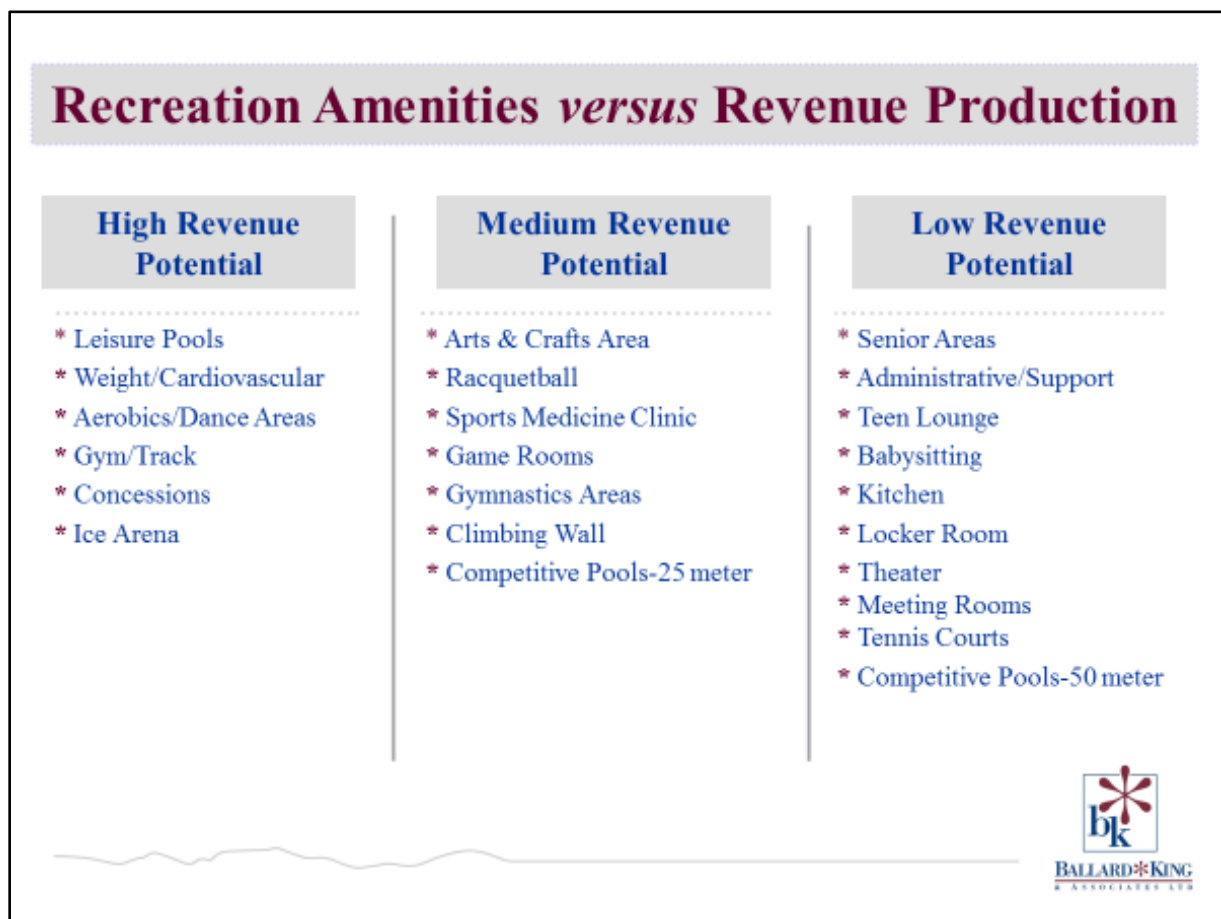
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**Recreation Center Amenities:** The choices regarding the amenities that are found in a recreation center have a direct bearing on the ability to increase the level of cost recovery. In addition, the size of the spaces also has a direct impact on cost recovery.

The following charts indicate the general cost recovery characteristics of key amenities that could be included in a recreation center.



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While understanding the revenue realities of different indoor recreation amenities is important, revenues must also be balanced with the cost of operation of the amenity as well. The chart below compares the two characteristics.

Estimate of Revenue & Expense Potential		
Component	Expense	Revenue
*Art Display Space	Low	Low
*Climbing Wall	Low	Medium
*Indoor Track	Low	Medium
*Game Area (electronic/active)	Low	Medium
*Racquetball	Low	Medium
*Gymnasium	Low	High
*Meeting/Multi-Purpose	Medium	Low
*Senior Activity Space	Medium	Low
*Pre-School Space	Medium	Medium
*Gymnastics	Medium	Medium
*Indoor Playground	Medium	Medium
*Party Rooms	Medium	High
*Aerobics/Dance Room	Medium	High
*Weight/Cardiovascular Space	Medium	High
*Competitive Pool (50 meter)	High	Low
*Drop-In Child Care	High	Low
*Kitchen	High	Low
*Theater/PAC	High	Low
*Conventional Pool (25 yard/meter)	High	Medium
*Leisure Pool	High	High



The size of the spaces in a recreation center also impact how well a center is used and is related to revenue generation as well. For most communities, the most undersized elements in a recreation center include:

- *Weight/Cardio/Functional Training Space* – This element is consistently the most undersized aspect of most public recreation centers. A baseline for most new centers is at least 5,000 SF of this space and it is not unusual to see 10,000 SF or more in newer centers.
- *Group Exercise Space* – It used to be that having one group exercise room in a center was sufficient but now having at least two is the norm and many now have three spaces of



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varying size to meet a variety of exercise class needs. The main exercise space is usually 2,000 SF while the two studios can be 1,000 to 1,500 SF each.

- *Recreational Pools* – The size of indoor recreational pools keep going up as well based on the demand. Pools with 3,500 SF of water surface area used to be considered large but now many pools are over 5,000 SF.
- *Gymnasiums* – Gyms were often a single high school basketball court in width with smaller cross courts for basketball or volleyball. Now gyms often include 2 to 3 high school courts with 6 to 8 volleyball (or pickleball) courts.
- *Support Spaces* – The need for more storage and office space has also forced up the size of this space as has the addition of more unisex changing rooms in the locker area.

In addition to the sizing of amenities there are trends in the types of amenities themselves. The following are some of the basic trends that have been seen in recreation amenities.

- *Fitness* - As has been noted above, the inclusion on larger and more diverse fitness spaces continues to be the primary driver in most centers. There is a much greater emphasis on functional training and personal training in most centers as well.
- *Therapy Pools* – With a greater focus on wellness, plus partnerships with health care providers, has led to the inclusion of true therapy pools in some recreation centers.
- *Fieldhouse* – This is usually a large turf area that can support field sports such as soccer, lacrosse, football and even baseball/softball.
- *Indoor Playgrounds* – These usually are large themed playgrounds that have climbing structures and other interactive features. Most require a fee for use.
- *Adventure Sports Areas* – These spaces can vary considerably based on the types of adventure sports that are being emphasized. This can include climbing/bouldering walls, indoor skate parks, and even ropes courses.
- *Teaching Kitchen* – There has been a real growth in the desire for true teaching kitchens that can support nutrition and healthy eating programs.

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**Recreation Center Benchmarks:** The following represents the basic benchmarks for public recreation centers that are operated by a municipality.

- The majority of community recreation centers that are being built today are between 65,000 and 75,000 square feet. Most centers include three primary components A) A pool area usually with competitive and leisure amenities, B) Multipurpose gymnasium space, and C) Weight/cardiovascular equipment area. In addition, most centers also have group exercise rooms, drop-in childcare, and classroom and/or community spaces.
- For most centers to have an opportunity to cover all of their operating expenses with revenues, they must have a service population of at least 50,000 and a market driven fee structure.
- Most centers that are between 65,000 and 75,000 square feet have an operating budget of between \$1,750,000 and \$2,500,000 annually. Nearly 65% of the operating costs are from personnel services, followed by approximately 25% for contractual services, 8% for operating supplies, and 2% for capital replacement.
- For centers that serve a more urban population and have a market driven fee structure, they should be able to recover 70% to 100% of operating expenses. For centers in more rural areas the recovery rate is generally 50% to 75%. Facilities that can consistently cover all of their operating expenses with revenues are relatively rare. The first true benchmark year of operation does not occur until the third full year of operation.
- The majority of centers of the size noted (and in an urban environment) above average daily paid attendance of 800 to as much as 1,000 per day. These centers will also typically sell between 1,000 and 2,500 annual passes (depending on the fee structure and marketing program).
- It is common for most centers to have a three-tiered fee structure that offers daily, extended visit (usually punch cards) passes, and annual passes. In urban areas, it is common to have resident and non-resident fees. Non-resident rates can cost 25% to 50% higher than the resident rate and are usually a topic of discussion amongst elected officials. Daily rates for residents average between \$5.00 and \$10.00 for adults, \$4.00 and \$6.00 for youth and the same for seniors. Annual rates for residents average between \$300 and \$500 for adults, and \$200 and \$300 for youth and seniors. Family annual passes tend to be heavily discounted and run between \$600 and \$1,200.
- Most centers are open an average of 105 hours a week, with weekday hours being 5:00 am to 10:00 pm, Saturdays 8:00 am to 6:00 pm and Sundays from 8:00 am to 6:00 pm. There is now a trend to open earlier on Sundays as well. Often hours are shorter during the summer months.

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Note: These statistics vary by regions of the country.

**Recreation Center Market Orientation:** Based on the demographic makeup of the market area and the trends in indoor recreation amenities, there are specific needs that are usually addressed with such community facilities. These include:

### General

1. *Drop-in recreation activities* - Critical to the basic operation of any recreation center is the availability of the facility for drop-in use by the general public. This requires components that support drop-in use and the careful scheduling of programs and activities to ensure that they do not dominate the center and exclude the drop-in user. The sale of annual passes and daily admissions, potential strong revenue sources for a center, requires a priority for drop-in use.

2. *Instructional programming* - The other major component of a recreation center's operation is a full slate of programs in a variety of disciplines. The center usually provides instruction for a broad based group of users in a number of program areas. The primary emphasis is on teaching basic skills with a secondary concern for specialized or advanced instruction.

3. *Special events* - There is usually a market for special events including children's birthday parties, community organization functions, sports tournaments and other special activities. The development of this market can aid significantly in the generation of additional revenues and these events can often be planned for before or after regular operating hours or during slow use times of the year. Care has to be taken to ensure that special events do not adversely impact the everyday operations of the center.

4. *Community rentals* - Another aspect of a center's operation is providing space for rentals by civic groups or organizations as well as the general public. Gyms and multi-purpose rooms can be used as a large community gathering space and can host a variety of events from seminars, parties, receptions, arts and crafts sales and other events. To maximize revenue, it is important that a well-defined rental fee package is in place and the fee schedule followed closely. Rentals are not done at the expense of drop-in use or programming in the center.

5. *Social welfare programs* - An emerging area for many centers is the use of space for social service activities and programs. Special population activities, teen and senior assistance programs, childcare and other similar uses are now common in many facilities.

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## Specific market segments include

1. *Families* - Within most markets an orientation towards family activities is essential. The ability to have family members of different ages participate in a variety of activities together or individually, is the challenge.
2. *Pre-school children* - The needs of pre-school age children need to be met with a variety of activities and programs designed for their use. From drop-in childcare to specialized pre-school classes, a number of such programs can be developed. Interactive programming involving parents and toddlers can also be beneficial. It is significant that this market usually is active during the mid-morning time frame, providing an important clientele to the facility during an otherwise slow period of the day. For parents with small children who wish to participate in their own activities, babysitting services are often necessary during the morning and early evening time slots.
3. *School age youth* - Recreation programming has tended to concentrate on this market segment and this age group should be emphasized at a recreation center as well. This group requires a wide variety of programs and activities that are available after school, during the summer, or during weekend hours. Instructional programs and competitive sports programs are especially popular, as well as drop-in use of the facility.
4. *Teens* - A major focus of many recreation center projects is on meeting the needs of teenagers in the community. There is a great debate among recreation providers throughout the country on how to best provide recreation programming for this age group. Some believe that dedicated teen space is required to meet their needs while others find that it is the activities and approach that is more important. Serving the needs of this age group will often require the use of many areas of the center at certain “teen” times of use.
5. *Seniors* - As the population of the United States continues to age, continuing to meet the needs of the senior population will be essential. A younger, more active and physically oriented senior is now demanding services to ensure their continued health. Social programs as well as weight training and cardiovascular conditioning, aquatics and gym based activities have proven to be popular with this age group. Again, the fact that this market segment will usually utilize a facility during the slower use times of early to mid-day also is appealing.
6. *Business/corporate* – Depending on the market realities, meeting the needs of the business community can be important. They often have a variety of needs from fitness/wellness and instruction, to recreation and social.
7. *Special needs population* - This is a secondary market, but with the A.D.A. requirements and the existence of a number of recreation components, the amenities are usually present to develop

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programs for this population segment. Association with health care providers and/or other social service agencies are often necessary to fully reach this market.

8. *Special interest groups* - While the needs of these groups can be great, their demands on a center can often be incompatible with the overall mission of the facility. Care must be taken to ensure that special interest groups are not allowed to dictate use patterns for a center.

**Management and Operations:** Public recreation centers have been tested in the last 10 to 20 years to alter their approach to providing parks and recreation services. This has been based on the following:

*Increasing Demands* – Ever increasing facility, program, and service demands from the public.

*Inclusiveness* – The requirement that agencies provide access to facilities, programs and services to an ever more diverse population.

*Cost Effectiveness* - A demand that recreation centers be more cost effective in their operations of services and facilities.

*Measurable Outcomes* – A strong need to be able to quantify the results and benefits of the programs and facilities that are provided. Establishing well defined levels of service (LOS) are critical.

As a result of these factors, the following general best practices have been adopted.

- Recreation centers have a clear vision statement regarding their roles and responsibilities in providing services to their constituents. This includes an overall philosophy on cost recovery that was hopefully developed before the center was designed and constructed.
- The vision statement is backed up by a number of pointed goals including cost recovery guidelines and mandates.
- There are on-going, long range, planning efforts to position the center for success in the future.
- There is a realization that a public recreation center cannot effectively be all things to all people in the delivery of recreation services and facilities. As a result, specific areas of focus are determined and certain functions are left to others.
- Careful analysis is done to determine which services should be provided in-house and which should be contracted to other providers.

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- There is strong record keeping that allows for trends and directional analysis. This also results in the development of specific performance measurements. For this to be effective there must be full computerization of all management records. This includes program registration, point of sale, rentals, facility scheduling, time card management, maintenance, etc.
  - There are well written and comprehensive policies and procedures in place that cover all aspects of a center's management and operation. These are updated on a regular basis.
  - Virtually every aspect of a center's operation is evaluated, tracked, and measured on a regular basis.

## *Budget*

- There is a comprehensive internal budgeting process that focuses on cost center accounting on a very detailed level.
- A complete fee policy is in place to guide fee setting for all amenities, programs and services. Fees are increased on at least an every other year basis and are benchmarked against other similar facilities in the market area.
- Budgets include all expenses, even those services that are provided by other departments or organizations.
- There is thorough, on-going, budget monitoring and tracking where financial performance issues can be quickly identified and dealt with.
- Five-year capital replacement budgets are present and updated each year.
- A scholarship program is funded to cover those individuals and families that cannot afford the established fee schedule.
- Program and facility managers/supervisors are accountable for their own budgets.

## *Staffing*

- A center has a well-defined staffing philosophy that clearly defines the role of all staff.
- There is strong leadership at the administrative level that is supported by a team concept.

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- Clear expectations are established for all staff with work plans and yearly evaluations to measure job performance. Each staff member is held accountable for their areas of responsibility.
  - Job descriptions for all full-time and part-time staff are in place that accurately describe the job requirements and skills that are necessary for the position.
  - Staff is empowered and expected to make important management and supervisory decisions but are also held accountable for the performance of their areas.
  - There is a mix of full-time and part-time staff.
  - There is a formal communications protocol in place. Staff meetings are held on a regular basis and the minutes and actions are documented.
  - There are appearance and conduct standards in place for all staff.
  - There is an annual staff training program with adequate levels of funding.
  - A comprehensive staff manual is updated regularly to guide staffing standards and regulations.
  - Background checks are completed on all new hires, especially those that have direct contact with youth.
  - There is a strong staff focus on customer service and satisfaction.

## *Programs and Services*

- A center has a well-defined program plan in place that guides future programming directions and areas of focus. There is also a realization that a center cannot provide all of the programs and services that are demanded from their constituents. A recreation center clearly identifies their core program areas.
- Specific program priorities are established and the role of other providers is recognized.
- Program metrics are tracked including:
  - Rates of fill (percentage of maximum number of registrations that are in the program)

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- Participation numbers and comparisons to past years/seasons.
  - Rate of program cancellations
  - Financial performance
  - Evaluations from participants
- A lifecycle analysis is completed for all programs offered by the agency.
  - On-line registration is available for all programs and services including facility rentals.

## *Facility Maintenance*

- An overall maintenance plan is developed and updated for the center. This is followed-up by specific plans for each major amenity. This includes a strong focus on preventative maintenance tasks.
- Many recreation centers are contracting for custodial services for certain elements in the center or the entire building. Developing strong contracts that detail specific tasks to be completed, the frequency and expected quality of service is essential. Contracts must have specific performance standards to ensure that recreation facilities are adequately cleaned. Contract maintenance also must be supervised, managed, and evaluated on a regular basis.
- Operations manuals are present for all major facility amenities and equipment. This includes safety and liability protocols and an emergency action plan.
- Costs for maintaining individual amenities are tracked on a daily, weekly, and monthly basis. Any outside costs are also assigned to a maintenance budget as well.
- Deferred maintenance items are prioritized and a funding plan to address these concerns is developed.
- An asset inventory is established for all major equipment and a depreciation schedule developed.
- Maintenance tasks, schedules and costs are managed by a maintenance management software system.
- A cost/benefit analysis is completed to determine which maintenance tasks and services should be accomplished in-house and which should be contracted. All contracted services have contracts and are monitored regularly for compliance.



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## Marketing

- A center has a comprehensive community relations protocol as well as a specific marketing plan.
- There is an adequate level of funding for marketing and staff resources are allocated for this purpose.
- A center has an interactive web site that is updated quarterly.
- There is an active effort to engage the public for all planning efforts. This includes the utilization of the following methods:
  - Focus groups
  - Community meetings
  - Surveys
  - Social media
- Specific marketing tools are developed for individual target and niche markets.
- Communications to the public are provided in the languages of the residents that are present in the community.
- Centers or agencies produce a recreation services magazine or brochure on a twice to three times a year basis that is distributed to the community they serve. These are available on line as well as a more traditional printed version.
- There must be a strong recognition of the different demographic markets that must be served. The youth, senior and family populations in the area should be specifically addressed as should any different ethnic groups.
- There is usually an effort to “brand” a center, its amenities, and its programs through all publications, promotional materials, flyers, signs, web site, and other items. All marketing materials often have the same format, look, logo, etc.
- There is strong use of Facebook, Twitter and other social media sources to promote the center’s amenities, programs and services. This is backed up with a formal social media policy.
- A formal sponsorship plan is in place for specific amenities as well as events and programs.

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- Centers or agencies increasingly have at least a part-time marketing professional on staff to coordinate all marketing efforts.
  - The manner in which users find out about center amenities, programs and services, is tracked on a regular basis and guides future marketing resource allocation and areas of focus.
  - Centers heavily promote the use of on-line program registration as well as facility rentals. This requires a fully computerized registration software package with point of sale and the ability to make payments over time.
  - The annual marketing efforts have a formal evaluation mechanism to determine the overall effectiveness of the plan.
  - Centers establish a strong customer service training program for all of its employees (full-time and part-time). Areas of focus often include, dealing with difficult people, diversity, how to handle discipline and behavioral issues, and effectively implementing emergency procedures.

**Partnerships:** Partnerships with a variety of entities is now a major way to develop public recreation amenities and services.

These partnerships often include:

- Health care providers
- School districts
- Other governmental agencies
- YMCA's/Boys & Girls Clubs/Jewish Community Centers
- Community organizations
- Private health clubs
- Sports organizations
- Business and corporate community

*For Partnerships to be Effective*

- The roles and expectations of other organizations and providers are clearly articulated by a center in an effort to promote the effective use of overall community resources.
- Equity partnerships (those that provide capital and/or operational funding) are actively pursued for amenities and programs during the feasibility and design stage of the project.

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- Formal written agreements are in place for any partnerships.
  - Coordination efforts with other government agencies are pursued and documented.

### *Facility Partnerships*

- A significant number of new public recreation centers now involve some form of partnership with other community organizations and recreation service providers. Partnerships are generally on three levels.

Primary or Equity Project Partners – These would be the main partners in a project who have the most interest, the ability to fund, and a willingness to be a part of the development and operation of a facility.

Secondary Project Partners – These organizations could have a direct interest in the facility but not to the same level as a primary partner. Capital funding for the project is unlikely but there could be some assistance with program and service delivery.

Support Partners – These organizations support the development of a new facility but would see limited to no direct involvement in the development or operation of the facility.

Specific facility partnerships could include.

- *Health Care Providers* – A health care provider could offer capital funding for a portion of a facility or lease space in a building. In addition, they can also possibly provide programs and services for the center. Partnerships between public entities and medical providers can be very beneficial for both parties.
- *Non-Profits* – YMCA's, Boys & Girls Clubs, and Jewish Community Centers could be a possible operator of the entire facility (or a portion of the center such as the pool and/or fitness area) and can also be part of a fundraising campaign for a new center or the renovation of an existing building. They may also provide certain programs and services at the center.
- *Private Health Clubs* – A partnership would most likely be in the form of a city or other agency leasing land at a very low rate and the club building a private fitness center. This is often not a realistic option for most communities. However other clubs might be interested in managing certain aspects of the center (fitness and aquatics), or in providing specific specialized programs and services.

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- *School District* – A school district’s role in a project could be considerable and include, a capital contribution for construction of certain amenities, or funding for operations (beyond possible fees for use).
  - *Retail Operations* – It may be possible to integrate some retail services into a facility. This could come from a small drink/food service operation and/or a small area to sell sports, recreation and fitness goods. The facility can either lease space in the center for these purposes and/or take a percentage of gross revenues from any goods that are sold. This could include food truck operations and other vendors.
  - *Sports Organizations* – Local sports organizations could be primary users of a center if the amenities that they need are available and support their activities. It should be expected that these groups would pay for their use.
  - *Community Organizations* – Developing working relationships with community organizations and service clubs could provide much needed support for a project as well as generate possible users of a facility.
  - *Business and Corporate Community* – It is important to approach the corporate community with a variety of sponsorship opportunities to enhance the revenue prospects of a facility.

