

MEMORANDUM NO. M16-042

TO: Committee of the Whole
FROM: Dean R. Bostrom, Executive Director
Gary Buczkowski, Director of Planning & Development
Mike Kies, Director of Recreation & Facilities
Craig Talsma, Deputy Director/Director of Admin & Finance
RE: 50+Adults Center Expansion and Off-Ice Training Facility
DATE: March 10, 2016

Background:

According to the findings of the District's 2014-2019 Comprehensive Master Plan (CMP), expanding the 50+ Active Adults Activity Center was viewed as important by 52.7% with 83.3% of those respondents identifying this action as one of their top three choices (of five) as most important to their household. With over 500 current active adult members, the program demands are outgrowing available space during prime time programming hours. The ability to offer multiple program opportunities for this demographic is becoming more of an issue as their numbers increase.

In addition to demands placed by the 50+ active adults, the popularity of ice hockey has increased to the point where training opportunities are limited as well potentially limiting the growth of the HEPD program. In particular, demands for off-ice training opportunities is now a key factor in overall hockey team retention. Current use of outdoor space during winter months has limits on programming success.

In an effort to come up with architectural recommendations of where and how to facilitate these needs, Williams Architects was commissioned by the board in the fall of 2015. Williams' previous work and knowledge of the Triphahn Center made them the preferred qualified contractor for this project. Meeting the future programming needs for the District, while controlling the overall capital costs for the project were driving forces throughout the planning stages.

Staff met with Williams on four separate occasions to discuss facility needs requirements and review conceptual plan solutions prepared by Williams. Early in the process, it was determined that expanding the building envelope or footprint for additional space for off-ice training would not make sense from a return on investment (ROI) perspective. The team then began to look at possible existing space for facilitation of off-ice activities. Two possible options were identified as possible spaces for this new use. The first option was to reconfigure the dance studio and fitness room and move dance to the north end of the building just south of the 50+ area. The second option and most economical was to utilize the gymnastics shelf and relocate that program to the Vogelei Barn. This option was chosen to pursue.

With the reconfiguring of the 50+ area, three existing staff offices in that area were going to have to be moved. In an effort to consolidate staff, these three work spaces were linked to the existing preschool offices in a more efficient configuration just west of the

north lobby entrance. In addition, the existing north end control desk could be moved with the intent of serving both the public and the newly created staff offices.

Implications:

Design work: Williams Architectural team has prepared a power point presentation (which is attached to this memo) outlining the design process and the final architectural solution to address the programming needs analysis developed by staff. In addition to the architectural plans, detailed cost estimates of probable costs were developed. The original budget range for reconfiguring the 50+ area, north lobby and staff offices was set at 600K-700K. With the addition of the work in the south early learning program room, the addition of the offices, and the dry ice programming area, the potential cost grew to just under \$1,400,000.

Understanding how that number would adversely impact the district's financial picture, staff began to identify ways to reduce the potential costs. Some itemized reductions were employed, including to areas such as the front control counter and off-ice training area, but these efforts did not bring the numbers down to the desired budget estimate. Staff then looked at construction items that could be accomplished by in-house maintenance personnel or planning staff. These items could possibly include:

- Demolition of all existing areas and finishes
- Painting
- Installation of rubber flooring in off- ice area (interlocking grid system only)
- Installation of carpet in lounge and office area (carpet squares only)
- Provide in-house construction management services in place of G.C. contract

After significant revisions but while still maintaining the integrity and objectives of the overall project, the team is able to propose a more financially manageable total project budget of approximately \$1,017,500, which includes all architecture fees including design and construction.

A main component of this project was to provide an adequate ROI on the capital investment. It was determined that an approximate ten year pay back on a project that had double that in life expectancy would be well worthwhile. Utilizing the overall direction of the facility's primary purpose, the following revenue will provide the needed ROI. The projections are based on current enrollments and market research to help forecast revenue opportunities for the proposed renovated areas.

The ROI is based on three main components of programming which are off-ice training, ELC program room, and other recreational programming and rentals focusing on the 50+ Active Adults. The combined annual projected ROI for these three areas will generate additional net Recreation Fund revenues of \$43,800 for off-ice training; \$48,658 for ELC and \$27,555 for programming and rentals.

