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## Sherwood Recreation Center RFP–Additional Questions

### YMCA Questions:

#### 1. What is your part-time employee turnover rate?

	Retention Rate	Employees at 12/31/16	Total employees employed during 2016
Full-time	82%	9	11
Part-time	68%	89	131
Part-time Plus	88%	7	8

Seasonal employees not included in above data.

We believe our 2016 turnover rate at the Sherwood YMCA is a positive attribute as seen in the chart provided by our CFO, Carolyn Rayback. We also believe our 2017 retention rate will be even stronger based on year-to-date estimates. Notably, many of our part-time positions provide youth in our community an opportunity to enter the job market as well as providing positions for adults who choose to work part-time.

#### 2. Has the YMCA ever conducted a total compensation study for its employees based on comparable fitness facilities and if so, can you provide the results of that for our review? Does the YMCA have a plan for adjusting salaries based on a salary/compensation study and how would that affect the YMCA's financials?

While we have not purchased an independent, total compensation study in recent years, our compensation packages are informed by multiple, reliable market sources, including comparable fitness facilities. Salaries and wages are continuously evaluated by our Human Resources group and Sherwood Y leadership, and are adjusted to meet market conditions and industry standards. Since our internal studies are performed in ad hoc manner, we regret we have nothing available to share with Council.

Important considerations when discussing total compensation are the intrinsic rewards earned by those who believe they are working for a meaningful purpose. Since nearly everyone who works for the YMCA has a connection to our mission and purpose (we screen for this in interviews), we believe this key factor must be considered in any compensation evaluation.

Given what we have previously described, we do not believe it is necessary to "adjust salaries based upon a salary/compensation study."

It is important to note that our staffing levels are very sound. We have very few unfilled positions, and those that are open are being covered by cross-trained individuals. Considering the area's tight labor market and uncertainty over the contract renewal, we feel this is an extraordinary accomplishment. With the addition of our strong employee survey

results demonstrating high morale, we think this shows our total compensation strategy is working well.

**3. How far below market are salaries for YMCA employees, and is that one way the YMCA expects no net loss to the City in its financial analysis?**

Please note our previous discussion on total compensation in question #2 above. Notably, rather than being below market, our exempt staff salaries are far above the Department of Labor minimum standards. Furthermore, we have seen evidence that some competitors pay their exempt staff far lower salaries than we do and require them to work substantially more overtime hours than our staff typically works. Work-life balance is an important value we promote.

We acknowledge that in certain part-time positions, on an hourly-wage basis, we may be slightly below what some perceive as market value. Given the favorable employee job market, we believe we would have numerous un-filled positions if we were paying materially, below-market salaries—and we do not. We would also expect to have high turnover and low morale—exactly the opposite of what we are experiencing.

Reflecting back on our earlier comments related to intrinsic compensation, it is likely that our talented staff could make more money working for corporate America. Yet, they happily stay with the YMCA because they are doing something meaningful for themselves. As a case in point, our COO recently left a high paying and promising corporate career for a substantial pay cut in order to help build strong communities through the YMCA.

To answer the second part of the question, our wage and salary projections in our proposal reflect future market rates. As can be seen in our pro forma statement, we have forecasted significant salary increases throughout the next six years in order to keep pace with anticipated changes in the marketplace.

Given the aforementioned, the YMCA's projected net surplus does not depend upon paying below-market salaries. Our projected surplus comes from our proven ability to successfully operate the facility and its programs.

Our ability to repeatedly produce operating surpluses comes from a variety of sources. To name a few: our shared services model, which leverages an efficient central office and reduces staffing expense at the branch level; research shows that staff who are highly connected to the mission of the organization are also highly productive; our ability to fund-raise in the community; we don't have to generate additional funds for shareholders, like for-profit companies must do; and our strong relationship with the community, which is resulting in increasing health and wellness and program membership.

Even more important than a projected surplus is our guarantee the City of Sherwood and its taxpayers will not have to fund operational deficits. Throughout our nearly 19-year tenure, we have never required the City to fund a loss from operations, and we will continue that promise in the years ahead. Notably, none of the other proposers have made this promise. Instead, they hand their losses to the City and its taxpayers. Also, unlike the YMCA, they do not commit to reinvesting 100% of a possible surplus into the facility, which continues our long history of voluntarily reinvesting our own funds (over \$2MM) into the City-owned facility.

**4. The City intends to play a more prominent role in the visibility and management of the building, likely with some input on programming. Is the**

**YMCA willing to replace the current format using a Board of Managers with a 9-member commission that is more typical of the standard used by the City for its boards and commissions? A 9-member commission would be made up of YMCA staff and community members, with City staff and council member as liaisons. The City acknowledges the specialized programming that includes seniors, special needs, swim team and pool, etc., and would anticipate subcommittees that would fold in to a newly-formed commission.**

We are excited about working more closely with the City of Sherwood in order to strengthen our partnership. The 9-member commission appears to be a good idea in moving this forward, and we welcome the opportunity to join with you. As the facility's operator, it is necessary we have the final decision on staffing, programming, and finances, keeping in mind we are entirely responsible for any deficit.

With respect to the Board of Managers, it is important we maintain a Sherwood branch board for YMCA fundraising, fiduciary, and volunteer activities. We welcome more City involvement on the Board of Managers, and welcome a discussion on board guidelines, including a reduction in the total number of board positions.

We envision the Commission and the Board of Managers to be separate, yet complimentary advisers. We don't foresee the Board directly interacting with the Commission, just as the Board will not be involved in prospective contract negotiations with the Council. Furthermore, neither our Board of Trustees nor our Board of Managers are entrusted with directing operations. Branch operating decisions are handled exclusively by staff.

Thank you for the opportunity to continue the dialogue by addressing your questions and concerns. Please feel free to contact Mark Burris (primary) or Bob Hall with any further questions.

Sincerely,

Mark Burris, Chief Operating Officer  
Bob Hall, President and CEO

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