**Best Practices Summary:** The characteristics that generally mark financially successful public recreation centers include.

- They are located in larger markets that have strong demographic characteristics to support the operation of a center.
- They contain the amenities that generate strong use and revenue. There is almost always a significant fitness element.
- There is a stated cost recovery goal and an emphasis on revenue production. There is also an aggressive fee structure.
- Annual pass/membership revenue is emphasized and tracked on a continual basis.
- There is a strong management team in place.
- Center performance metrics are closely monitored and adjustments made in the management of the facility in a timely manner.

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- A wide range of programs and services are offered that meet a large cross section of community needs.
- Partnerships with a variety of organizations are pursued and nurtured to expand markets and revenue potential.

**Local Benchmarks:** In an effort to better understand the performance of public recreation centers in the greater Portland, Oregon area, three centers were contacted for basic financial information.

- Conestoga Recreation & Aquatic Center, Tualatin Hills Parks and Recreation District, Beaverton, Oregon
- Firstenburg Community Center, City of Vancouver, Washington
- Shute Park Aquatic and Recreation Center, City of Hillsboro, Oregon

**Conestoga Recreation & Aquatic Center (Approximately 60,000 SF)** – The center has two gyms, an indoor pool with recreational amenities, an outdoor splash pad, dance/fitness room, weight room, and four classrooms.

### Hours of Operation:

Days	Hours
Monday-Thursday	5:30am-9:30pm
Friday	5:30am-8:30pm
Saturday	8:00am-6:00pm
Sunday	9:00am-6:00pm

### Fee Structure:

#### Daily

Age Group	General Pass	Deluxe Pass
Adult (18-61)	\$4.50	\$7.50
Youth (1-17)	\$3.75	\$6.25
Senior (62+)	\$3.75	\$6.25
Military (individual)	\$4.00	\$6.75
Household (3+ Members)	\$12.00	N/A
Out of District Individual	\$5.50	\$9.25

# BENCHMARKING AND BEST PRACTICES

City of Sherwood

Recreation and Aquatic Center Feasibility Study



General Pass – Drop-in use of the facility only

Age Group	1 Month	3 Month	6 Months	Annual
Single	\$30.50	\$84.00	\$145.00	\$270.00
Youth (1-17)	\$26.00	\$71.50	\$116.00	\$216.00
Senior (62+)	\$26.00	\$71.50	\$116.00	\$216.00
Military (individual)	\$27.50	\$75.50	\$123.25	\$229.50
Couple	\$45.75	\$126.00	\$217.50	\$405.00
Sr. Couple	\$39.00	\$107.00	\$185.00	\$344.25
Household (3+ Members)	\$61.00	\$168.00	\$290.00	\$540.00

Deluxe Pass – Includes group fitness classes and drop-in child care

Age Group	1 Month	3 Month	6 Months	Annual
Single	\$51.50	\$145.00	\$265.00	\$505.00
Youth (1-17)	\$43.75	\$123.25	\$225.25	\$429.25
Senior (62+)	\$43.75	\$123.25	\$225.25	\$429.25
Military (individual)	\$46.25	\$130.50	\$238.50	\$454.50
Couple	\$77.25	\$217.50	\$397.50	\$757.50
Sr. Couple	\$66.50	\$184.75	\$337.75	\$643.75
Household (3+ Members)	\$103.00	\$290.00	\$530.00	\$1,010.00

Discounts for seniors, youth and military available to district residents only.

### Financial Performance:

The financial performance of the center is noted below.

	2016 Budget
Expenses	\$2,000,000
Revenues	\$2,060,000
Difference	\$60,000

It is important to note that the expenses do not include, maintenance costs, utilities, pool chemicals or other similar expenses. If this amount were added, the total expense would likely be an additional \$400,000 and the center would have a deficit of over \$300,000 annually. No central district services (human resources, finance, legal, etc.) charge backs are included in these budget numbers.

# BENCHMARKING AND BEST PRACTICES

City of Sherwood

## Recreation and Aquatic Center Feasibility Study



**Firstenburg Community Center (Approximately 80,000 SF)** – The center includes an indoor leisure pool, fitness center, gym, climbing wall, community rooms, indoor track, child watch, and outdoor spray pad.

*Hours of Operation:*

Days	Hours
Monday-Thursday	5:30am-9:00pm
Friday	5:30am-8:00pm
Saturday	8:00am-7:00pm
Sunday	Noon-6:00pm

*Fee Structure:*

Daily

Age Group	Drop-in
Age 0-3	Free
Age 4-18	\$4.00
Adult 19+	\$7.00
Senior 65+	\$5.00

Passes – Drop-in use of the facility plus group exercise classes.

Age Group	Resident Ongoing	Non-Res. Ongoing	Resident 12 Month	Non-Res. 12 Month	Resident 3 Month	Non-Res. 3 Month
Age 0-3	Free	Free	Free	Free	Free	Free
Age 4-18	\$20/mo	\$23/mo	\$220	\$253	\$75	\$84
Age 19+	\$37/mo	\$42/mo	\$407	\$462	\$126	\$141
Couple	\$58/mo	\$66/mo	\$638	\$726	\$189	\$213
Senior 65+	\$31/mo	\$35/mo	\$341	\$385	\$108	\$120
Sr. Couple	\$48/mo	\$55/mo	\$528	\$605	\$159	\$180
Family	\$63/mo	\$71/mo	\$693	\$781	\$204	\$228

# BENCHMARKING AND BEST PRACTICES

City of Sherwood

## Recreation and Aquatic Center Feasibility Study



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### Financial Performance:

The financial performance of the center is noted below.

	2015 Actual
<i>Direct</i>	
Expenses	\$2,902,276
Revenues	\$2,638,646
Difference	(\$263,630)
<i>Indirect</i>	
Expenses	\$676,495
Adjusted Difference	(\$940,125)

Expenses include utilities, pool chemicals and other similar expenses. Indirect expenses include department administration costs, facilities and grounds maintenance, and internal city service charge-backs (human resources, finance, legal, etc.).

**Shute Park Aquatic & Recreation Center** (43,000 SF) - This center has a weight/cardio area, drop-in child care, two indoor pools, an outdoor 50-yard pool, spa and dry sauna and a multipurpose room.

### Hours of Operation:

Days	Hours
Monday-Friday	5:30am-9:30pm
Saturday	7:00am-5:30pm
Sunday	8:00am-5:30pm

### Fee Structure:

Daily

Age Group	Resident	Non-Resident
Under 2 years	Free	Free
Youth 2-17 years	\$4.00	\$6.00
Young Adult 18-21 years	\$4.50	\$6.50
Adult	\$5.00	\$7.00
Family	\$12.75	\$19.25
Senior	\$4.00	\$6.00
Disabled	\$4.00	\$6.00



# BENCHMARKING AND BEST PRACTICES

City of Sherwood

Recreation and Aquatic Center Feasibility Study



Passes – Drop-in use of the facility plus group exercise classes.

Age Group	3 Month		12 Month		Ongoing/Month	
	Res	N/Res	Res	N/Res	Res	N/Res
Young Adult 18-21 years	\$74	\$111	\$180	\$270	\$16	\$24
Individual	\$93	\$140	\$225	\$335	\$20	\$29
Family	\$151	\$228	\$365	\$545	\$32	\$48
Youth/Senior/Disabled	\$55	\$82	\$135	\$205	\$12	\$18

### Financial Performance:

The financial performance of the center is noted below.

	2015 Actual
Expenses	\$2,053,919
Revenues	\$1,368,252
Difference	(\$685,667)

Expenses include utilities, pool chemicals and other similar expenses. No central city services (human resources, finance, legal, etc.) charge backs are included in these budget numbers.

**Benchmark Center Comparison with the Sherwood Regional Family YMCA:** The following is a brief comparison of the basic operational characteristics of these public recreation centers and the Sherwood Regional Family YMCA.

- The amenities that are found in public recreation centers are similar to what is located in the Sherwood Regional Family YMCA. However, the YMCA has a larger fitness area while the public centers have larger indoor leisure pools.
- Both the public recreation centers and the YMCA have similar hours of operation.
- The public recreation centers have more user fee options and are generally not as focused on memberships as the YMCA.
- Operational budgets for public recreation centers generally do not include any administrative overhead charges nor is any depreciation being shown, while all of these costs are part of the YMCA budget.

# BENCHMARKING AND BEST PRACTICES

*City of Sherwood*

*Recreation and Aquatic Center Feasibility Study*



- 
- Public recreation centers have a lower cost recovery level than the YMCA due in part to the fee structures being utilized as well as higher costs for staffing (higher pay scales and benefit percentages).

### **Section III - Market Analysis**

As part of the feasibility study for the Sherwood Recreation and Aquatic Center study, Ballard\*King & Associates (B\*K) has conducted a market analysis for the project.

#### ***Demographic Characteristics***

The following is a summary of the demographic characteristics of the City along with a secondary service area representative of Census Tracts identified by the YMCA as the market for the current Sherwood Regional Family YMCA.

B\*K accesses demographic information from Environmental Systems Research Institute (ESRI) who utilizes 2010 Census data and their own demographers for 2016-2021 projections. In addition to demographics ESRI also provides data on housings, recreation and entertainment spending and adult participation in activities.

**Service Areas:** The primary service area for the study is the City of Sherwood proper with comparison data from the Secondary Service Area, the State of Oregon and the United States.

Secondary Service Areas are defined as the distance people will travel on a regular basis (a minimum of once a week) to utilize a YMCA or a public recreation center's programs and facilities. Use by individuals outside of this area will be much more limited and will focus more on special activities or events (tournaments, etc.).

Service areas can vary in size with the types of components in the facility. A center with active elements (pool, weight cardiovascular equipment area, gym, track, etc.) will have a larger service area than a more passively oriented facility. Specialized facilities such as a competitive aquatic venue will have a bigger service area, making it more of a regional destination.

Service areas can flex or contract based upon a facility's proximity to major thoroughfares. Other factors impacting the use as it relates to driving distance are the presence of alternative service providers in the service area. Alternative service providers can have an effect upon membership, daily admissions and the associated penetration rates for programs and services.

# MARKET ANALYSIS

City of Sherwood

## Recreation and Aquatic Center Feasibility Study



**Table A – Service Area Comparison Chart:**

	City of Sherwood	Secondary Service Area
<b>Population:</b>		
2010 Census	18,194 <sup>1</sup>	126,113 <sup>2</sup>
2016 Estimate	19,201	135,520
2021 Estimate	20,316	143,937
<b>Households:</b>		
2010 Census	6,316	47,429
2016 Estimate	6,585	50,641
2021 Estimate	6,930	53,707
<b>Families:</b>		
2010 Census	4,857	32,876
2016 Estimate	5,019	34,658
2021 Estimate	5,265	36,507
<b>Average Household Size:</b>		
2010 Census	2.88	2.59
2016 Estimate	2.91	2.61
2021 Estimate	2.93	2.61
<b>Ethnicity (2016 Estimate):</b>		
Hispanic	7.7%	11.6%
White	86.9%	83.9%
Black	.9%	1.2%
American Indian	.5%	0.7%
Asian	4.1%	4.8%
Pacific Islander	.4%	0.4%
Other	3.0%	4.9%
Multiple	4.3%	4.0%
<b>Median Age:</b>		
2010 Census	34.2	37.0
2016 Estimate	35.7	38.0
2021 Estimate	36.2	38.6
<b>Median Income:</b>		
2016 Estimate	\$84,113	\$68,790
2021 Estimate	\$92,634	\$78,011

<sup>1</sup> From the 2000-2010 Census the City of Sherwood experienced a 49.6% increase in population.

<sup>2</sup> From the 2000-2010 Census the Secondary Service Areas experienced a 189.3% increase in population.

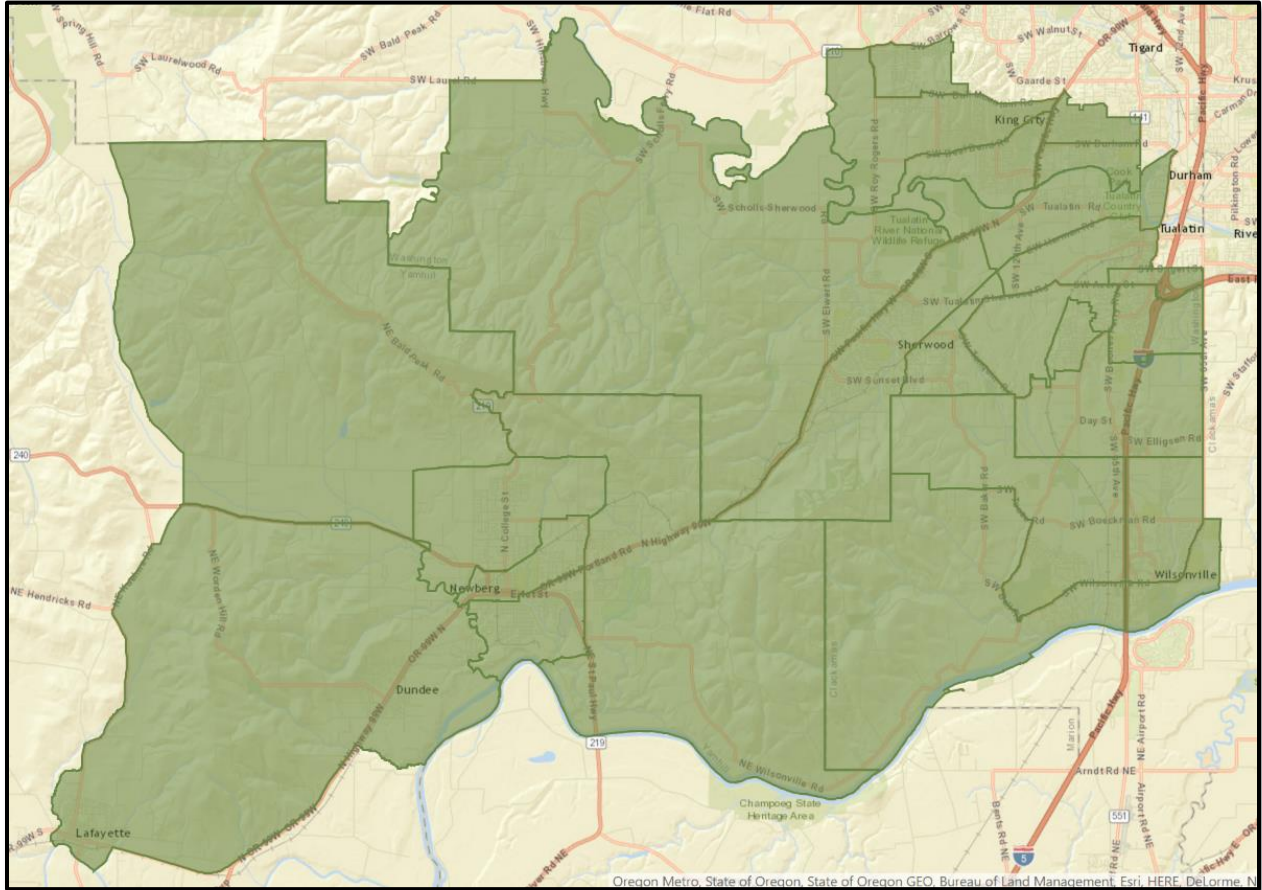
# MARKET ANALYSIS

City of Sherwood

Recreation and Aquatic Center Feasibility Study



**Map A – Secondary Service Area Map:**



# MARKET ANALYSIS

City of Sherwood

## Recreation and Aquatic Center Feasibility Study

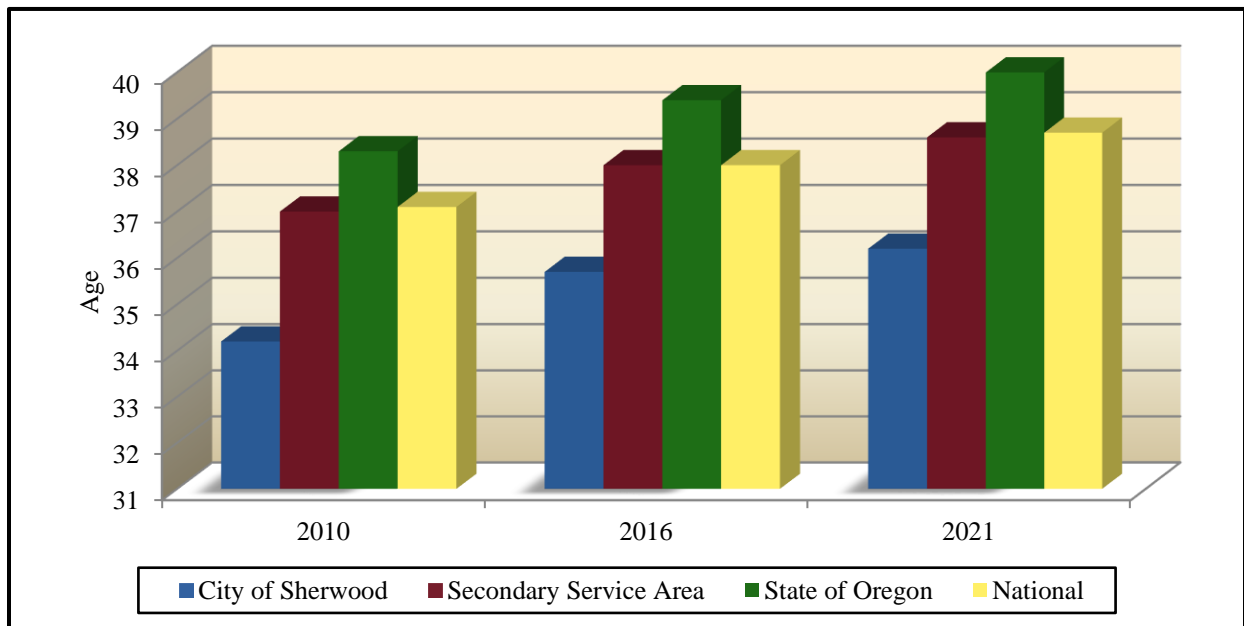


**Age and Income:** It is important to compare the median age and median household income levels to the state and national levels. Age and income are primary determiners of participation in recreation activities. The lower the median age, the higher the participation rates are for most activities. The level of participation also increases as the median income level goes up.

**Table B – Median Age:**

	2010 Census	2016 Projection	2021 Projection
City of Sherwood	34.2	35.7	36.2
Secondary Service Area	37.0	38.0	38.6
State of Oregon	38.3	39.4	40.0
National	37.1	38.0	38.7

**Chart A – Median Age:**



The median age in the City of Sherwood is significantly lower than that of the Secondary Service Area, State of Oregon and the National number. A lower median age points to the presence of families with children, a significant user group of indoor recreation facilities.

# MARKET ANALYSIS

City of Sherwood

## Recreation and Aquatic Center Feasibility Study



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**Households with Children:** The following chart provides the number of households and percentage of households in the City of Sherwood and the Secondary Service Area with children. This information is based on 2010 Census information.

**Table C – Households w/ Children**

	<b>Number of Households w/ Children</b>	<b>Percentage of Households w/ Children</b>
City of Sherwood	3,135	49.6%
Secondary Service Area	17,265	36.4%

The information contained in Table-C helps further outline the presence of families with children. As a point of comparison in the 2010 Census, 30.1% of households in the State of Oregon had children present and 33.4% of households nationally.

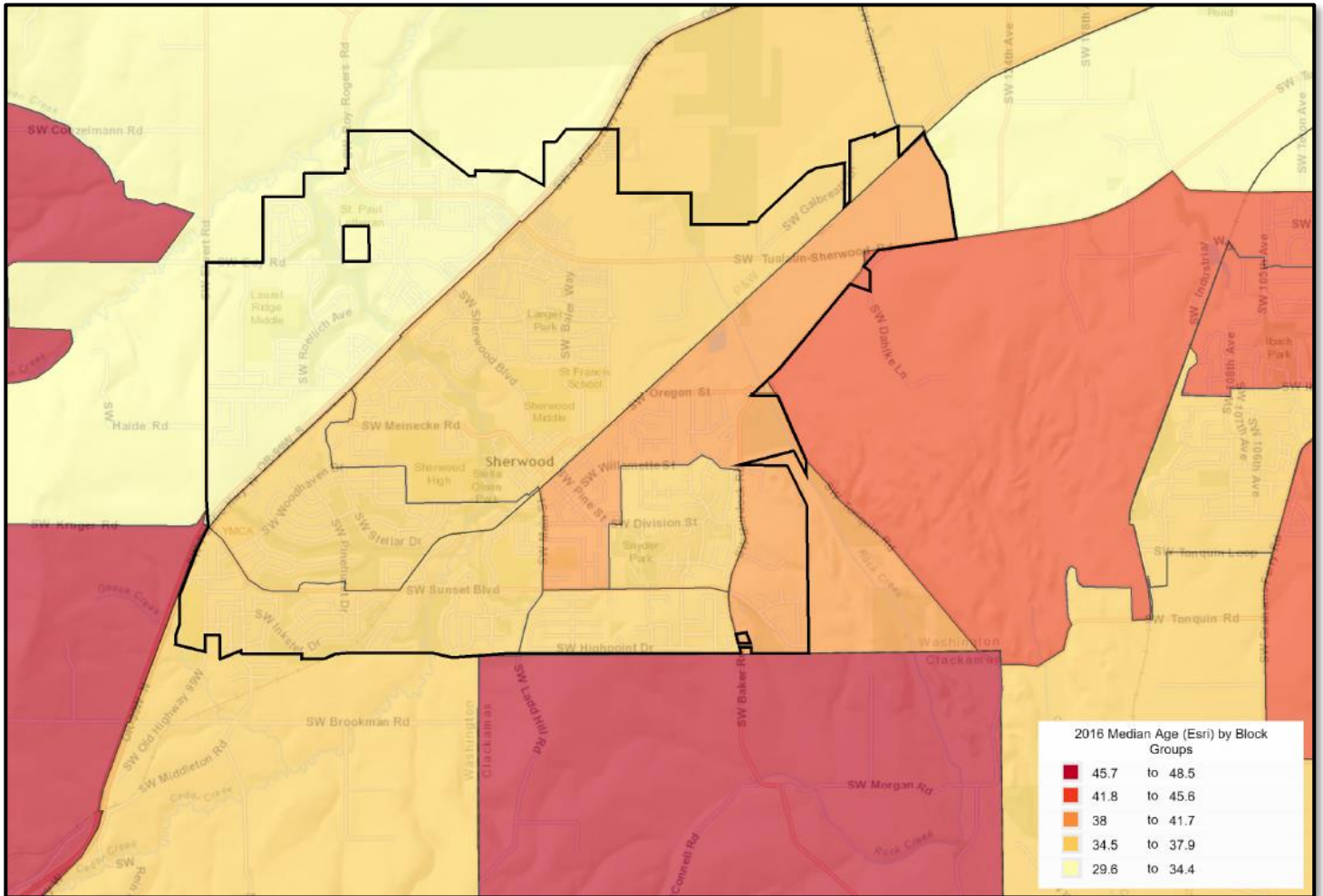
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**Map B – Median Age by Census Block Group**





# MARKET ANALYSIS

City of Sherwood

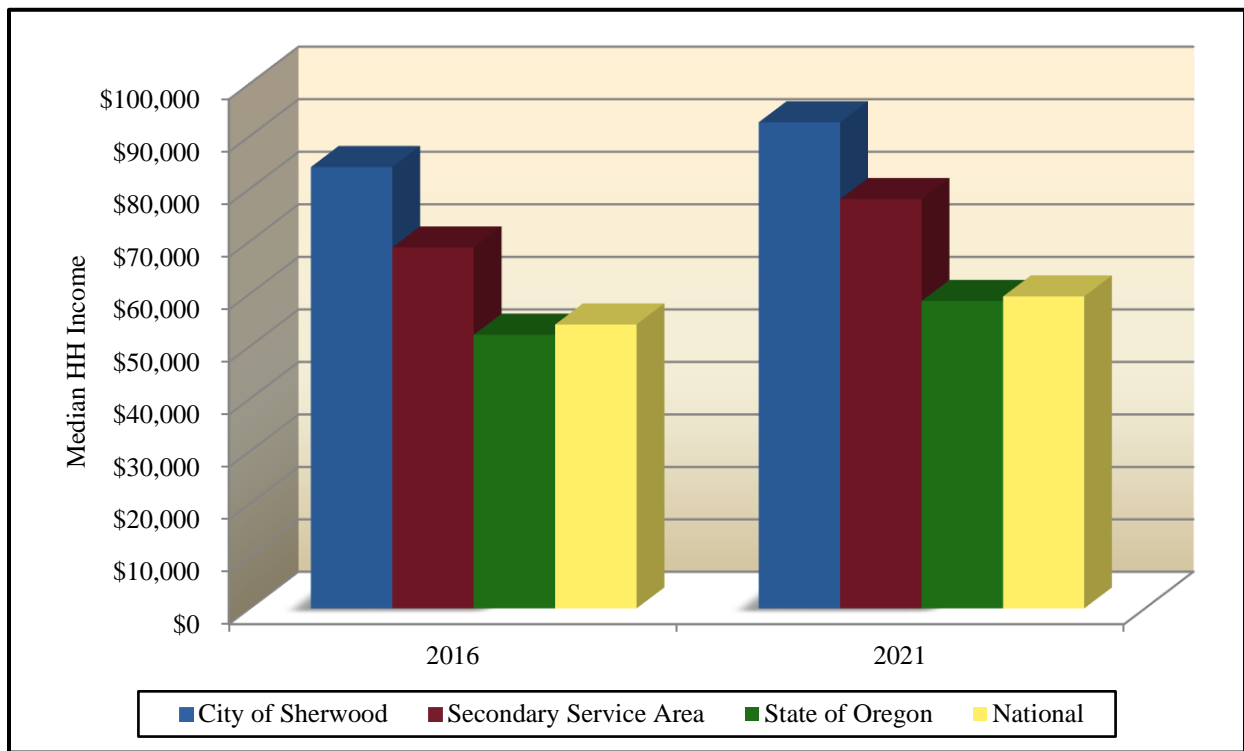
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**Table D – Median Household Income:**

	2016 Projection	2021 Projection
City of Sherwood	\$84,113	\$92,634
Secondary Service Area	\$68,799	\$78,011
State of Oregon	\$52,196	\$58,623
National	\$54,149	\$59,476

**Chart B – Median Household Income:**



# MARKET ANALYSIS

City of Sherwood

## Recreation and Aquatic Center Feasibility Study



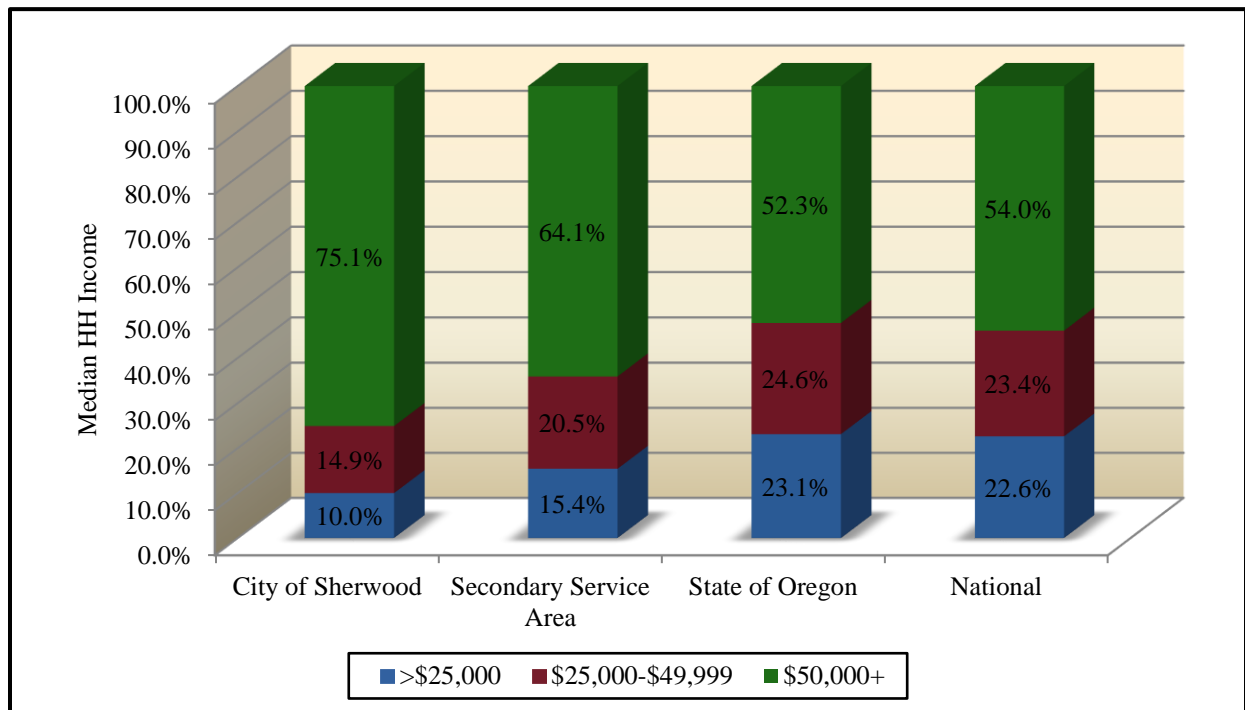
Based upon 2016 projections for median household income the following narrative is available:

In the City of Sherwood, the percentage of households with median income over \$50,000 per year is 75.1% compared to 54.0% nationally. Furthermore, the percentage of the households in the service area with median income less than \$25,000 per year is 10.0% compared to a level of 22.6% nationally.

In Secondary Service Area, the percentage of households with median income over \$50,000 per year is 64.1% compared to 54.0% nationally. Furthermore, the percentage of the households in the service area with median income less than \$25,000 per year is 15.4% compared to a level of 22.6% nationally.

The median income in the City of Sherwood and the Secondary Service Area are both higher than the State of Oregon and the national number. The median income in the City of Sherwood is significantly greater than the Secondary Service Area. The income level must be balanced with the overall cost of living to determine ability to pay for entertainment and recreation services.

**Chart C – Median Household Income Distribution**



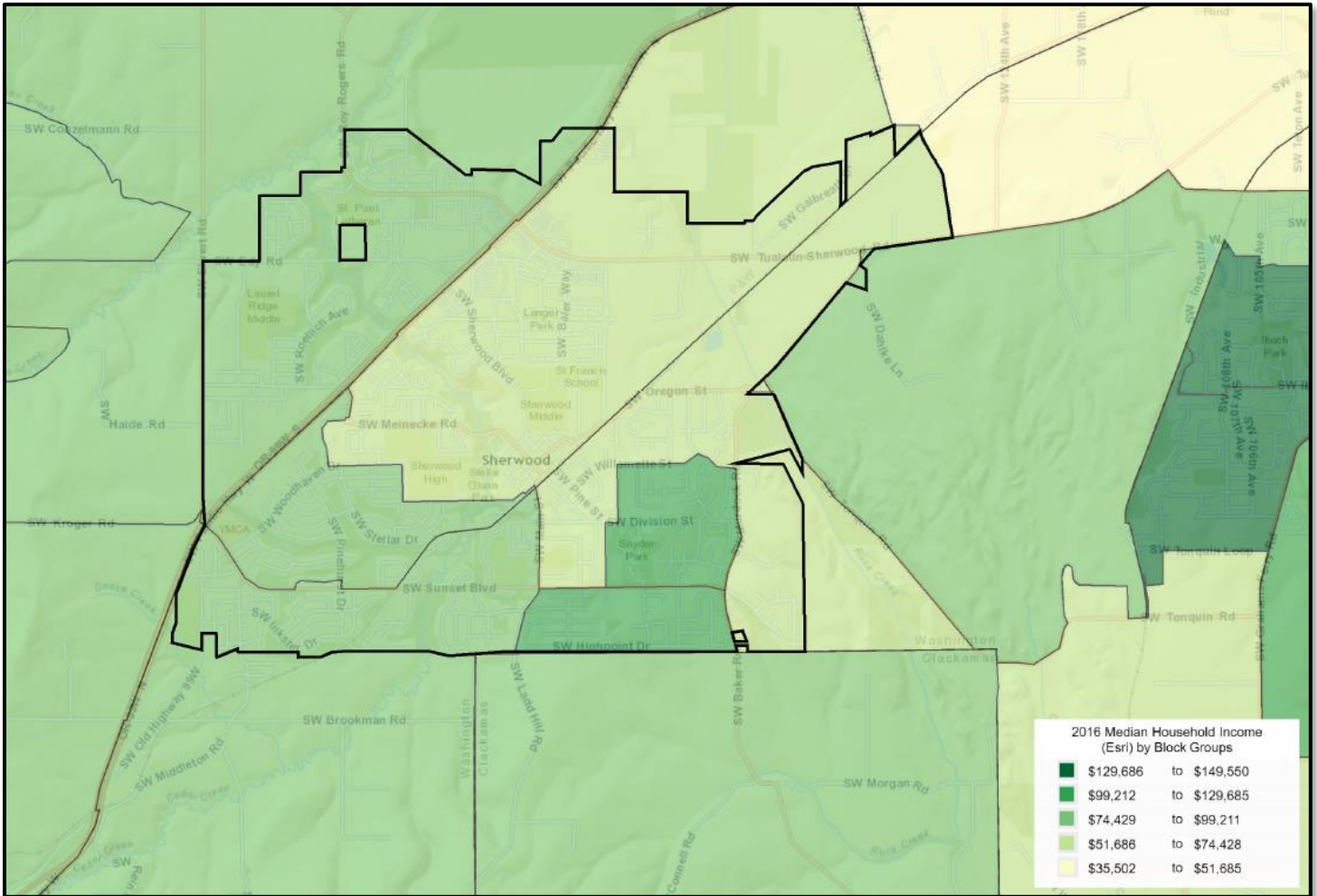
# MARKET ANALYSIS

City of Sherwood

## Recreation and Aquatic Center Feasibility Study



**Map C – Median Household Income by Census Block Group**



# MARKET ANALYSIS

City of Sherwood



## Recreation and Aquatic Center Feasibility Study

**Household Budget Expenditures:** In addition to studying Median Age and Median Income, it is important to examine Household Budget Expenditures. In particular, looking at housing information; shelter, utilities, fuel and public services along with entertainment & recreation can provide a snapshot into the cost of living and spending patterns in the services areas. The table below looks at that information and compares the service areas.

**Table E – Household Budget Expenditures<sup>3</sup>:**

City of Sherwood	SPI	Average Amount Spent	Percent
Housing	130	\$26,489.56	30.3%
<i>Shelter</i>	130	\$20,261.30	23.2%
<i>Utilities, Fuel, Etc.</i>	128	\$6,228.26	7.1%
Entertainment & Recreation	133	\$3,878.20	4.4%

Secondary Service Area	SPI	Average Amount Spent	Percent
Housing	112	\$22,947.37	30.8%
<i>Shelter</i>	113	\$17,616.83	23.7%
<i>Utilities, Fuel, Etc.</i>	109	\$5,330.54	7.2%
Entertainment & Recreation	113	\$3,283.91	4.4%

State of Oregon	SPI	Average Amount Spent	Percent
Housing	93	\$18,946.14	30.9%
<i>Shelter</i>	93	\$14,430.01	23.6%
<i>Utilities, Fuel, Etc.</i>	93	\$4,516.13	7.4%
Entertainment & Recreation	93	\$2,701.08	4.4%

**SPI:** Spending Potential Index as compared to the National number of 100.

**Average Amount Spent:** The average amount spent per household.

**Percent:** Percent of the total 100% of household expenditures.

**Note:** Shelter along with Utilities, Fuel, Etc. (other household related expenditures) are a portion of the Housing percentage.

<sup>3</sup> Consumer Spending data are derived from the 2004 and 2005 Consumer Expenditure Surveys, Bureau of Labor Statistics and modeled by ESRI for 2016 and 2021.



**Chart D – Household Budget Expenditures Spending Potential Index:**

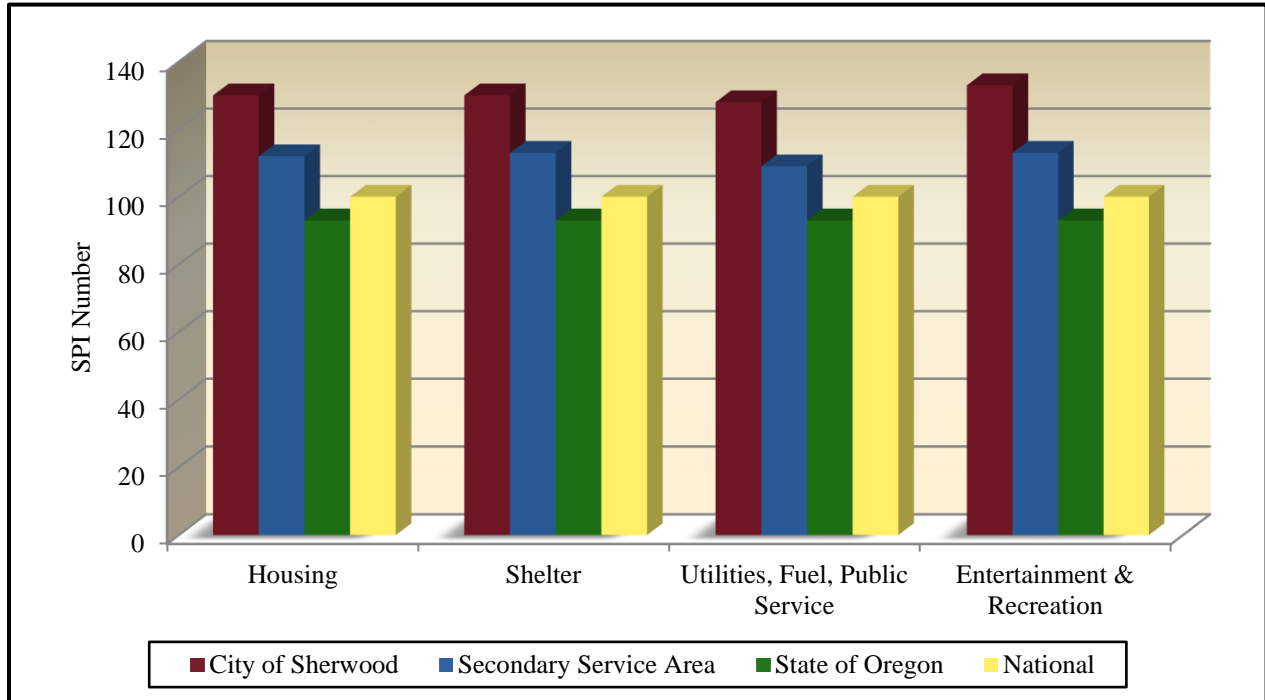


Chart D, illustrates the Household Budget Expenditures Spending Potential Index in the service areas. The SPI follows a consistent pattern with median household income, except for the State which is lower than the National number.

*Further Narrative on Housing:*

The total number of housing units in the City of Sherwood, according to the 2010 Census, is 6,569 and 96.1% of those are occupied, or 6,316 housing units. Of the available units (3.9%) the bulk are for rent (1.4%).

The total number of housing units in the Secondary Service Area, according to the 2010 Census, is 50,235 and 94.4% of those are occupied, or 47,429 housing units. Of the available units (5.6%) the bulk are for rent (1.9%).

# MARKET ANALYSIS

City of Sherwood

## Recreation and Aquatic Center Feasibility Study



**Recreation Expenditures Spending Potential Index:** Finally, through ESRI it is possible to examine the overall propensity for households to spend dollars on recreation activities. The following comparisons are possible.

**Table F – Recreation Expenditures Spending Potential Index<sup>4</sup>:**

City of Sherwood	SPI	Average Spent
Fees for Participant Sports	152	\$136.14
Fees for Recreational Lessons	150	\$185.01
Social, Recreation, Club Membership	138	\$263.29
Exercise Equipment/Game Tables	137	\$74.49
Other Sports Equipment	131	\$12.55

Secondary Service Area	SPI	Average Spent
Fees for Participant Sports	125	\$111.59
Fees for Recreational Lessons	120	\$147.78
Social, Recreation, Club Membership	117	\$223.16
Exercise Equipment/Game Tables	110	\$59.95
Other Sports Equipment	107	\$10.25

State of Oregon	SPI	Average Spent
Fees for Participant Sports	91	\$81.85
Fees for Recreational Lessons	88	\$108.83
Social, Recreation, Club Membership	91	\$173.21
Exercise Equipment/Game Tables	91	\$49.53
Other Sports Equipment	93	\$8.84

**Average Amount Spent:** The average amount spent for the service or item in a year.

**SPI:** Spending potential index as compared to the national number of 100.

<sup>4</sup> Consumer Spending data are derived from the 2006 and 2007 Consumer Expenditure Surveys, Bureau of Labor Statistics.

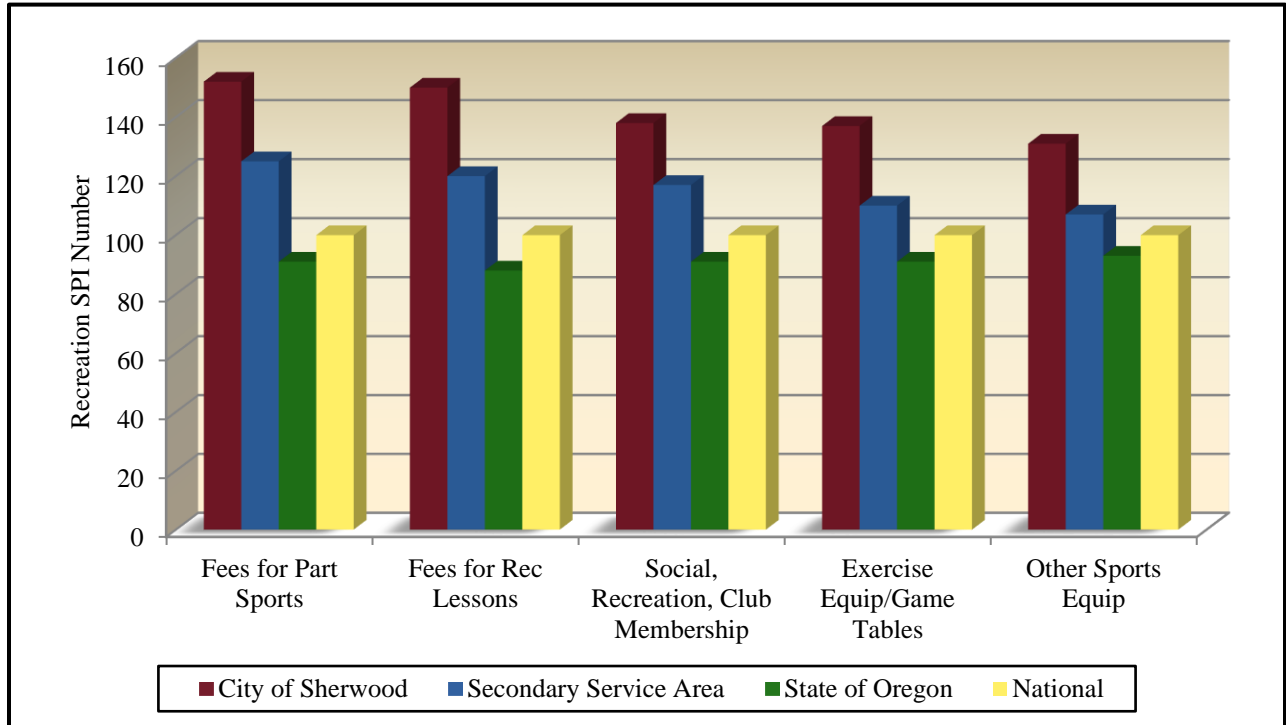
# MARKET ANALYSIS

City of Sherwood

Recreation and Aquatic Center Feasibility Study



**Chart E – Recreation Spending Potential Index:**



The Spending Potential Index for Recreation is very similar to the Household Budgetary Spending. It is also important to note that these dollars are currently being spent at some location for these services already.

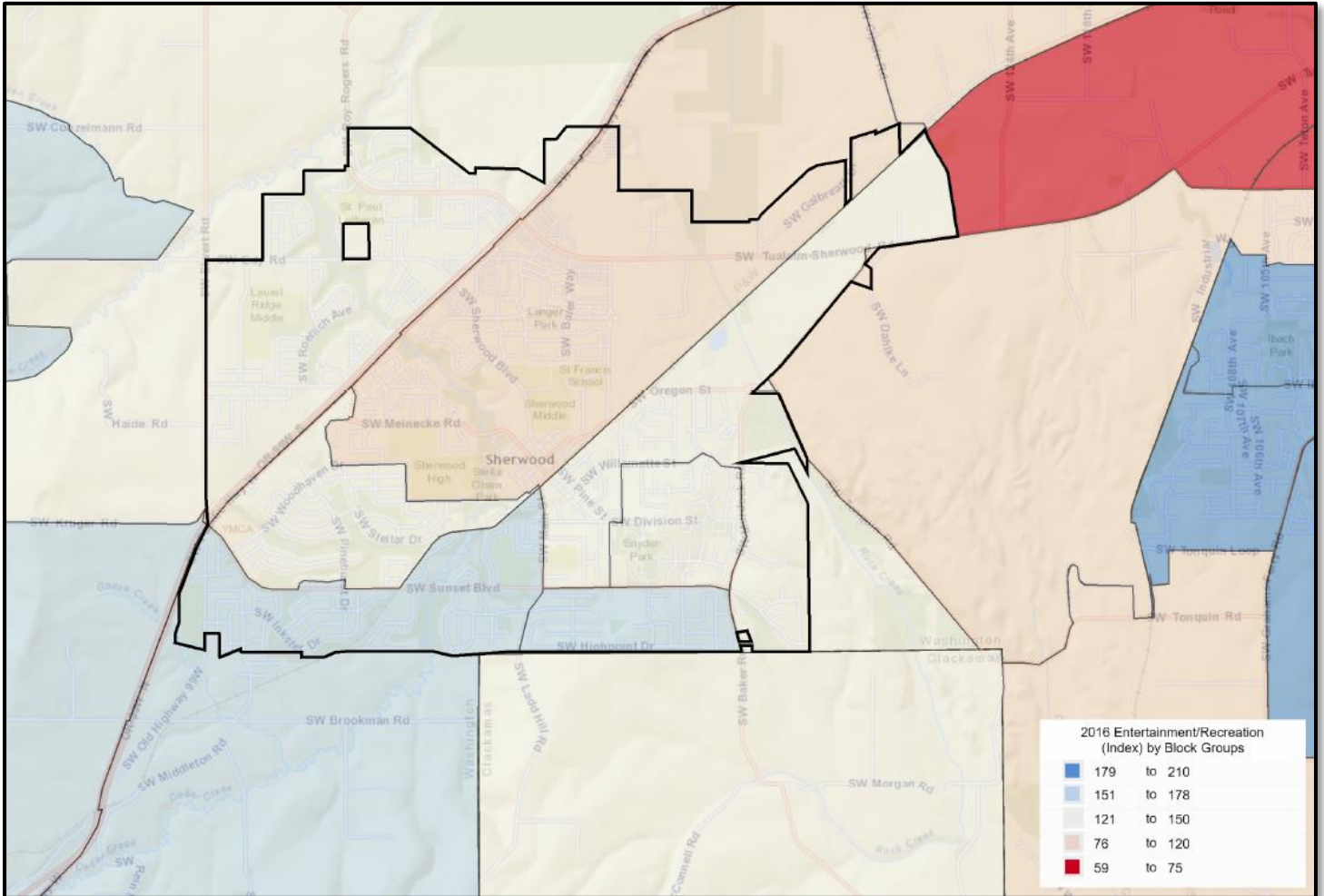
# MARKET ANALYSIS

City of Sherwood

## Recreation and Aquatic Center Feasibility Study



**Map D – Entertainment & Recreation Spending Potential Index by Census Block Group**





# MARKET ANALYSIS

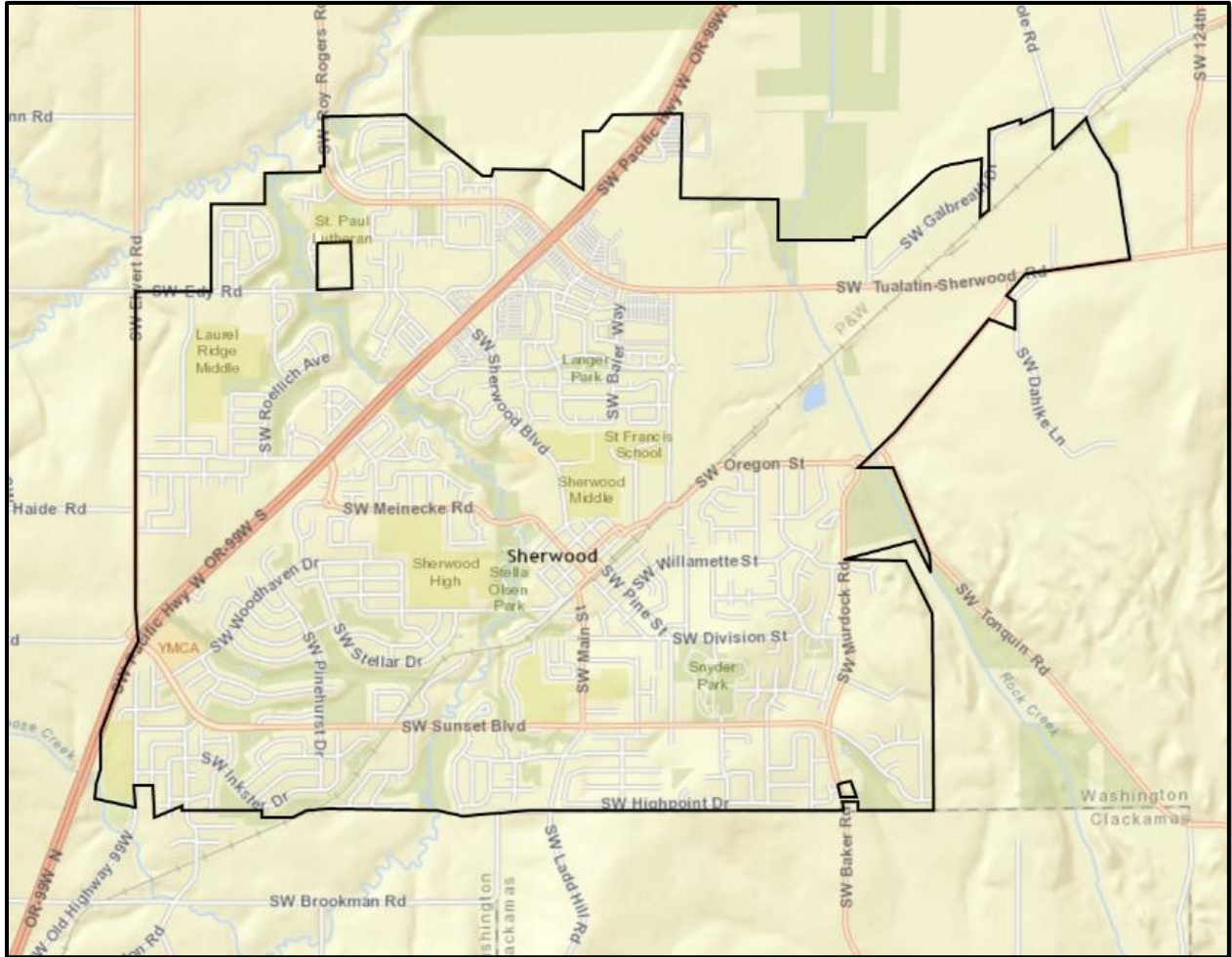
City of Sherwood

## Recreation and Aquatic Center Feasibility Study



City of Sherwood proper.

### Map E – City of Sherwood Map:



# MARKET ANALYSIS

City of Sherwood



## Recreation and Aquatic Center Feasibility Study

**Population Distribution by Age:** Utilizing census information for the City of Sherwood, the following comparisons are possible.

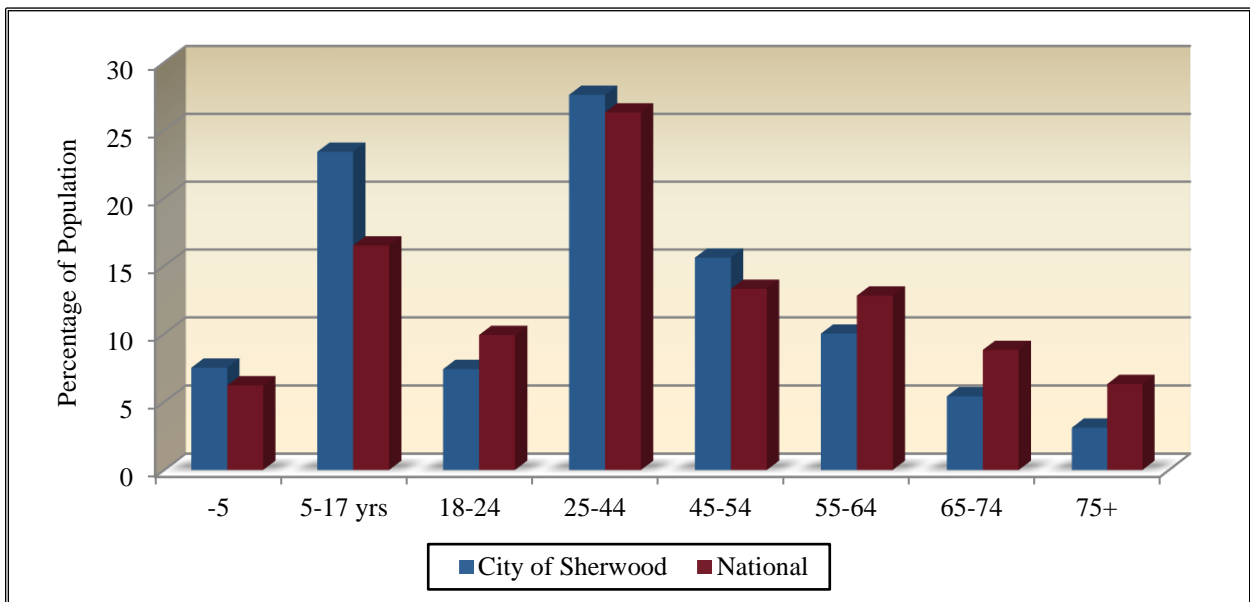
**Table G – 2016 City of Sherwood Age Distribution**

(ESRI estimates)

Ages	Population	% of Total	Nat'l Population	Difference
-5	1,447	7.5%	6.2%	+1.3%
5-17	4,491	23.4%	16.5%	+6.9%
18-24	1,401	7.4%	9.9%	-2.5%
25-44	5,315	27.6%	26.3%	+1.3%
45-54	2,995	15.6%	13.3%	+2.3%
55-64	1,914	10.0%	12.8%	-2.8%
65-74	1,038	5.4%	8.8%	-3.4%
75+	601	3.1%	6.3%	-3.2%

- Population:** 2016 census estimates in the different age groups in the City of Sherwood.
- % of Total:** Percentage of the City of Sherwood/population in the age group.
- National Population:** Percentage of the national population in the age group.
- Difference:** Percentage difference between the City of Sherwood population and the national population.

**Chart F – 2016 City of Sherwood Age Group Distribution**



# MARKET ANALYSIS

*City of Sherwood*

*Recreation and Aquatic Center Feasibility Study*



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The demographic makeup of the City of Sherwood, when compared to the characteristics of the national population, indicates that there are some differences with an equal or larger population in the -5, 5-17, 25-44 and 45-54 age groups and a smaller population in the 18-24, 55-64, 65-74 and 75+ age groups. The largest positive variance is in the 5-17 age group with +6.9%, while the greatest negative variance is in the 65-74 age group with -3.4%.

# MARKET ANALYSIS

City of Sherwood



## Recreation and Aquatic Center Feasibility Study

**Population Distribution Comparison by Age:** Utilizing census information from the City of Sherwood, the following comparisons are possible.

**Table H – 2016 City of Sherwood Population Estimates**

(U.S. Census Information and ESRI)

Ages	2010 Census	2016 Projection	2021 Projection	Percent Change	Percent Change Nat'l
-5	1,518	1,447	1,463	-3.6%	+1.9%
5-17	4,589	4,491	4,585	-0.1%	+0.5%
18-24	939	1,401	1,498	+5.9%	+0.4%
25-44	5,991	5,315	5,371	-10.3%	+9.6%
45-54	2,465	2,995	3,197	+29.7%	-8.8%
55-64	1,452	1,914	2,211	+52.2%	+18.2%
65-74	696	1,038	1,245	+78.9%	+56.2%
75+	544	601	743	+36.6%	+27.1%

**Chart G – City of Sherwood Population Growth**

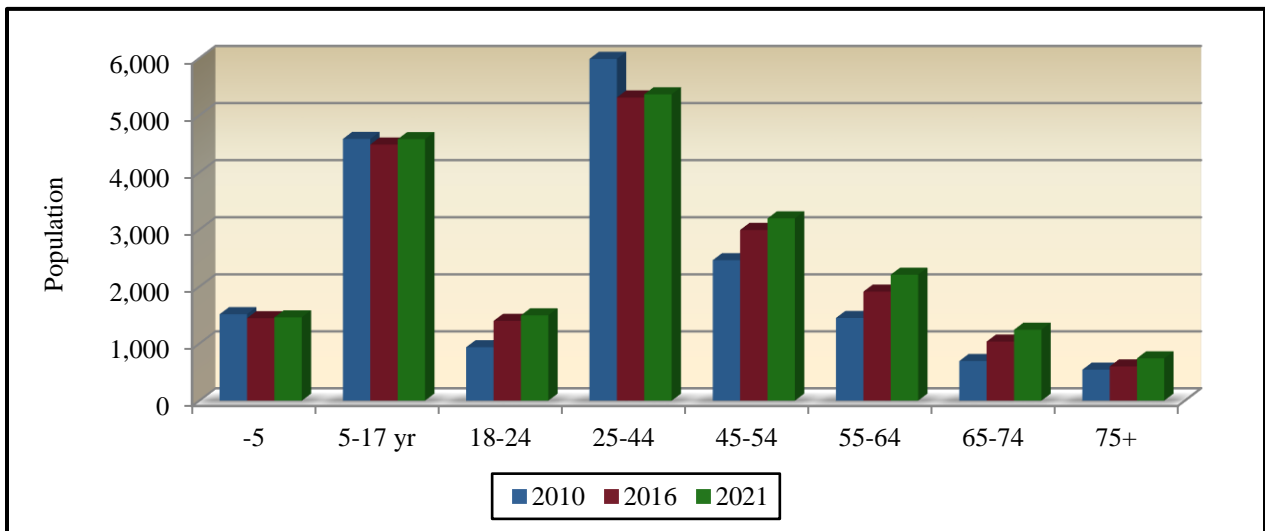


Table H, illustrates the growth or decline in age group numbers from the 2010 census until the year 2021. It is projected that all but three age groups will experience an increase, with -5, 5-17 and 25-44 experiencing a decrease. It must be remembered that the population of the United States as a whole is aging and it is not unusual to find negative growth numbers in the younger age groups and significant net gains in the 45 plus age groupings in communities which are relatively stable in their population numbers.

# MARKET ANALYSIS

City of Sherwood



## Recreation and Aquatic Center Feasibility Study

**Ethnicity and Race:** Below is listed the distribution of the population by ethnicity and race for the City of Sherwood for 2016 population projections. Those numbers were developed from 2010 Census Data.

**Table I – City of Sherwood Ethnic Population and Median Age 2016**

(Source – U.S. Census Bureau and ESRI)

Ethnicity	Total Population	Median Age	% of Population	% of OR Population
Hispanic	1,483	23.2	7.7%	13.0%

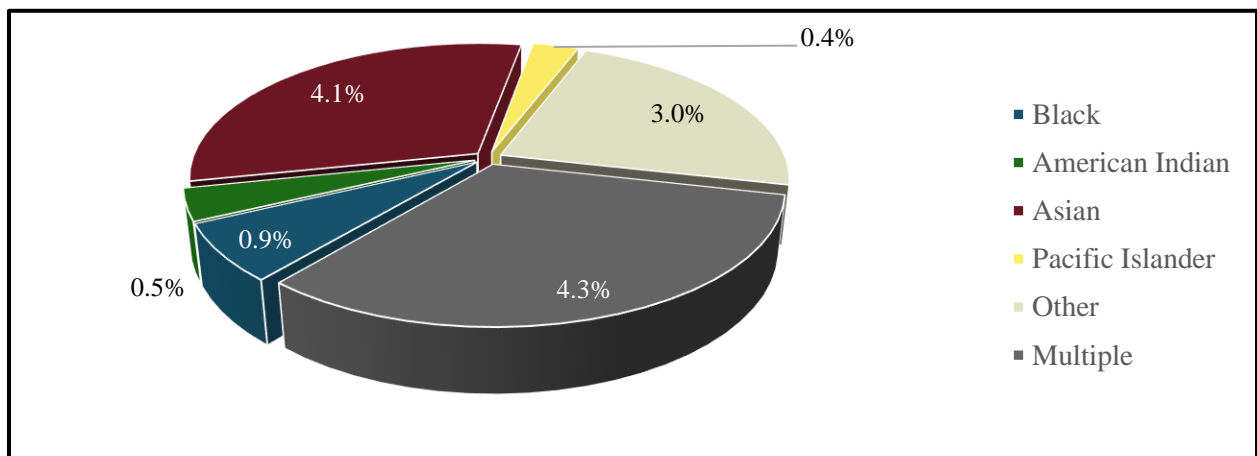
**Table J – City of Sherwood Population by Race and Median Age 2016**

(Source – U.S. Census Bureau and ESRI)

Race	Total Population	Median Age	% of Population	% of OR Population
White	16,683	36.8	86.9%	81.7%
Black	174	29.2	0.9%	1.9%
American Indian	94	39.3	0.5%	1.4%
Asian	781	38.4	4.1%	4.4%
Pacific Islander	68	30.5	0.4%	0.4%
Other	581	27.1	3.0%	5.9%
Multiple	820	15.3	4.3%	4.3%

2016 City of Sherwood Total Population: 19,201 Residents

**Chart H – 2016 Primary Service Area Non-White Population by Race**



# MARKET ANALYSIS

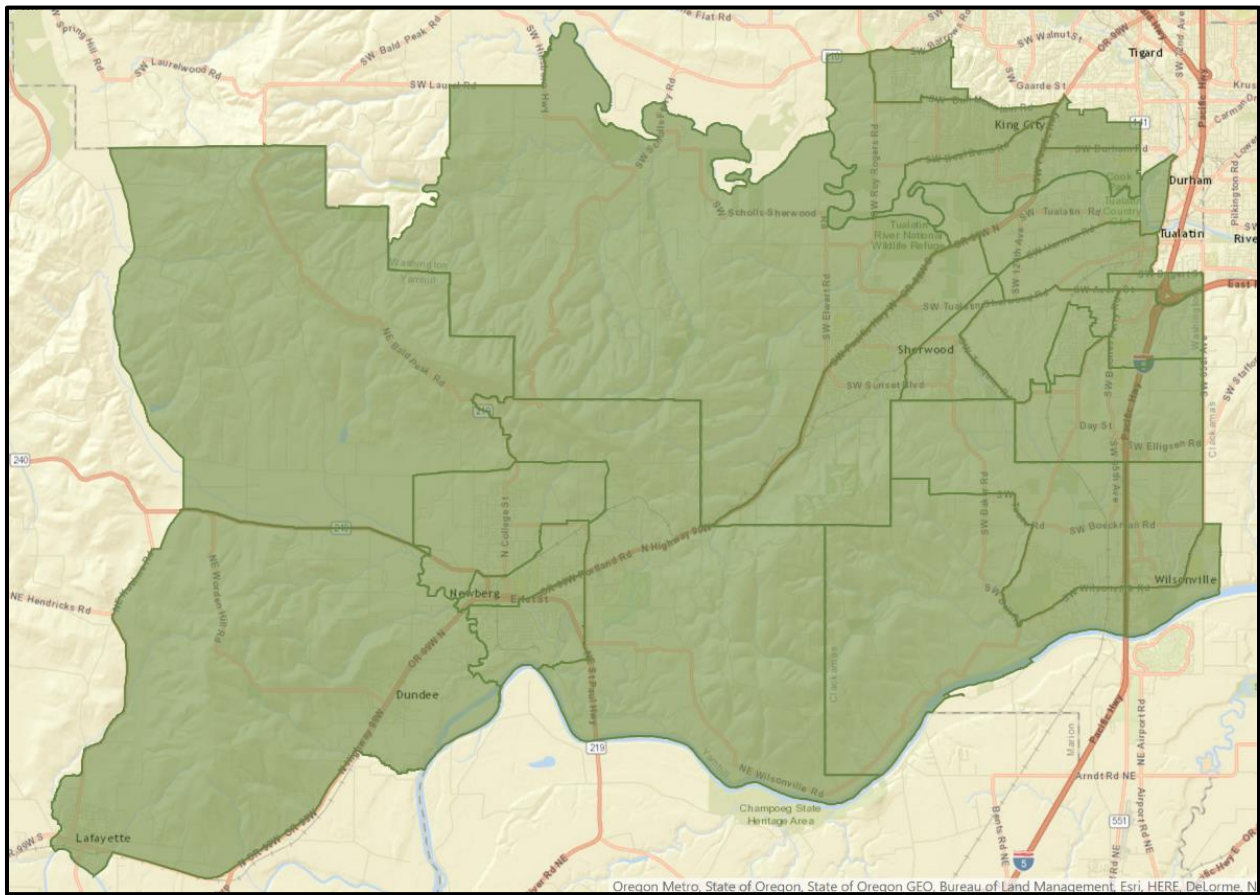
City of Sherwood

## Recreation and Aquatic Center Feasibility Study



*Secondary Service Area Description – 25 different census tracts reflected in a report provided to B\*K. Census tracts; 322.00, 321.10, 321.09, 321.08, 321.07, 321.04, 321.03, 320.04, 320.03, 320.01, 319.09, 319.08, 319.07, 308.05, 308.03, 303.02, 303.01, 302.02, 302.01, 301.02, 301.01, 244.00, 227.10, 227.08, 227.07.*

### **Map F – Secondary Service Area Map:**



# MARKET ANALYSIS

City of Sherwood



## Recreation and Aquatic Center Feasibility Study

**Population Distribution by Age:** Utilizing census information for the Secondary Service Area, the following comparisons are possible.

**Table K – 2016 Secondary Service Area Age Distribution**

(ESRI estimates)

Ages	Population	% of Total	Nat'l Population	Difference
-5	8,440	6.3%	6.2%	+0.1%
5-17	24,565	18.1%	16.5%	+1.6%
18-24	12,101	8.9%	9.9%	-1.0%
25-44	36,135	26.7%	26.3%	+0.4%
45-54	18,811	13.9%	13.3%	+0.6%
55-64	16,803	12.4%	12.8%	-0.4%
65-74	10,679	7.9%	8.8%	-0.9%
75+	7,986	5.9%	6.3%	-0.4%

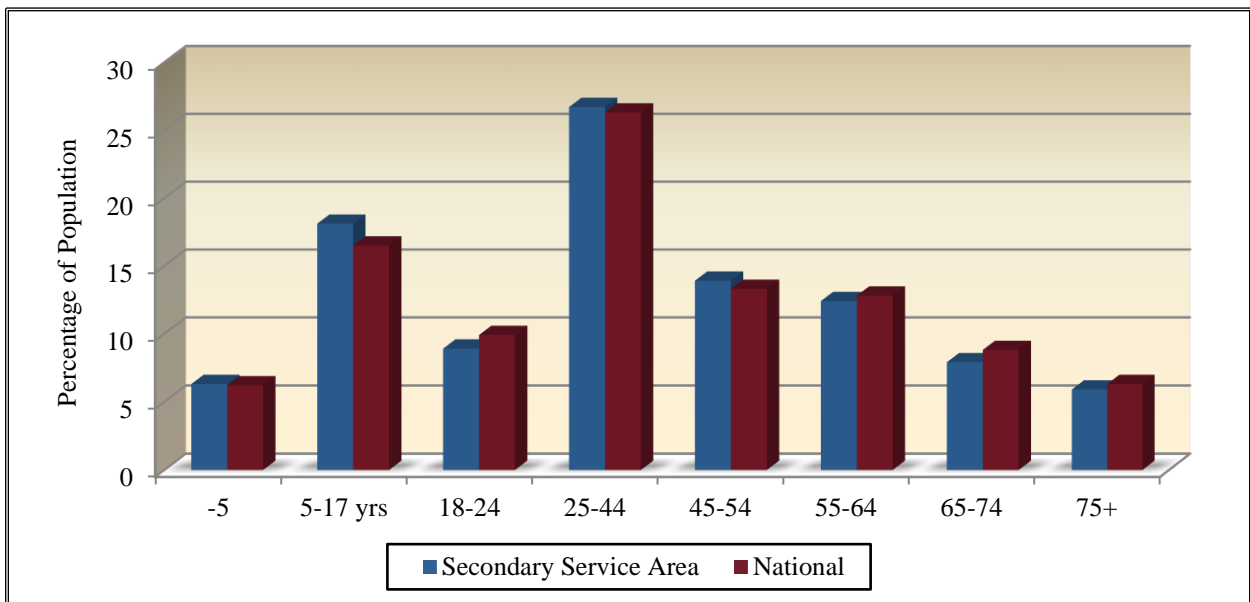
**Population:** 2016 census estimates in the different age groups in the Secondary Service Area.

**% of Total:** Percentage of the Secondary Service Area/population in the age group.

**National Population:** Percentage of the national population in the age group.

**Difference:** Percentage difference between the Secondary Service Area population and the national population.

**Chart I – 2016 Secondary Service Area Age Group Distribution**



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The demographic makeup of the Secondary Service Area, when compared to the characteristics of the national population, indicates that there are some differences with an equal or larger population in the -5, 5-17, 25-44 and 45-54 age groups and a smaller population in the 18-24, 55-64, 65-74 and 75+ age groups. The largest positive variance is in the 5-17 age group with +1.6%, while the greatest negative variance is in the 18-24 age group with -1.0%.



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**Population Distribution Comparison by Age:** Utilizing census information from the Secondary Service Area, the following comparisons are possible.

**Table L – 2016 Secondary Service Area Population Estimates**

(U.S. Census Information and ESRI)

Ages	2010 Census	2016 Projection	2021 Projection	Percent Change	Percent Change Nat'l
-5	8,379	8,440	8,926	+6.5%	+1.9%
5-17	24,185	24,565	25,028	+3.5%	+0.5%
18-24	10,252	12,101	12,257	+19.6%	+0.4%
25-44	35,537	36,135	38,673	+8.8%	+9.6%
45-54	18,349	18,811	18,819	+2.6%	-8.8%
55-64	14,428	16,803	17,628	+22.2%	+18.2%
65-74	7,591	10,679	13,295	+75.1%	+56.2%
75+	7,412	7,986	9,311	+25.6%	+27.1%

**Chart J – Secondary Service Area Population Growth**

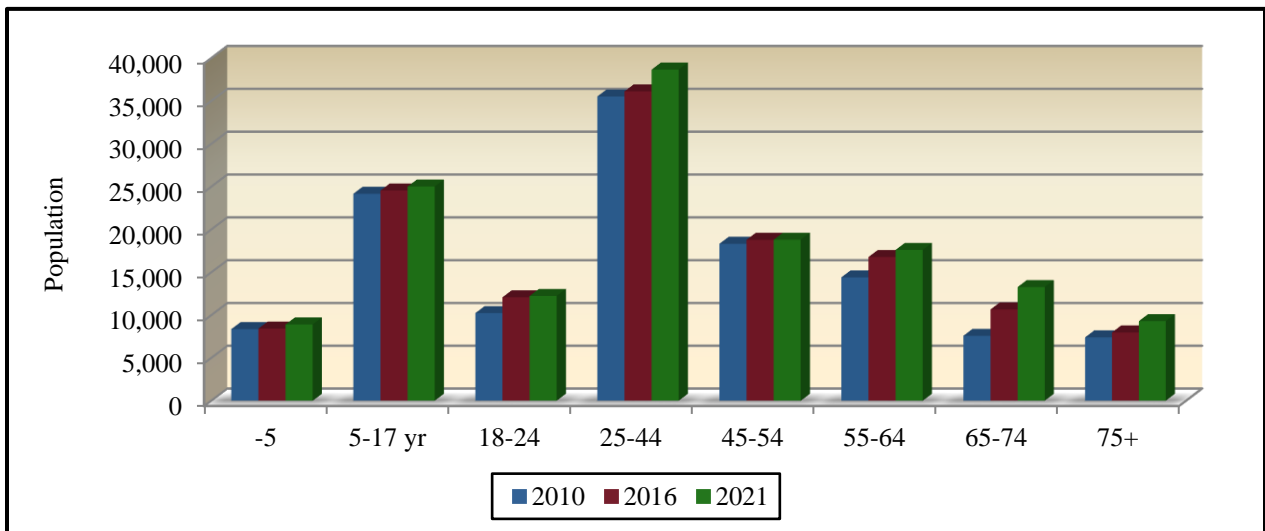


Table L, illustrates the growth or decline in age group numbers from the 2010 census until the year 2021. It is projected that all age groups will experience an increase. It must be remembered that the population of the United States as a whole is aging and it is not unusual to find negative growth numbers in the younger age groups and significant net gains in the 45 plus age groupings in communities which are relatively stable in their population numbers.

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**Ethnicity and Race:** Below is listed the distribution of the population by ethnicity and race for the Secondary Service Area for 2016 population projections. Those numbers were developed from 2010 Census Data.

**Table M – Secondary Service Area Ethnic Population and Median Age 2016**

(Source – U.S. Census Bureau and ESRI)

Ethnicity	Total Population	Median Age	% of Population	% of OR Population
Hispanic	15,727	24.6	11.6%	13.0%

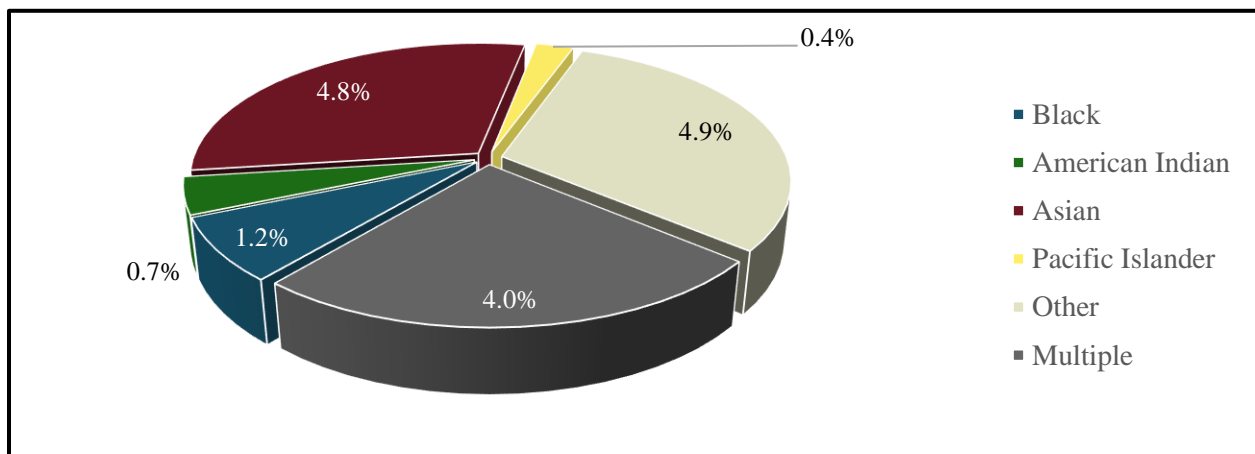
**Table N – Secondary Service Area Population by Race and Age 2016**

(Source – U.S. Census Bureau and ESRI)

Race	Total Population	Median Age	% of Population	% of OR Population
White	113,748	40.4	83.9%	81.7%
Black	1,646	31.7	1.2%	1.9%
American Indian	970	33.3	0.7%	1.4%
Asian	6,549	35.6	4.8%	4.4%
Pacific Islander	505	28.9	0.4%	0.4%
Other	6,706	26.0	4.9%	5.9%
Multiple	5,396	18.3	4.0%	4.3%

2016 Secondary Service Area Total Population: 135,520 Residents

**Chart K – 2016 Secondary Service Area Non-White Population by Race**



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### Tapestry Segmentation

Tapestry segmentation represents the 4<sup>th</sup> generation of market segmentation systems that began 30 years ago. The 67-segment Tapestry Segmentation system classifies U.S. neighborhoods based on their socioeconomic and demographic compositions. While the demographic landscape of the U.S. has changed significantly since the 2000 Census, the tapestry segmentation has remained stable as neighborhoods have evolved.

The Tapestry segmentation system classifies U.S. neighborhoods into 65 individual market segments. More than 60 attributes including; income, employment, home value, housing types, education, household composition, age and other key determinates of consumer behavior are used to identify neighborhoods.

The following pages and tables outline the top tapestry segments in each of the service areas and provides a brief description of each. This information combined with the key indicators and demographic analysis of each service area help further describe the markets that the City of Sherwood and Secondary Service Areas look to serve with programs, services, and special events.

For comparison purposes, the following are the top 10 Tapestry segments, along with percentage in the United States. The City of Sherwood and Secondary Services may or may not reflect these segments:

1. Green Acres (6A)	3.2%
2. Southern Satellites (10A)	3.2%
3. Savvy Suburbanites (1D)	3.0%
4. Salt of the Earth (6B)	2.9%
5. Soccer Moms (4A)	<u>2.8%</u>
	<b>15.1%</b>
6. Middleburg (4C)	2.8%
7. Midlife Constants (5E)	2.5%
8. Comfortable Empty Nesters (5A)	2.5%
9. Heartland Communities (6F)	2.4%
10. Old and Newcomers (8F)	<u>2.3%</u>
	<b>12.5%</b>

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**Table O – City of Sherwood Tapestry Segment Comparison**

(ESRI estimates)

	City of Sherwood		Median Age	Median HH Income
	Percent	Cumulative Percent		
Soccer Moms (4A)	57.6%	57.6%	36.6	\$84,000
Middleburg (4C)	35.4%	93.0%	35.3	\$55,000
Professional Pride (1B)	7.0%	100.0%	40.5	\$127,000

**Soccer Moms (4A)** – This is an affluent, family-oriented market with a country flavor. Residents are partial to new housing away from the bustle of the city but close enough to commute to professional job centers. Most households are married couples with children. There is a significant Hispanic (11.2%) population. Outdoor activities and sports are characteristics of life; bicycling, jogging, golfing, boating and target shooting.

**Middleburg (4C)** – Residents are conservative, family-oriented consumers. These neighborhoods transformed from the easy pace of country living to semirural subdivisions in the last decade. This market is younger but growing in size and assets. There is a significant presence of young couples, many with children. There is a significant Hispanic (10.5%) population. Sports include hunting, target shooting, bowling and baseball.

**Professional Pride (1B)** – Consumers are well-educated career professionals. They take pride in their newer homes and spend valuable time and energy upgrading. Neighborhoods are primarily located in the suburban periphery of larger metropolitan areas. Families are mostly married couples and more than half of these families have kids. There is a significant Asian and Pacific Island (10.8%) population. These residents work out in their home gyms, owning at least a treadmill, an elliptical or weightlifting equipment.

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**Table P – Secondary Service Area Tapestry Segment Comparison**

(ESRI estimates)

	Secondary Service Area		Median Age	Median HH Income
	Percent	Cumulative Percent		
Soccer Moms (4A)	14.0%	14.0%	36.6	\$84,000
Bright Young Prof. (8C)	13.9%	27.9%	32.2	\$50,000
Middleburg (4C)	11.1%	39.0%	35.3	\$55,000
Green Acres (6A)	8.5%	47.5%	43.0	\$72,000
Professional Pride (1B)	6.7%	54.2%	40.5	\$127,000

**Soccer Moms (4A)** – This is an affluent, family-oriented market with a country flavor. Residents are partial to new housing away from the bustle of the city but close enough to commute to professional job centers. Most households are married couples with children. There is a significant Hispanic (11.2%) population. Outdoor activities and sports are characteristics of life; bicycling, jogging, golfing, boating and target shooting.

**Bright Young Professionals (8C)** – This is a large market, primarily located in urban outskirts of large metropolitan areas. These communities are home to young, educated, working professionals. One out of three householders have residents under the age of 35. Household type is primarily couples, married, with above average concentrations of both single-parent and single-person households. There is a significant Hispanic (16.6%) and Black (16.0%) population. Residents participate in a variety of sports including; basketball, football, Pilates, weight lifting and yoga.

**Middleburg (4C)** – Residents are conservative, family-oriented consumers. These neighborhoods transformed from the easy pace of country living to semirural subdivisions in the last decade. This market is younger but growing in size and assets. There is a significant presence of young couples, many with children. There is a significant Hispanic (10.5%) population. Sports include hunting, target shooting, bowling and baseball.

**Green Acres (6A)** – These residents are avid do-it-yourselfers, maintaining and remodeling their homes, with all the necessary power tools to accomplish the jobs. Outdoor living also features a variety of sports; hunting and fishing, motorcycling, hiking and camping, even golf. This is an older market, primarily married couples, most with no children. There is little diversity in this segment.

**Professional Pride (1B)** – Consumers are well-educated career professionals. They take pride in their newer homes and spend valuable time and energy upgrading. Neighborhoods are primarily located in the suburban periphery of larger metropolitan areas. Families are mostly married couples and more than half of these families have kids. There is a significant Asian and Pacific Island (10.8%) population. These residents work out in their home gyms, owning at least a treadmill, an elliptical or weightlifting equipment.



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**Demographic Summary**

The following summarizes the demographic characteristics of the service areas.

*Both Service Areas*

- The population of both service areas are expected to continue to grow.
- There are a large number of children in the households.
- The median age is relatively young.
- The future will see strong growth in the senior age groups.
- There are high median household income levels.
- There is a high Spending Potential Index for recreation services.
- There is very little diversity in the population.

*City of Sherwood*

- Has a relatively small population base to support a public recreation center (or a YMCA).
- The population is younger than the Secondary Service Area with a greater number of households with children.
- There is not expected to be growth in the youth age categories in the coming years.
- The City has the highest Spending Potential Index for recreation purposes compared with the Secondary Service Area, the state of Oregon, and the United States.

*Secondary Service Area*

- Has a large population base to support a public recreation center (or a YMCA).
- There is expected to be continued growth in the youth age categories in the coming years.



***Alternative Providers in the Market***

There are a significant number of indoor facilities that serve the Secondary Service Area that are supplying aquatic, recreation, fitness, and sports activities. The following is a brief review of each of the major providers in the public, and private sector. It is important to note that beyond the Sherwood Regional Family YMCA, there are no other significant non-profit providers in the market.

*Public*

There are a limited number of public indoor aquatic and recreation amenities in the area. This includes:

*Tigard Swim Center* – Located on the campus of Tigard High School, the pool is 6 lane by 25 yards.

*Tualatin Swim Center* - This pool is located on the Tualatin High School campus and it is an 8 lane 25 yard pool.

It should be noted that these two pools are in the Tigard-Tualatin Aquatic District for operation and funding.

The Chehalem Park and Recreation District in Newberg, has just broken ground on the renovation and expansion of their Aquatic & Fitness Center. This will add a new competitive and recreational pool to the facility and will also result in the renovation of the rest of the building which includes a gym and fitness area.

*Private*

Besides the public facilities noted above there are a variety of private clubs in the area. This includes the following facilities:

Sherwood

There are a significant number of private fitness centers in Sherwood itself, but most of these are more singular in purpose (adult fitness) and do not have the full recreation amenities found at the Sherwood Regional Family YMCA.

*Anytime Fitness* – This is a low cost adult fitness center that has 24 hour access.

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*Snap Fitness* – This is a similar facility to Anytime Fitness.

*Progressive Fitness* - This is also a smaller adult fitness center.

*Franco Athletic & Sports Training* – There are two of these clubs in Sherwood that focus more on functional training.

*Cross Fit Absolute* – This is a smaller center that focuses more on cross-fit training.

In addition to these facilities, there are also two yoga studios (Escape to Yoga and Studio 7 Yoga) as well as a Curves facility in Sherwood.

### Comprehensive Private Clubs

In addition to the smaller and more specialized fitness clubs, there are a number of comprehensive clubs in the area. Most of these facilities are located to the north and east of Sherwood but serve the Secondary Service Area.

*24 Hr. Fitness* – This popular chain health club has an extensive fitness area, gymnasium, racquetball court, and a lap pool.

*L.A. Fitness* – This club is similar to 24 Hr. Fitness and it has most of the same amenities.

*Club Sport* – This large, multi-faceted, health club has an extensive fitness area, large gym, rock gym, racquetball and squash courts, indoor 6 lane lap pool and outdoor leisure pool as well as other amenities. This is definitely one of the most high-end clubs in the area.

*Stafford Hills Club* – This is another high end facility that features indoor tennis, an extensive fitness area, outdoor aquatics, and other amenities. It competes directly with Club Sport for the more upscale market.

In addition to these health clubs there are also a number of smaller store front fitness, cross-fit and yoga studios in this larger market area. It's also highly likely that other major fitness providers will at some point develop a new health club in the greater Sherwood area due to the market opportunities that are present. In fact, the City has recently had two applications for possible new private fitness centers in the community. However, there is no guarantee that these two facilities will become a reality.



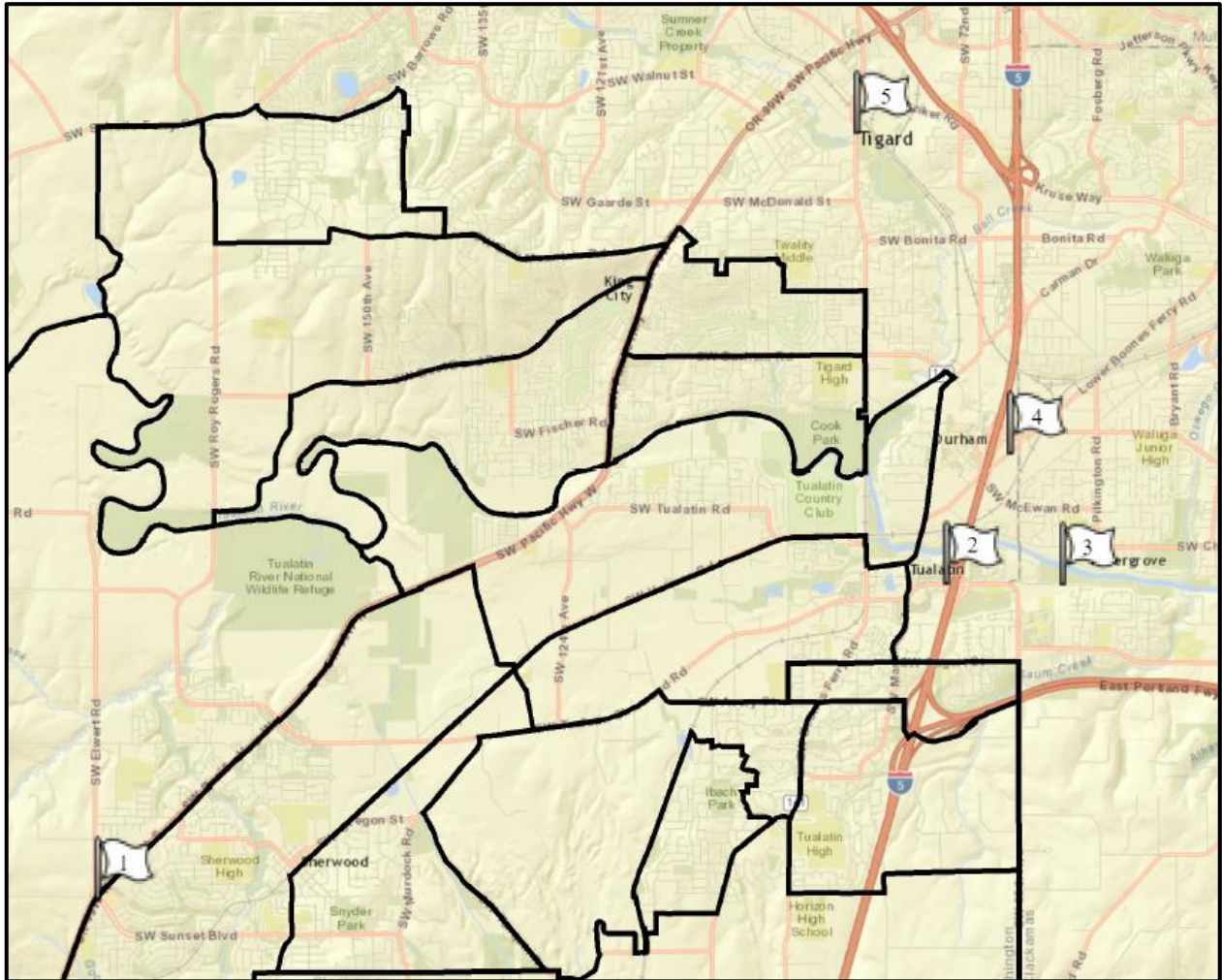
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## Map G – Comprehensive Centers



1. Sherwood Regional Family YMCA
2. LA Fitness
3. Stafford Hills Club
4. 24 Hour Fitness
5. Club Sports

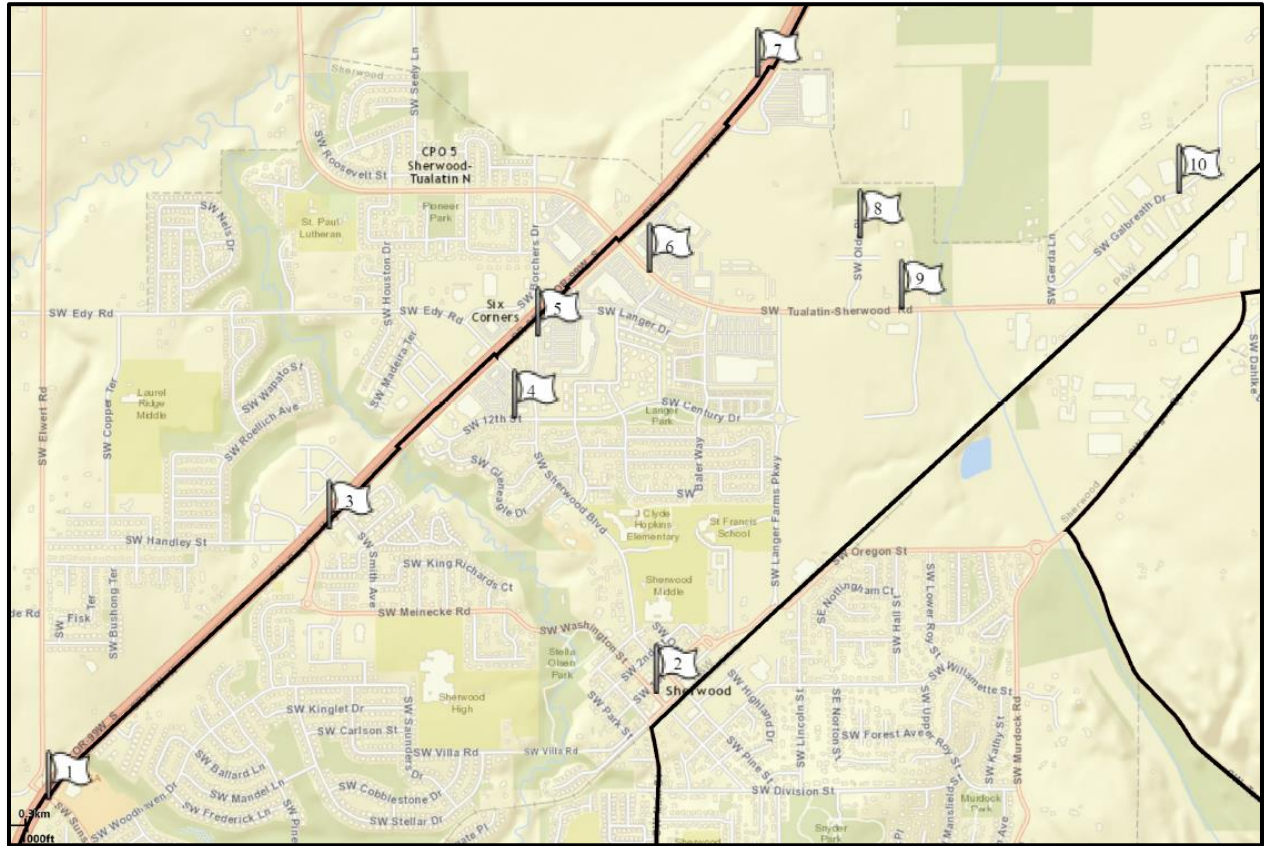
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### Map H – Private Providers



1. Sherwood Regional Family YMCA
2. Escape to Yoga
3. Franco Athletic & Sport Training 1
4. Anytime Fitness
5. Curves
6. Snap Fitness
7. Progressive Fitness
8. Studio 7 Yoga
9. CrossFit Absolute
10. Franco Athletic & Sport Training 2

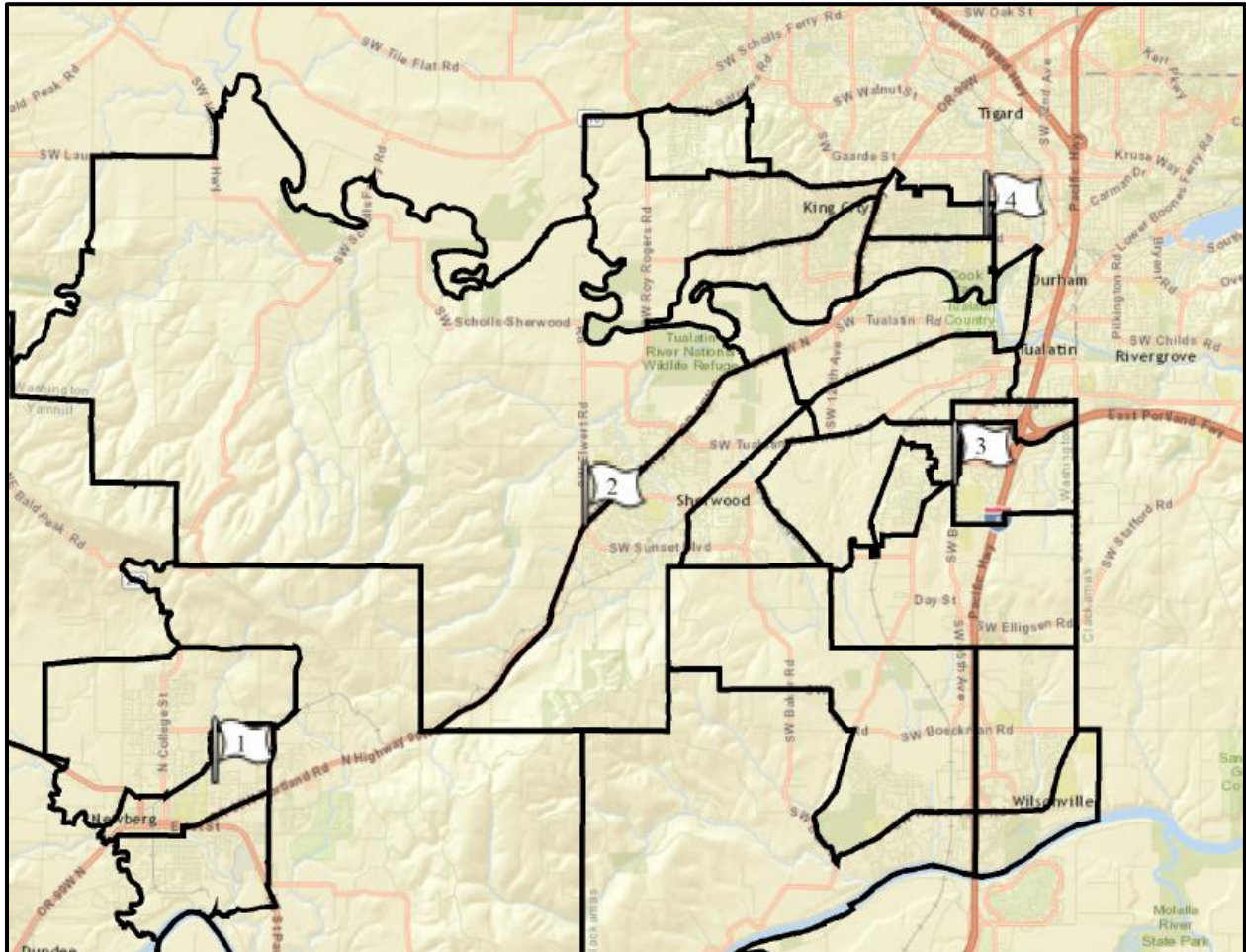
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## Map I – Public Providers



1. Chehalem Aquatic & Fitness Center
2. Sherwood Regional Family YMCA
3. Tualatin Swim Center
4. Tigard Swim Center

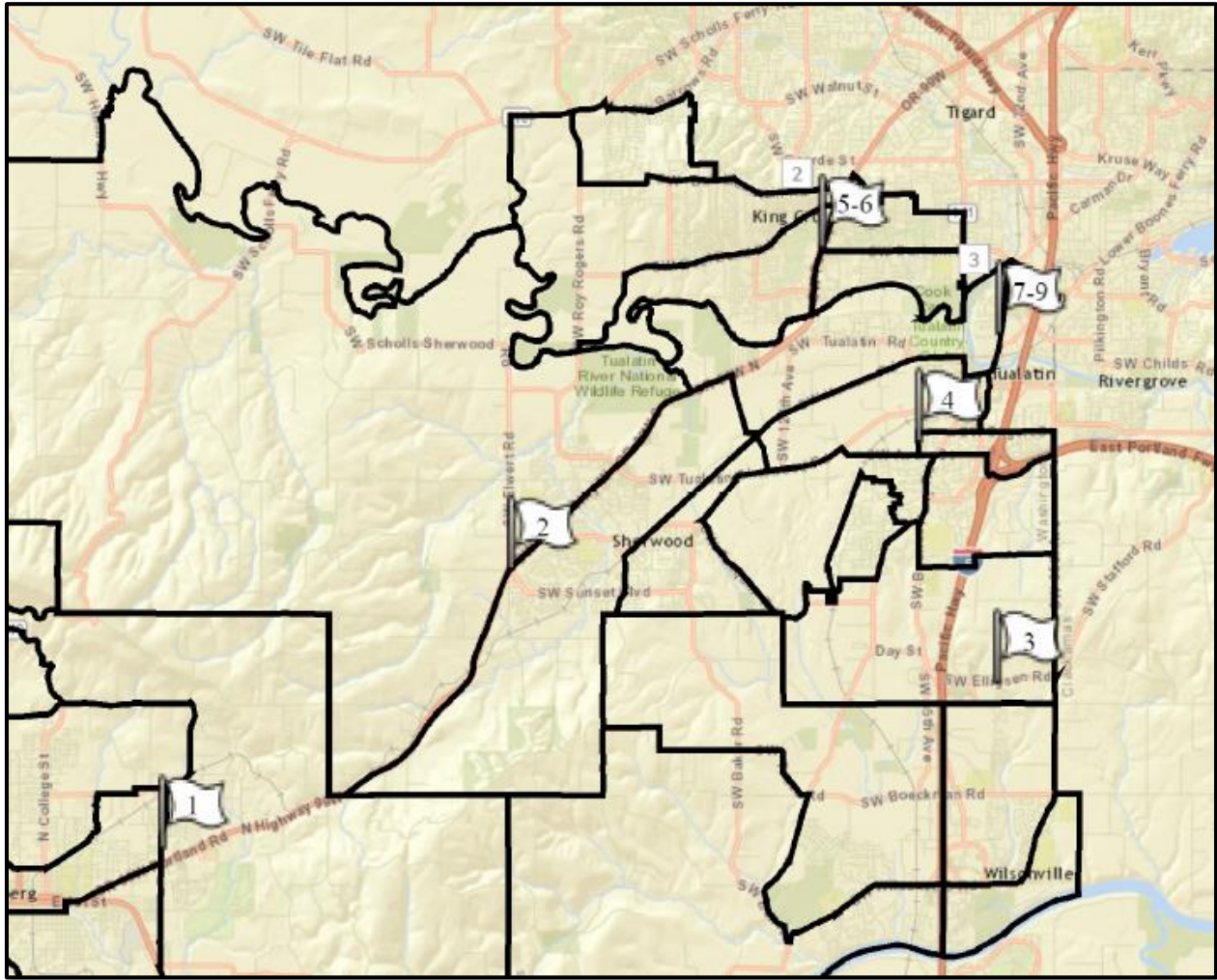
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## Map J – Other Providers



1. Anytime Fitness 1
2. Sherwood Regional Family YMCA
3. Crossfit Wilsonville
4. Crossfit BYB
5. Anytime Fitness 2
6. Anytime Fitness 3
7. Northwest Core Balance
8. Boom Fitness
9. Core Power Yoga

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This is a representative listing of alternative aquatic/recreation/fitness facilities in the Sherwood area and is not meant to be a total accounting of all service providers. There may be other facilities located in the greater Sherwood area that have an impact on the market as well.

**Summary:** The primary competition for the Sherwood Regional Family YMCA are the more comprehensive private clubs but some of these facilities (Club Sport and Stafford Hills Club) have significantly higher membership fees. The other major comparable facility will be the Chehalem Aquatic & Fitness Center (once the expansion and renovation is completed). This means that there are facilities both to the south and north of Sherwood that have an impact on the Sherwood Recreation and Aquatic Center as well as the YMCA. However, the fact that there are a number of smaller fitness facilities in Sherwood itself, is important as there is a definite trend in the development of smaller, more specialized, boutique fitness facilities that have been drawing users away from the larger more comprehensive fitness and sports clubs.

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## Section IV – Existing Center Assessment

The following is a basic assessment of the existing Sherwood Regional Family YMCA and its operations and management. The assessment is based on information provided by the YMCA of Columbia Willamette and the City of Sherwood. The center opened in 1998.

**Role of Center in the Market:** The Sherwood Regional Family YMCA currently has a significant market position in the greater Sherwood area. This is evidenced by a number of factors.

*Demographics* - The following demographic characteristics were identified in the Market Analysis section of this report:

- The current population of the center’s market area is just over 135,500 with the City making up approximately 19,000 of these residents.
- The population of the service area currently being served by the center is expected to continue to grow.
- There are a large number of children in the households.
- The median age is relatively young.
- The future will see strong growth in the senior age groups.
- There are high median household income levels.
- There is a high Spending Potential Index for recreation services.
- There is very little diversity in the population.

These are strong demographic traits for a comprehensive YMCA to be successful with their focus on youth and families. It is clear that the Sherwood Regional Family YMCA, while located in the City of Sherwood, serves as a regional facility with a much larger market area. The future demographic characteristics will continue to be positive for the operation of a full-service recreation facility but services will need to have a stronger emphasis on meeting the needs of seniors in the future.

Despite the fact that there are positive demographics in the market area, there are also a significant number of other providers present. Over the last 10 plus years as the population has grown so has the number of recreation, sports and fitness facilities in the market area. From public facilities (Chehalem Aquatic & Fitness Center), to the comprehensive private clubs (Club Sport and Stafford

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Hills Club), and the more numerous specialty fitness facilities, the residents of the Sherwood market area have many options available (with the reality that there will be additional facilities in the future). This will place an increased focus on the need for the Sherwood Recreation Center (or the Sherwood Regional Family YMCA) to continue to provide a first-class facility with comparable programs and services at a membership and program fee rate that is competitive with these other facilities. It will also be important that the center differentiates itself from these other providers with its market focus and availability to the community.

*Facility Membership and Utilization* – The current membership numbers of the Sherwood Regional Family YMCA are noted below (information was provided by the YMCA and derived from portions of the FourSquare Research and their “Profile of Prospective and Current Members” study from June 2016).

- 4.8% of the households in the market area belong to the YMCA, this compares with a 4.5% average nationally.
- As of September 30, 2016, there are a total of 2,776 membership units (a unit is one membership, such as a family or two adults, that may contain several individuals) representing approximately 8,190 individuals (not including SilverSneakers and Silver and Fit members which account for another 899). Of these units, approximately 68% are City of Sherwood residents and roughly 17% receive financial assistance. The yearly retention rate for members is 70% which is right at the industry average (for public, private and non-profit centers).
- The age distribution of current members:

Age	% of Total Members
18-19	2%
20-24	2%
25-34	10%
35-44	33%
45-54	29%
55-64	19%
65-74	3%
75+	-

- 52% of current members have children under 18 in their homes.

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- The types of memberships by percentage of current members are:

Age	% of Total Members
Youth 3-14	2%
Young Adult 15-22	4%
Individual Adult 23-64	22%
Senior 65+	2%
Family w/Children	42%
Single Parent Family	9%
Two Adult Household	19%

- A history of membership units over the last 6 years indicates the following numbers:

	2011	2012	2013	2014	2015	2016
Memberships	2,696	2,543	2,390	2,378	2,506	2,813

While there was a drop in the number of membership units from 2011 through 2014 of nearly 12%, there has been a significant rebound in the last two years that places the membership numbers higher than 2011.

- The FourSquare study that was completed by the YMCA indicated that there is significant interest in the market area for additional YMCA memberships. Their survey identified a total of 7.7% of all households who do not belong to a YMCA had “a great deal of interest” in joining the YMCA. These new members are projected to be primarily Individual Adult (34%), Family with Children (25%), and Two Adult Household (24%).



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- The center operates with the following hours:

Days	Hours
Monday-Thursday	5:00am-10:00pm
Friday	5:00am-9:00pm
Saturday	6:00am-7:00pm
Sunday	8:00am-6:00pm

The facility is open 107 hours a week which is just above the industry average for most public recreation centers. The center also is open at an early hour on weekdays and on Sunday mornings which is certainly a trend for most facilities.

- Center usage peaks during the 8am to 10am and 4pm to 6pm time frames.

*Programs and Services* – The YMCA has a comprehensive offering of programs and services at the Sherwood Regional Family YMCA. Programming is divided into four major categories:

Program Area	Individual Programs
Aquatics	Learn to Swim Classes, Private Swim Lessons, Water Exercise, Swim Camps, Lifeguard Training
Youth Development	Teen Center, Youth Basketball, Youth Running Club, Haunted Teen Center, Kids Night Out, Parent/Child Dance, Creative Movement, Tap and Contemporary Dance, Gymnastics, Martial Arts, Arts, Camps, Birthday Parties, Jr. Sports, Basketball, soccer, T-Ball, Indoor Soccer, Climbing, Fitness, Babysitting, <u>Special Events</u> - Breakfast with Santa, Harvest Fest,
Healthy Living	Group Fitness Classes, Personal Training, Silver Sneakers, Silver & Fit, Adult Basketball & Volleyball, Yoga, Pilates, Diabetes Prevention, Water Exercise, Movement for Better Balance, Ysnaps, Pickleball, Triathlon, Marital Arts, <u>Special Events</u> – Zumba Fest, Fall Prevention, Mini Monster Marathon, Dance Fest
Social Responsibility	Garden Club, Toastmasters, Sherwood High School Transition Program, CPR/First Aid, Sherwood Pastors Group

Note: This is a basic inventory of programs and services offered by the Sherwood Regional Family YMCA and is not a total accounting of all programs.

- The YMCA conducts a significant number of programs at the center and has a wide diversity in the types of programs that are offered.

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**Operations and Management:** The YMCA has operated and managed the facility since its inception in 1998. The YMCA, as a national organization, has extensive experience with the management of multi-faceted, indoor aquatic, fitness and recreation facilities and has developed strong operating practices as a result. More locally, the YMCA of Columbia-Willamette has reduced the number of full service centers that it operates in the last ten years. The following is an assessment of the current operations and management of the facility.

*Facility Assessment* – The original center has been expanded and renovated a couple of times including the enclosure of the gym space and the addition of a teen center. Some of the issues with the current facility are noted below.

- The basic structure has been serviceable since it opened and the building contains all the basic components that are usually found in a YMCA or public recreation center. This includes:
  - Indoor pool with recreational and conventional water (lap lanes)
  - Fitness center including 3 group exercise rooms
  - Walk/jog track
  - Gymnasium space
  - Teen center/multi-purpose space
  - Game room
  - Child Watch area
  - Locker rooms and administrative space
- The building lacks a strong organizational flow and it is difficult to move easily from the front to the back of the building. This is due in part to the past enclosure of the gym space and the addition of the teen center and fitness spaces below. The fact that the center has three levels also impacts the flow as well as the supervision of the building itself.

Future Recommendations:

- In order to maintain a strong market presence and revenues, then additional capital improvements are going to be needed. Improvements or additions to the building that should be considered include:
  - General remodeling of the building to bring the more dated image of the facility up to date.
  - Additional weight/cardio space with an emphasis on functional training (this should include up to 12,000 SF total of fitness area). The existing areas are spread throughout the facility.

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- The addition of another group exercise/dance/martial arts room to keep from having to use the teen area for these functions.
- Expansion of the aquatics area with the addition of a conventional 25-yard pool with a drop slide and other recreation amenities.
- Expansion of the entry and lobby area. The area is too small and makes it difficult to have spaces for people to meet and socialize.
- Update the existing general locker rooms and make them less institutional. There should be no gang showers.
- The number of family change rooms in the locker area needs to be increased by 2 to 4. This will be particularly true if the aquatics area is expanded. These ideally should be updated to full service change rooms with showers, toilet, sink and changing area with full length doors.
- There is a need for some expansion to the office space that is available in the center.

*Budget* – The operating budget for the Sherwood Regional Family YMCA has been reviewed based on information provided by both the YMCA of Columbia-Willamette and the City of Sherwood.

### Revenues

Description	2013 Actual	2014 Actual	2015 Actual	2016 Actual
Contributions	\$70,106	\$78,829	\$77,877	\$108,620
Special Event	\$2,255	\$4,978	\$2,131	\$3,349
Membership	\$1,659,726	\$1,637,612	\$1,641,417	\$1,746,665
Other	\$4,924	\$4,828	\$2,516	\$1,911
Programs	\$475,348	\$497,160	\$598,639	\$589,868
Sales to the Public	\$10,239	\$8,993	\$9,830	\$8,353
Facility Rentals	\$10,879	\$23,807	\$21,767	\$11,866
<b>Total</b>	<b>\$2,233,477</b>	<b>\$2,256,207</b>	<b>\$2,354,177</b>	<b>\$2,470,632</b>

- The greatest single source of revenue is from memberships. For 2016 this was nearly 71% of all revenues collected. Actual numbers from 2013 and 2014 indicate that membership revenue declined slightly while 2015 showed a slight increase and 2016 indicates a more significant gain.

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Information provided by the YMCA of Columbia-Willamette to the City of Sherwood indicated a steady decline in membership revenue since 2009 through 2014 (along with a decrease in membership units).

- The second largest source of revenue is from program fees which makes up nearly 24% of the total revenue in 2016. Program revenue has seen a steady increase since 2013 (except for a small decrease in 2016).

Note: For most public, non-profit and private centers, the greatest revenue source is always from pass or membership sales. For public and non-profits, the revenue derived from programs is also significant and has grown considerably in the last 5-10 years.

## Expenditures

Description	2013 Actual	2014 Actual	2015 Actual	2016 Actual
Staffing Costs	\$1,120,840	\$1,166,664	\$1,169,633	\$1,212,505
Direct Oper. Costs	\$391,418	\$400,973	\$452,626	\$495,662
Occupancy Costs	\$364,643	\$357,206	\$372,138	\$371,852
Depreciation	\$91,513	\$105,052	\$107,713	\$117,291
Assoc. Support	\$324,541	\$325,656	\$325,656	\$325,656
<b>Total</b>	<b>\$2,292,955</b>	<b>\$2,355,551</b>	<b>\$2,427,766</b>	<b>\$2,522,966</b>

- Staffing costs (along with benefits) account for 48% of the expenditure budget for 2016. Since 2013 there has been a steady increase in personnel expenditures.

Note: Compared to public facilities 48% is a low percentage of the operating budget that is dedicated to personnel and benefits. Most public facilities have over 60% to as much as 65% of their operating budget allocated to staff and benefits. However, the YMCA's total budget is impacted by the large support fee payment (Assoc. Support) to the regional YMCA of Columbia-Willamette office as well as expenditures for depreciation.

The continued increase in the minimum wage over the next five years will have an impact on personnel costs in the future (see below).

- Direct operating costs (which includes supplies, telephone, postage printing and other service fees), is the second largest budget category as a whole, but is made up of a significant number of smaller account areas. This budget category makes up nearly 20% of expenditures.
- Occupancy (which consists of utilities, lease payment and insurance) is the third largest budget category accounting for 15% of 2016 expenditures. The rental/lease portion of this

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budget category is nearly \$143,000 a year (approximately \$129,000 of this amount is allocated for the repayment of the City's construction loan that will be paid off in 2017).

- The approximate 13% association support payment (\$325,656) is the next significant expense. This payment goes back to the YMCA of Columbia-Willamette to cover other centralized services such as human resources, finance, legal, risk management, etc. However, there does not appear to be any accounting that justifies this amount to cover actual costs (but this is not required by the existing contract which allows an amount up to 15%).
- Depreciation (which is used by the YMCA for a straight line replenishment of assets purchased) is also shown in the operations budget and accounts for \$117,290 in 2016 expenditures. For most public facilities, depreciation is not shown as an operating expense.

However, actual expenditures of equipment and improvements to the center are reported by the YMCA of Columbia-Willamette to be the following:

	2013	2014	2015	2016
Equipment Improvements	\$166,000	\$73,000	\$143,000	\$160,000

### Revenue-Expenditure Difference

Description	2013 Actual	2014 Actual	2015 Actual	2016 Actual
Revenues	\$2,233,477	\$2,256,207	\$2,354,177	\$2,470,632
Expenses	\$2,292,955	\$2,355,551	\$2,427,766	\$2,522,966
Difference	(\$59,478)	(\$99,354)	(\$73,589)	(\$52,334)
Minus Depreciation, Assoc, Support and Lease Payment	\$545,054	\$559,708	\$562,369	\$571,947
<b>Adjusted Difference</b>	<b>\$485,576</b>	<b>\$460,354</b>	<b>\$488,780</b>	<b>\$519,613</b>

- While each of the last four years of operations shows a slight loss, the fact that the lease payment, depreciation, and association support are all covered in the figures makes this a very healthy budget. If these categories are removed from the budget, the YMCA would be generating a substantial positive cash flow.

Note: Most public recreation centers do not account for any type of lease or debt payment in their operating budget and depreciation is usually not shown as well. Even when these

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items are not included as expenditures, the vast majority of public centers still operate with a negative balance.

- With the end of the \$129,000 annual lease payment this year, the future use of this budget amount is in question. Considering the age of the building and the need for increased maintenance as well as additional building improvements to protect and even enhance the membership revenues, continuing to utilize most of this funding for this purpose will be important.
- Critical to the long term financial stability of the Sherwood Recreation and Aquatic Center (or the YMCA) will be the continued growth in membership/pass units over the next five years.
- The City of Sherwood is responsible for the maintenance of some of the grounds that the center is on (\$8,000), building and property insurance (\$17,000), and the repair of the structures (exterior walls and roofs). The level of expenditures for repair of the structure has been relatively low over the last 5 plus years but is expected to increase as the building ages.

The City also makes the debt payment on the construction loan (utilizing the \$129,000 paid by the YMCA) that will end this year.

*Staffing* – The Sherwood Regional Family YMCA has a professional staff of 11 fulltime staff divided between Membership/Development, Administration and Programming.

- The Administration area currently has an Executive Director and an Administrative Assistant that are both full-time plus a part-time Marketing Coordinator. This area is responsible for the overall administration of the YMCA.
- The Membership Development area has three full-time staff including a Membership Development Director, and Outreach Director and an Administrative Assistant. There are also a number of part-time positions. This area is responsible for membership services including front-desk operations, fundraising, and outreach to the community.
- The Programming Area has the largest staff which includes a Senior Director, and four Program Directors that are each responsible for a specific aspect of recreation programming. The Aquatics area also has a full-time swim team coach. The Program Directors also have part-time Program Coordinators that assist with certain program areas. As the name implies, this area is responsible for providing all of the recreation programming at the center.

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- There is not an identified maintenance staff, as virtually all of these functions (including custodial) are contracted. With an anticipated increased focus on facility maintenance, this is a concern that will need to be addressed.
- It is noted that there are a number of part-time positions that are being paid \$11.00 an hour and the rate of compensation will have to increase to at least \$11.25 by July 1, 2017 and the rate will increase steadily from there over the next 5 years to \$14.75. This will have a significant impact on the personnel budget for the YMCA in the coming years.

Note: The YMCA is known for having a lean staffing model for operations and programming of its facilities and this is certainly the case in Sherwood. Not only are the rates of compensation lower for full-time staff as well as part-time staff compared to the public sector, but so is the rate paid for benefits. The reality is that it would cost more for the City of Sherwood to staff the center than the YMCA as a result.

*Fees and Charges* – The Sherwood Regional Family YMCA has the following fee schedule for the use of the center. This is based on the traditional YMCA fee model that emphasizes memberships. As part of the agreement with the City, there is a reduced membership rate for residents of the city.

Type of Membership	Resident Monthly	Registration Fee	Non-Resident Monthly	Registration Fee
Youth (3-14)	\$20	\$25	\$23	\$25
Young Adult 15-22	\$26	\$25	\$29	\$25
Adult 23+	\$35	\$50	\$38	\$50
2 Adults	\$58	\$75	\$64	\$75
1 Adult/Children	\$60	\$75	\$66	\$75
Family	\$70	\$75	\$77	\$75
Teen Center	Free	None	Free	None

- Membership includes land and water based fitness classes, 7 annual guest passes, free child care (on-site), and special rates for programs. There is also financial assistance available for those who do not have the ability to pay.

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- There is a special rate for all armed service members (active, retired, reservist, national guard) that waives the joining fee and gives 25% off the monthly dues.
- There was a membership fee increase in January 2012.

There are also Visitor Passes:

Day	Rate
Youth (0-2)	Free
Youth (3-11)	\$6.00
Adult (12+)	\$12.00
Week	Rate
1 Person	\$30
Household	\$50

- The fees and charges plan that is being utilized for the Sherwood Regional Family YMCA is to be expected and generally fits with the market for the center. However, while the YMCA system is membership based, most public recreation centers have a number of ways to pay for access to the center that includes daily admission rates as well as usually a shorter term pass (3 months, etc.), and an annual pass.

*Maintenance* – The YMCA is responsible for all internal building maintenance, upkeep and cleaning of the building, the immediate grounds surrounding the building as well as the parking lot.

- The YMCA utilizes a maintenance management company for much of its building maintenance operations.
- Most of the cleaning of the building is by contract with some assistance from YMCA staff during the daytime hours. Some of the landscaping around the building is also under contract.
- The YMCA also contracts for fitness equipment maintenance and upholstery repairs or replacement.
- For the aquatics center, there are three CPO's (Certified Pool Operator) on staff which should ensure that this aspect of the facility operates well.

Future Recommendations:



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- The YMCA has a 2014-2024 Asset Management plan but this appears to not be a fully completed document for every aspect of the facility. This plan should be finished and updated yearly.
  - The building has a security camera system but the doors and windows are not alarmed. The doors and windows should be alarmed in the future.
  - The center should undergo a maintenance assessment to independently determine the physical condition and on-going maintenance needs of the building. This would then be the basis for an updated maintenance management plan.
  - While the basic condition of the building is acceptable, in the future there will need to be a greater emphasis placed on improving overall building maintenance if the center is going to expand its membership base. The cleaning of the building also needs greater emphasis. This will likely require a more comprehensive planning effort by the YMCA, or other operator, in the form of a detailed maintenance plan (including a preventative maintenance plan) and comprehensive custodial plan.

*Marketing* – The Sherwood Regional Family YMCA currently has a well developed marketing effort to promote the center and its programs. This includes:

- There is an overall Marketing and Communications Plan for the facility that explains the Y and their mission, outlines the Sherwood market and the general marketing efforts that are undertaken, as well as how they respond to community needs.
- There is also a more detailed marketing plan that outlines the specific annual projects and events to be promoted, the tools to be utilized and the monthly membership promotions for the year.
- The marketing efforts are well thought out, are based on specific goals and the tools to accomplish the work are identified. Compared to most public recreation centers, the current marketing efforts are far superior.

*Community Responsiveness* – In the Marketing and Communications Plan, there is a section of the document that reviews how the Sherwood Regional Family YMCA responds to community needs. Specifically mentioned are:

- How the YMCA welcomes all incomes, ages and abilities. The fact that the YMCA provides over \$300,000 in scholarships is highlighted.

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- The fact that 85 percent of the 9,000 individual members are in the children and youth membership categories.
  - That low-income families are provided affordable child care and after school programs.
  - Seniors are served by programs such as Silver and Fit and Silver Sneakers.
  - The needs of the disabled are also met through a variety of programs and services.
  - Other efforts that are noted include:
    - The fact that the YMCA is driven by an “ongoing assessment of community needs” and is led by a local board.
    - The YMCA receives \$75,000 in support from annual local community contributions.
    - Extensive volunteer hours are donated to the community worth \$207,000 annually.
    - The YMCA has partnerships with a variety of local organizations.
    - The YMCA promotes healthy lifestyles to prevent obesity.
  - There are an extensive number of ways in which the Sherwood Regional Family YMCA shows community responsiveness and generally does a good job in this area. However, it must be recognized that the local Sherwood Regional Family YMCA is part of the greater Columbia-Willamette system so there is a certain level of regional approach to much of these efforts.

**City of Sherwood and YMCA of Columbia-Willamette Operating Agreement:** For the last twenty years the City of Sherwood has had an agreement with the YMCA for the operation and management of the Sherwood Regional Family YMCA. The first agreement was signed in 1996, two years before the center opened. Since that time there has been only one amendment in 1999.

The agreement calls for the YMCA to operate and maintain the building. This includes the following:

- Responsible for the cost of all aspects of the building’s operation including staffing, operating supplies, contractual services and capital replacement (with the exception of the exterior of the structure itself).
- Staffing of the center including operations, programming, administration and maintenance.
- All cleaning and maintenance functions associated with the interior of the building.

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- 
- Maintaining all the building's mechanical and operating systems including capital replacement.
  - All facility and program equipment (including fitness and aquatics).
  - Payment of a portion (approximately 74%) of the cost of the construction loan on a yearly basis.
  - Maintaining the grounds immediately in front of the building as well as the parking lot.

The City is responsible for maintaining the exterior of the building including the roof and skin (walls) of the structure. The City also pays for the following:

- Basic grounds maintenance (beyond the immediate landscaping and parking lot).
- Building and property insurance (for the City's ownership of the building).
- Debt service payment on construction loans.

Some of the important issues with the agreement and actual operation of the building have included:

- Due in large part to a lack of written updates to the operations agreement, there has been more tension between the two entities in the last 4-5 years.
- Over the years there have been verbal and handshake arrangements regarding how the agreement is interpreted but these have not been put in writing.
- The City only has limited representation on the board. Prior to 1999 there was an equal number of City and YMCA representatives but that changed as the board grew in size. Now there are only four City members out of twelve.
- The YMCA, by the agreement, currently takes approximately 15% of the gross revenues generated by the center for YMCA overhead costs. This has caused some concern regarding the level of service for the fee collected.
- The "Excess Revenue" and how it is calculated and expended has been an issue for both entities.

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*Contract Assessment:* The following is a general assessment of the existing agreement between the City of Sherwood and the YMCA of Columbia-Willamette.

- It is unusual to have the operator (YMCA) responsible for all capital replacement of building mechanical and operating systems. This is usually either shared or more often is the responsibility of the building's owner.
- It is remarkable that the YMCA has been responsible for paying a significant portion of the cost of the debt for the building expansion. This is almost always the role of the building's owner.

With the end of the capital debt payment in 2017, the future of the nearly \$129,000 annual payment by the YMCA for this purpose will need to be determined. Allocating this amount for further improvements to the center should be strongly considered.

- The YMCA collects a considerable amount of money for its overhead costs (over \$325,000 annually) but in many ways a portion of this could be considered a management fee.
- As the owner of the building, the City has minimal representation on the local YMCA board and this should to be changed if the City wants to be more actively involved with long term capital improvements and ongoing maintenance issues.
- A new agreement needs to contain more detail on the specific responsibilities of both entities for the operation, management and capital funding of improvements. There also needs to be more clarity on financial matters (excess revenue, etc.).
- In order to maintain and ultimately grow membership at the center (regardless of who operates it), there is going to need to be more capital improvements to the center and most likely another renovation and/or expansion. This could be several million dollars depending on the magnitude and phasing of the improvements.
- The current agreement limits the City's long term financial commitment to only the exterior of the building itself and some limited operational obligations (insurance, etc.).

*Future Recommendations:*

If the City does decide to pursue an extension to the operating agreement with the YMCA, the following changes are recommended.

- Any new agreement should reduce the term of the agreement to less than 20 years.

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- The ambiguous portions of the agreement (primarily dealing with capital improvements, maintenance and finances) need to be clarified.
  - An exit clause from the agreement (no matter how punitive) is needed for both sides.
  - There needs to be an increased level of official City representation on the board and this should coincide with the City's future role on capital improvements.
  - Basic maintenance standards for the building need to be developed jointly between the City and the YMCA that clearly delineate a detailed plan for maintaining the building. The two entities should continue to update and complete the 2014-2024 Asset Management plan and also develop a 5-year capital improvement plan for the building that lists priorities for improvements, the improvements to be made, the entity responsible for the project, and the estimated cost. This plan should be updated yearly.
  - The issue of how "Excess Revenue" will be determined and more importantly how it will be utilized for operations and/or improvements to the center will need to be determined.
  - The recommendations in the 2014 TKW report on the operating agreement between the City and the YMCA should be undertaken:
    - Review of financial terms and conditions and clearly define terms with the agreement. Require all changes to the agreement to be in writing.
    - Determining what constitutes appropriate capital costs.
    - Determine what represents "reasonable" reserve levels. Specify what capital costs should be paid by the City versus the YMCA.
    - Establish how overhead costs will be compensated to the YMCA in future.
    - Determine the procedure for appointment to the YMCA board and establish the number of positions.
  - Serious consideration should be given to issuing a formal RFP for management services for the center by the spring of 2017. This should be open to any organization (public, private or non-profit) and the YMCA of Columbia-Willamette as well as the City of Sherwood for a formal submittal. The City will then be able to evaluate future potential center operators in a fair and equitable manner.
  - A decision on a new agreement with the YMCA of Columbia-Willamette should to be in place by October, 2017 to be effective by October, 2018 when the existing contract ends.
  - It will need to be realized that if the City decides to move on from management by the YMCA of Columbia-Willamette, the transition to a new operator (even if it is the City) could be difficult and could disrupt operations for a period of 6 months or more due to

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changes in management staff, operating policies and systems. There will also likely have to be adjustments made by the members and the community to a new operator. Minimizing changes to basic operations in the first year will be important to reducing any negative impact.

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## **Section V – Outside Operator Assessment**

A number of possible outside operators have been evaluated on a pro and con basis. These are the most likely organizations or entities that could manage and operate the center, but there could be other options in addition to what is presented below.

*YMCA of Columbia-Willamette* – Since this has been the only operator for the center since it opened nearly twenty years ago, they are somewhat of a known entity.

### *Pro's*

- The YMCA is the current operator and they know how to manage the facility.
- They understand the Sherwood market.
- They have operational experience with similar centers both locally and nationally.
- There are national standards in place for managing YMCA's and providing services.
- They provide services for all ages and socioeconomic groups.
- The YMCA has a strong revenue orientation and are known for providing dynamic and diversified programming in their facilities.
- The YMCA has been responsible for all the maintenance and most all the capital improvements to the building over the last 18 years.
- They have the ability to raise funds for programs and facilities in the community.
- They have a strong presence and name recognition in the greater Sherwood community.
- The YMCA provides considerable financial assistance for those who do not have the ability to pay.
- They have a number of community based services.

### *Con's*

- The Sherwood Regional Family YMCA is part of a larger regional YMCA system and as a result, not all operational decisions are made at the local level.

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- They are primarily a membership based organization which is different than most public facilities.
  - Currently approximately 15% of the gross revenues of the center go to the YMCA of Columbia-Willamette for overhead costs.
  - With almost total responsibility for the operation and maintenance of the center, there is a strong emphasis on the bottom line and revenue generation. This can limit some public based programming.
  - The YMCA has a religious background which maybe an issue for some organizations and individuals in the community.

## *Impact on the City*

- The operational impacts are already established. The center operates as a YMCA and not a public agency. They are a membership based organization and have a regional draw.
- The financial impact to the City is generally minimal, with only the responsibility for maintenance of the building's exterior structure.

**Boys & Girls Club** – The Boys & Girls Club is a national non-profit organization with a strong presence in the Pacific Northwest.

## *Pro's*

- The Boys & Girls Club has extensive experience providing a variety of recreation and social service programs for youth.
- They have operated indoor recreation facilities with a variety of components for decades.
- There are national standards in place for managing clubs and providing services.
- They have the ability to raise funds for programs and facilities in the community.
- The Boys & Girls Club provides programs and facilities for little to no fees to the user.
- There are local boards that govern the everyday operations of clubs.



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- 
- They have national name recognition.

## *Con's*

- The Boys & Girls Club is part of a national organization with regional and local sections. Some management and operations decisions are made on a regional basis.
- They have great experience with youth but do not focus on adults, families or seniors.
- While the Boys & Girls Club manages indoor recreation facilities the size and orientation of these facilities are considerably less than the Sherwood center. They have limited experience with fitness amenities, swimming pools and other active use spaces.
- Many clubs are underfunded which often results in a long list of deferred maintenance items.
- Boys & Girls Club's do not have a revenue orientation and are not well versed in the fee for service concept.

## *Impact on the City*

- The operational focus and identity of the center would change. The Boys & Girls Club operates primarily as a youth focused facility and not as a public center. The transition to this type of operation could be difficult and hard for the community to accept and understand.
- The financial impact to the City could be considerable. It should be expected that the Boys & Girls Club will not be able to fund much of the maintenance and virtually none of the capital improvements that are needed for the building. The City should expect a considerable dip in membership and program revenue for 1-2 years while the Boys & Girls Club gets their operational feet under them.

**Special District** – A special district could take on a couple of options. The first is to establish a new district that more closely mirrors the current market for the center and the second is to develop an agreement with an existing special district that is in close proximity to contract operate the center.

## *Pro's*

- A special district is a public entity that will represent the best interests of the community it serves.

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- 
- Special districts have a singular purpose and that is to serve the recreational interests of the area. Unlike a city, they do not have other governmental responsibilities (police, fire, economic development, etc.).
  - A new special district can be set up to expand the tax base to the general area that is served by the center. This moves the ownership and operations to a broader base than just the City of Sherwood. All revenues generated stay in the district and control is by a local board.
  - Several existing special districts are already in place and most have considerable experience with the operation and management of public recreation facilities.
  - The operation of the Sherwood center might be able to be paired with the operation and management of an existing district's facilities. This might provide more options for use and operational cost sharing.
  - Operation by a special district might result in a long-term change to how fees are assessed for use of the center. This could mean a move away from just a membership based center to greater emphasis on daily and shorter term passes. This could increase the rate of utilization of the center.
  - A new or existing special district could take on the management and operation of other City of Sherwood parks and recreation facilities.

## *Con's*

- Creation of a new district places another layer of government on the area. It must be voted in by the people within the established boundaries and they must vote in an operational millage as well.
- A new district may be constricted by other city or other special district boundaries.
- A new district takes time to set-up and have operational. There simply may not be enough time for this concept to be in place by October, 2018.
- The City would need to decide if and how it might transfer ownership to a new special district.

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- 
- A special district could have a significant impact on other parks and recreation services that are currently being provided by the City. This would be especially true for a new district.
  - A special district must be totally self-sufficient which means that all human resources, finance, risk management, and insurance must be provided in-house or by contract. There are no in-kind services.
  - For an existing special district, there must be the ability and interest in managing a facility that is outside of their boundaries or an agreement to annex the Sherwood area into the district. This could prove to be difficult.
  - Management by an existing special district (without annexation) will mean that many operational decisions will be made by an entity that is outside of Sherwood and some percentage of revenue for overhead costs will have to be paid to this district.
  - An existing district is likely to ask that its residents be able to utilize the Sherwood center at the resident rate. This could increase usage but potentially reduce overall revenues.

## *Impact on the City*

- The operation of the center would change the focus and identity to a public facility. The transition to this type of operation, if there is a new district, could be more difficult with the startup of the district and the timing that is necessary.
- The financial impact to the City (if the same fee structure is kept) will probably be minimal as long as maintenance and capital improvements remain the responsibility of the district. However, an existing special district is likely to balk at taking on existing maintenance and capital obligations without significant financial participation from the City.
- If there is a change in how fees are set and administered to more of a public recreation center approach, then there could be lower gross revenues that could require an operational subsidy.

**Other Cities** – Similar to the special district option, the City of Sherwood could develop an operational agreement with another city(s) in the area.

## *Pro's*

- Operation by another city will keep management and operations in the public sector that will represent the best interests of the community it serves.

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- 
- There are cities in the south Portland area that have some experience operating a variety of indoor public recreation amenities. This includes West Linn, Wilsonville and others.
  - The operation of the Sherwood center might be able to be paired with the operation and management of the other city's facilities. This might provide more options for use and operational cost sharing.
  - Operation by the other city might result in a long-term change to how fees are assessed for use of the center. This could mean a move away from just a membership based center to greater emphasis on daily and shorter term passes. This could increase the rate of utilization of the center.
  - Operation by another city will provide an additional level of administrative support, which could include human resources, finance, risk management, and insurance.

## *Con's*

- For another city, there must be the ability and interest in managing a facility that is outside of their boundaries. This could prove to be difficult unless there is a demonstrated benefit to the other community. For another city to have significant interest, it will likely have to have a common boundary with the City of Sherwood.
- Management by another city will mean that many operational decisions will be made by an entity that is outside of Sherwood and some percentage of revenue for overhead costs will likely have to be paid to this city.
- There are a limited number of cities that have experience operating indoor recreation facilities and none with the full amenities that are currently in the Sherwood center.
- Another city is likely to ask that its residents be able to utilize the Sherwood center at the resident rate. This could increase usage but potentially reduce overall revenues.
- Cities have other governmental responsibilities (police, fire, economic development, etc.) to manage in addition to recreation services.

## *Impact on the City*

- Operation by another city would change the focus and identity of the center to a public facility. The transition to this type of operation could still be difficult.

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- 
- The financial impact to the City (if the same fee structure is kept) will probably be minimal as long as maintenance and capital improvements remain the responsibility of the other city. However, another city is likely to balk at taking on existing maintenance and capital obligations without significant financial participation from the City of Sherwood.
  - If there is a change in how fees are set and administered to more of a public recreation center approach, then there could be lower gross revenues that could require an operational subsidy.

**Private Management Company** – A relatively new operations option is having a public center operated by a private management company.

## *Pro's*

- Private management companies specialize in the operation of sports, recreation and fitness facilities.
- These companies have a strong revenue orientation based in part on revenue sharing as part of the operations contract.
- They usually have operational experience with private and some public centers.
- They have the ability to make operations and management decisions relatively quickly.

## *Con's*

- The management company is probably a national based organization. There may be very limited knowledge of the local community and market.
- Many of the operations decisions will be made by management and support staff that will likely be located out of state.
- The company's experience may not be with public recreation facilities or in the Pacific Northwest.
- These private management companies can be more profit driven than service minded. The center could be operated more in line with a private health club unless the operating agreement specifies otherwise.
- The management contract is usually based on a significant management fee that is in addition to the cost of actually operating and maintaining the center.

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- Most private management companies are not willing to be responsible for long term maintenance of the facility or capital improvements to the center.

## *Impact on the City*

- The center would have the City's name on it but could be operated more like a private health club. The transition to this type of management could be more difficult and may very well involve significant changes in operations, fees and services.
- The financial impact to the City (if the same fee structure is kept) for basic operations could be higher with the expectation for a higher management fee. The City will need to be prepared for taking on more financial responsibility for capital improvements and costs for an expansion.

**Other** – There are several other options that may want to be considered for the operation of the facility.

1. City of Sherwood – Even though this is not an “outside” operator, the City could decide to operate the center on its own.

## *Pro's*

- The City is solely responsible for the operation and maintenance of the center.
- The needs of Sherwood residents will be the top priority.
- The facility will operate as a public recreation center.
- There will not be a management fee or overhead payment paid to another organization.
- The center can be integrated into the other existing parks and recreation facilities and services in the City.
- City staff will operate the center.

## *Con's*

- The City will need to hire more full-time and part-time staff to operate the center.

# OUTSIDE OPERATOR ASSESSMENT

City of Sherwood

Recreation and Aquatic Center Feasibility Study



- 
- The cost of operating the center will be higher than the YMCA, based on higher wage and benefit rates for City staff.
  - All costs for maintenance and capital improvements will be the responsibility of the City.
  - There may be pressure to change the fee structure to more of a public sector approach with daily, short-term and annual memberships. This is likely to reduce net revenues.
2. Partnerships – This option is a little more ambiguous but is based on the City still being the primary operator of the center but this is augmented by partnerships with other organizations to manage portions of the center or provide specific programs. This could include the following:
- *YMCA* – They could manage the aquatics area and possibly the fitness portion of the building. They could also provide programming in these and other areas.
  - *Boys & Girls Club* – Could be the provider of youth programs and services at the center.
  - *Private Health Club* – They could manage the fitness center and provide all fitness and wellness services.
  - *Health Care Provider* – Much like a health club, they could manage the fitness center and provide fitness and wellness programs for the center. They may also be interested in having a physical presence in the center for therapy, rehab, and sports medicine services.

## *Pro's*

- Other community assets are integrated into the operation of the center.
- Specific areas of expertise are utilized to bring branded services to the community.
- The City is not solely responsible for the operation of the center and its programs.

## *Con's*

- The City would have to manage multiple operations and service agreements for the facility.

# OUTSIDE OPERATOR ASSESSMENT

*City of Sherwood*

*Recreation and Aquatic Center Feasibility Study*



- 
- Overall management of the facility will be disjointed and may result in operational difficulties.
  - The assignment of operational costs and revenues will be difficult and could result in higher operating costs for the City and lower revenues.
  - The City will be the organization responsible for most all of the maintenance and capital improvements at the facility.
  - There could be a loss of identity for the City at the center.

## **Recommendation:**

Utilizing the basic assessment of the different “Outside Operator” options noted above, the following is the recommendation concerning the most viable operator.

To determine the most appropriate option for the future management and operation of the Sherwood Recreation and Aquatic Center, the City of Sherwood should issue a formal Request for Proposal for this service. As part of this process very clear requirements for the management agreement need to be outlined, this should include:

- Length of the agreement and possible extensions.
- Representation on an operating board for the center.
- Non-compliance protocols.
- Escape clauses for both parties.
- Maintenance and custodial expectations and requirements.
- Capital replacement requirements for both parties.
- Staffing requirements for proper operations and management.
- Hours and days of operation.
- Program and service requirements.



# OUTSIDE OPERATOR ASSESSMENT

*City of Sherwood*

*Recreation and Aquatic Center Feasibility Study*



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- Fee establishment guidelines and the presence of a scholarship program.
  - Operational policies, procedures, emergency action plan, maintenance plan and marketing plan.

In addition, there will need to be well defined performance indicators and identified reporting/tracking requirements. This could include:

- Budgetary performance for both expenses and revenues with yearly comparisons. These reports should be available quarterly and should include future year's budget projections.
- Total center use and passes/memberships by quarter with comparisons from one year to the next.
- Listing of programs and services offered, with registration numbers and fill rates for the classes. There should be comparisons by quarter and year.
- Scholarship program rates of utilization and value expended.
- Numbers of City of Sherwood residents by passes/memberships, use, programs and scholarships.
- Maintenance and capital improvement tasks that have been completed.
- Marketing tasks and measurements for success.
- Long range planning efforts.

This RFP needs should be issued no later than May 1, 2017 with a goal of determining the future operator of the center by October 1, 2017 to allow for a full year of contract development, and the possible transfer of operations responsibility by October of 2018 when the existing contract with the YMCA of Columbia-Willamette expires.

It is important to note that the RFP process will not be viable for the establishment of a new special district, which will require voter approval to become a realistic option. This is not seen as a practical alternative due to the time that is necessary to establish the district and the risk of voters not passing the formation of the district or the required operational levy.

Prior to the issuance of the RFP, the City should have open and frank conversations with potential respondents to the proposal to gauge the realistic interest in pursuing a management agreement. This is particularly true for other public entities in the Portland area.

# OUTSIDE OPERATOR ASSESSMENT

*City of Sherwood*

*Recreation and Aquatic Center Feasibility Study*



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The City's willingness to provide future funding for building maintenance and capital improvements (including actual facility expansion) will need to be determined. If the City wants this to continue to be largely the responsibility of the operator, it will limit the number of entities that will likely be willing to submit a proposal (and may need to extend the agreement beyond 10 years). If the City is willing to take on a financial role in this area, they will be able to justify more direct involvement in the long-term management and maintenance strategy for the facility.

Realistically, the City should expect to receive only two to three proposals for this operations agreement. These are likely to come from:

- YMCA of Columbia-Willamette
- Private operator
- Parks and Recreation District (existing district)

In addition, the City should strongly consider submitting their own proposal for management of the center.

If the City does decide to change from the YMCA as the operator, it should be recognized that it is highly likely that the transition to a new operator could be tumultuous and could impact revenues for 6 months to a year. This could be due to the following possible changes:

- Staff changes, especially at the management level.
- New operations policies and procedures.
- Transfers of existing memberships to the new organization.
- The potential for a different fee structure.
- New operational accounting software systems.
- A new name for the center with a new identity.
- A learning curve for the new management organization.

# OPERATIONS ANALYSIS

City of Sherwood  
*Recreation and Aquatic Center Feasibility Study*



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## **Section VI – Operations Analysis**

An important aspect of the feasibility study for the Sherwood Recreation and Aquatic Center is determining operating costs and revenues for a number of possible operating scenarios.

### **City of Sherwood**

An operations analysis has been completed for the Sherwood Recreation and Aquatic Center with the idea that the City takes over operation of the center in October 2018. To make the transition as easy as possible and reduce the possibility for a reduction in use and revenue, the basic operational factors (hours, fees, programs and services) will remain the same. The following are the basic parameters for the operations numbers.

- The existing YMCA expense and revenue budget categories have generally been utilized to represent expected costs and revenues generated under City operation. This also makes comparison with the YMCA budget easier.
- The center will continue to have the basic amenities that are currently present in the center.
- The start of operation will be October 2018.
- Staffing numbers reflect a public recreation model for personnel at City of Sherwood rates of compensation and benefits.
- Part-time pay rates reflect the state of Oregon minimum wage in 2018.
- The hours of operation will remain the same.

<b>Days</b>	<b>Hours</b>
Monday-Thursday	5:00am-10:00pm
Friday	5:00am-9:00pm
Saturday	6:00am-7:00pm
Sunday	8:00am-6:00pm

- The existing YMCA fee schedule will continue to be in place.

# OPERATIONS ANALYSIS

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Recreation and Aquatic Center Feasibility Study*



Type of Membership	Resident Monthly	Registration Fee	Non-Resident Monthly	Registration Fee
Youth (3-14)	\$20	\$25	\$23	\$25
Young Adult 15-22	\$26	\$25	\$29	\$25
Adult 23+	\$35	\$50	\$38	\$50
2 Adults	\$58	\$75	\$64	\$75
1 Adult/Children	\$60	\$75	\$66	\$75
Family	\$70	\$75	\$77	\$75
Teen Center	Free	None	Free	None

Visitor Passes:

Day	Rate
Youth (0-2)	Free
Youth (3-11)	\$6.00
Adult (12+)	\$12.00
Week	Rate
1 Person	\$30
Household	\$50

- The basic existing programs and services will remain the same.
- All identified costs and revenues have been included but no City administrative services charges (human resources, legal, finance, etc.) have been shown.
- The presence of other providers in the market will remain the same. While it is unlikely that this will remain true, it is difficult to measure the possible operational impact of future facilities that are not yet defined or locations known.
- No partnerships with other organizations have been shown in this operations plan.
- Capital replacement dollars for equipment is shown but no depreciation or possible future debt service.

# OPERATIONS ANALYSIS

City of Sherwood

Recreation and Aquatic Center Feasibility Study



## Operating Expenses

	Category	Budget
<b>21/22/23</b>	<b>Personnel Costs</b>	
21/22/23	Full-time Staff (includes benefits)	854,240
21/22/23	Part-time Staff (includes benefits)	1,161,043
	Total	\$ 2,015,283
<b>24</b>	<b>Other Service Fees</b>	
	Legal	-
	Other Contract Services (custodial, mechanical, a	100,000
	Software Support	30,000
	Total	\$ 130,000
<b>25</b>	<b>Supplies</b>	
	Office	10,000
	Computer	1,000
	Photo	-
	Custodial	30,000
	Pool Chemicals	22,000
	Program Supplies	30,000
	Food	500
	Staff Uniforms	2,500
	Mechandise for Resale	5,500
	Admisison Fees	-
	Total	\$ 101,500
<b>26</b>	<b>Telephone</b>	
	Voice and Data	10,000
	Cell Phones	1,000
	Total	\$ 11,000
<b>27</b>	<b>Postage &amp; Shipping</b>	\$ 3,500
<b>28</b>	<b>Occupancy</b>	
	Rental/Lease of Facility	-
	Licenses & Permits	1,000
	Electrical	115,000
	Gas	55,000
	Garbage	4,000
	Water/Sewer	28,500
	Building/Grounds Maintenance	12,000
	Building Insurance	25,000
	Total	\$ 240,500
<b>29</b>	<b>Equipment Maintenance</b>	
	Equipment Rental (weight/cardio)	33,200
	Expendable Equipment	2,000
	Equipment Maintenance	12,000
	Total	\$ 47,200
<b>30</b>	<b>YMCA Recognition</b>	\$ -

# OPERATIONS ANALYSIS

*City of Sherwood  
Recreation and Aquatic Center Feasibility Study*



## Operating Expenses (continued)

	Category	Budget
<b>31</b>	<b>Printing/Art Work/Media</b>	
	Advertising	30,000
	Printing	5,000
	Annual Meeting Expenses	-
	Staff Recognition	500
	Total	\$ 35,500
<b>32</b>	<b>Vehicle/Mileage Expenditure</b>	
	Travel Fares	-
	Hotel Fees	-
	Meals	-
	Auto Mileage	1,000
	Vehicle Operating Expenses	-
	Vehicle Insurance	-
	Total	\$ 1,000
<b>33</b>	<b>Conference Meeting Expenses</b>	
	Meeting Supplies	-
	Meeting Food Costs	-
	Conference & Training	5,000
	Total	\$ 5,000
<b>35</b>	<b>Membership/Dues</b>	
	Fair Share Support	-
	Membership Dues	1,000
	Total	\$ 1,000
<b>37</b>	<b>Finance Costs</b>	
	Bank Service Fees	500
	Credit Card Fees	26,000
	Interest	-
	Total	\$ 26,500
<b>39</b>	<b>Misc. &amp; Other Staff Expenses</b>	
	Certification	-
	Contingency	-
	Total	\$ -
<b>40</b>	<b>Depreciation/Amortization</b>	\$ -
<b>48</b>	<b>Interbranch Transfers</b>	\$ -
	<b>Capital Equipment/Improvements</b>	\$ 75,000
	<b>Grand Total</b>	<b>\$ 2,692,983</b>

**Note:** Capital Equipment/Improvement budget account is primarily for the replacement of fitness equipment, and basic equipment and furniture in the center on a yearly basis.

# OPERATIONS ANALYSIS

*City of Sherwood  
Recreation and Aquatic Center Feasibility Study*



## Full-Time Staff

Full Time Staff	Salary	Positions	Total
<b>Recreation</b>			
Center Manager	\$ 72,500	1	\$ 72,500
Recreation Supervisor - Aquatics	\$ 61,000	1	\$ 61,000
Recreation Supervisor - Fitness	\$ 61,000	1	\$ 61,000
Recreation Supervisor - Youth	\$ 61,000	1	\$ 61,000
Administrative Assistant I	\$ 35,500	1	\$ 35,500
Recreation Specialist - Front Desk	\$ 35,500	2	\$ 71,000
Recreation Specialist - General	\$ 35,500	1	\$ 35,500
Senior Lifeguard Guard	\$ 35,500	2	\$ 71,000
Maintenance Worker Lead	\$ 53,500	1	\$ 53,500
Maintenance Worker	\$ 40,000	1	\$ 40,000
Positions		12	
Salaries			\$ 562,000
Benefits	52%		\$ 292,240
<b>Total Full-Time Staff</b>			<b>\$ 854,240</b>

# OPERATIONS ANALYSIS

City of Sherwood

Recreation and Aquatic Center Feasibility Study



## Part-Time Staff

Part-Time	Rate	Hours	Weeks	Total
Front Desk Sup	\$ 14.00	27	52	\$ 19,656.00
Front Desk Attend	\$ 13.00	137	52	\$ 92,612.00
Gymnasium Attendant	\$ 13.00	44	26	\$ 14,872.00
Fitness Attendant	\$ 13.00	108	52	\$ 73,008.00
Building Monitor/Custodian	\$ 13.00	63	52	\$ 42,588.00
Child Care Attendant	\$ 13.00	153	52	\$ 103,428.00
Lifeguard	\$ 14.00	335	52	\$ 243,796.00
Senior Lifeguard	\$ 15.00	48	52	\$ 37,440.00
<b>Total</b>				<b>\$ 627,400</b>
Aquatics				\$ 78,838.00
General				\$ 186,872.00
<b>Total</b>				<b>\$ 893,110</b>
Benefits	30.0%			\$ 267,933
<b>Total</b>				<b>\$ 1,161,043</b>

Note: The minimum wage in Oregon will be \$14.75 an hr by 2022.



# OPERATIONS ANALYSIS

*City of Sherwood  
Recreation and Aquatic Center Feasibility Study*



## Revenues

	<b>Category</b>	<b>Budget</b>
<b>1</b>	<b>Contributions</b>	
	Annual Support Rev.	-
	Major Gifts	-
	Scholarships	325,000
	Scholarships Awarded	(325,000)
	Total	\$ -
<b>3</b>	<b>Special Event</b>	\$ -
<b>11</b>	<b>Membership Revenue</b>	\$ 1,787,110
<b>12</b>	<b>Other Revenues</b>	
	Vending	4,500
	Total	\$ 4,500
<b>13</b>	<b>Program Service Fees</b>	
	Program Fees	298,000
	Registration/Joining	13,300
	Program Aquatics	211,500
	Over/Short	-
	CWC Center Revenue	750
	Total	\$ 523,550
<b>14</b>	<b>Sales to the Public</b>	\$ 8,500
<b>15</b>	<b>Facility Rentals</b>	\$ 23,000
	<b>Grand Total</b>	<b>\$ 2,346,660</b>

# OPERATIONS ANALYSIS

*City of Sherwood  
Recreation and Aquatic Center Feasibility Study*



## Expense-Revenue Comparison

Category	Budget
Expenses	\$ 2,692,983
Revenues	\$ 2,346,660
Difference	(346,323)
Recovery %	87%

## 5 year Projections (Based on the continuation of the same operational structure)

Category	Year 1	Year 2	Year 3	Year 4	Year 5
Expenses	\$ 2,692,983	\$ 2,787,237.41	\$ 2,884,790.71	\$ 2,985,758.39	\$ 3,090,259.93
Revenues	\$ 2,346,660	\$ 2,463,993	\$ 2,587,193	\$ 2,716,552	\$ 2,852,380
Difference	(346,323)	(323,244)	(297,598)	(269,206)	(237,880)
Recovery %	87%	88%	90%	91%	92%

The five-year projections are based on expenses increasing by 3.5% per year while revenues increase by 5% because of fee escalations and increased market penetration due in part to a growing market.

**Conclusion:** The cost of operating and maintain the Sherwood Recreation and Aquatic Center is anticipated to be higher than YMCA operation and this does not include any long-term capital improvements (see below) or internal City administrative services charges. The increase in operations expenses are due in large part to the higher level of compensation for staff, as well as benefits. There is also a higher staffing level to improve on operations, customer service and maintenance.

**Fee Structure Changes:** The revenue projections shown above are based on the adoption of the current YMCA fee structure. This is recommended for at least the first year to two years of operation to provide continuity and ease the impact on the current center users. However, if the City decides to adopt a more public sector fee schedule (greater emphasis on day passes, and short term passes, such as 3 month) then this will influence overall revenues. The exact impact will depend on where fees are set and the options that are available, but this could reduce overall center revenues by \$100,000 to as much as \$200,000 per year. Center usage could increase by 10% or more despite the decrease in revenues.

# OPERATIONS ANALYSIS

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**Future Capital Investment:** The previous expense projections do not account for any significant capital investment in the center beyond equipment replacement. It is projected that due in part to the age of the facility and the need to upgrade the center to secure future use and revenues, there will need to be additional improvements and/or expansions to the center. On a minimum level to make only minor improvements (building appearance and finishes), this could amount to approximately \$100,000 a year for the next 3-5 years. For more comprehensive improvements (general remodeling, improving building organizational flow, locker rooms, etc.), this could require expenditures in the range of \$1.5 million to as much as \$3 million to accomplish. If the center is ultimately expanded (additional weight/cardio space, group exercise room, aquatics, lobby area), then the cost could be \$5 million to more than \$10 million.

It is highly recommended that the City of Sherwood consider hiring an architect to determine priorities for improvements and/or expansion to the center and the development of more exact capital cost estimates.

## Other Operational Options

In addition to studying the possible operation of the Sherwood Recreation and Aquatic Center by the City of Sherwood, several other possible options have been reviewed as well. Since the exact operational requirements and organizational structure are difficult to define, these are very general assessments only.

*Parks and Recreation District (existing district)* – The operational budget for an existing parks and recreation district would look much like the proposed budget for City of Sherwood operation. However, there would likely be the following changes:

- Staffing costs for full-time staff could be slightly less, estimate of \$50,000 a year due to lower rates of compensation.
- Administrative costs for insurance, human resources, legal, finance, etc. will need to be added. This could add \$100,000 to \$150,000 to the expense budget.
- A management fee of approximately \$50,000 to \$100,000 a year could be added.
- Any significant capital improvements are likely to be the responsibility of the City not the district. This could increase costs to the City by \$100,000 or more a year.

These changes could add \$100,000 to \$200,000 to the cost of operating the center and possibly increase the expected subsidy level. An existing special district will either have to reduce costs (primarily through staffing reductions) or rates for use will have to be increased to off-set the

# OPERATIONS ANALYSIS

City of Sherwood  
*Recreation and Aquatic Center Feasibility Study*



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subsidy. The special district may also ask the City to pay at least a portion of the anticipated subsidy.

Overall the cost of operating the Sherwood Recreation and Aquatic Center by a special district could be slightly higher than City operation.

*Private Operator* – The operational budget for a private operator will be more in-line with YMCA operations. Notable changes to the operating budget are likely to be:

- Staffing costs will be lower than public sector operation (by as much as \$200,000 or more) due to lower rates of compensation and benefits for full-time staff as well as fewer staff. Staffing costs could be slightly lower than the YMCA as well.
- All administrative costs will be included in the operations budget. These costs could be lower than the YMCA by \$50,000 to \$100,000 or more a year due to only including exact the cost of services.
- There will almost certainly be a management fee of approximately \$100,000 a year on top of any administrative costs.
- Capital improvements are likely to be the responsibility of the City not the private operator. This could increase costs to the City by \$100,000 or more a year.

These changes could be lower than the cost of operation by the YMCA but would likely result in far less capital improvement funding being available for the center. This could ultimately add \$100,000 to the cost of maintaining or improving the center for the City.

Factoring in capital expenditures, the cost of operating the Sherwood Recreation and Aquatic Center by a private operator would be lower than City operation but could be higher than YMCA operation with the capital improvements being the responsibility of the City.