The following details the ROI analysis for this project:

Ice Operations – Off-Ice Training – Annually

Off-Ice Training - Annually*				
SEASON	GROUPS	TEAMS/ PARTICIPANTS	RATE	SURPLUS
FALL/WINTER	WOLF PACK	27 - 400 PLAYERS	\$35/PLAYER	\$14,000
SEPT - FEB	HIGH SCHOOLS	20 Rentals	\$50	\$1,000
	SKATERS	150 - 25 /MONTH	\$5 / DROP IN	\$750
	HOCKEY DEV.	150 - 25 / MONTH	\$5 /DROP IN	\$750
			TOTAL	\$16,500
SPRING	WOLF PACK	24 - 350 PLAYERS	\$20 /PLAYER	\$7,000
MARCH-MAY	SKATERS	75 - 25 /MONTH	\$5 / DROP IN	\$375
	HOCKEY DEV.	75 - 25 / MONTH	\$5/ DROP IN	\$375
			TOTAL	\$7,750
SUMMER	PRESEASON	200 X 4 SESSION	\$5 /PLAYER	\$4,000
JUNE-AUGUST	HOCKEY CAMP	20 X 8 WEEKS	\$10 / PLAYER	\$1,600
	SKATING CAMP	25 X 8 WEEKS	\$10 / SKATER	\$2,000
	RENTALS	40	\$30/HOUR	\$1,200
	SKATERS	75 - 25 /MONTH	\$5 / DROP IN	\$375
	HOCKEY DEV.	75 - 25 / MO NTH	\$5/ DROP IN	\$375
			TOTAL	\$9,550
		TOTAL REVENUE		\$33,800

Annual Dry Ice Training Shelf Projected Programming			
Program	Area	Purpose	Surplus Potential
Off-Ice training*	Ice	Practice	\$33,800
Personal Training (annually)	Fitness	Health & Wellness	\$3,000
Group Fitness Classes (annually)	Fitness	Health & Wellness	\$5,000
50+ Programming	50+	Programming	\$2,000
Sports club, high school team rentals	Rentals	Sports Performance	
Sports performance for Chicago Wolves	Rentals	Sports Performance	
Total surplus generated annually			\$43,800

Early Learning Center - Annually

Revenue						10 Kids
Rate	Days/wk	Wks/yr	Ptpnts	Total		
ELC Tuition	239	5	52	6	\$ 74,568.00	
	224	4	52	2	\$ 23,296.00	
	194	3	52	2	\$ 20,176.00	
Total					\$ 118,040.00	

Expenses - Wages							Total Hours Weekl	Total Pay Weekly	Annual Pay
Rate	Monday	Tuesday	Wednesday	Thursday	Friday				
Teacher 1 -am	13	5.5	5.5	5.5	5.5	5.5	27.5	357.5	\$ 18,590.00
Teacher 2 -am	9	3.5	3.5	3.5	3.5	3.5	17.5	157.5	\$ 8,190.00
Teachers 1 -pm	13	4.5	4.5	4.5	4.5	4.5	22.5	292.5	\$ 15,210.00
Teacher 2 - pm	9	3.5	3.5	3.5	3.5	3.5	17.5	157.5	\$ 8,190.00
Training (15 hr/yr)	11	3	3	3	3	3	15	4	\$ 660.00
TOTAL									\$ 50,840.00
Taxes (7.65%)									\$ 3,889.26
IMRF (10.5%) - 2 staff									\$ 9,659.60
TOTAL									\$ 64,388.86

Expenses - General					
Cost	Per Week	Per Year	Ptpnts	Total	
Meals	1.95	5	52	6	\$ 3,042.00
	1.95	4	52	2	\$ 811.20
	1.95	3	52	2	\$ 608.40
Snacks/Bfast	135	1	52	1	\$ 7,020.00
Spanish	2	1	50	10	\$ 1,000.00
Music	3.5	1	50	10	\$ 1,750.00
Gymnastics	3.5	1	50	10	\$ 1,750.00
Supplies	100	1	12	1	\$ 1,200.00
Field Trips	8	1	12	10	\$ 960.00
Cots	25	1	1	12	\$ 300.00
TOTAL					\$ 18,441.60

Revenue :	\$ 118,040.00
Total Wage Exp	\$ 64,388.86
Total Gen Exp.	\$ 18,441.60
Revenue	\$ 35,209.54

10 kids revised only!

Anticipated 50+ Active Adults, General Programming and Rental Revenue:

50+ active adults programming – 180 more program participants at an average cost of \$45 per class, per participant, to yield a surplus (~30%) of \$2,430 annually.

General programming – 195 more program participants at an average cost of \$50 per class, per participant, to yield a surplus (~30%) of \$3,675 annually.

Facility Rentals – In addition to moving the rentals from the Vogelei Barn (\$23,000 in revenue in 2015) to the newly renovated north side TC space(s), staff believes the new area(s) will generate an extra 210 rental hours per year at an average cost of \$55 per hour equating to an additional \$11,550.

Total annual net projected rental revenue for these areas would be \$34,550. Only the additional \$11,550 would be counted as part of the ROI analysis since the previous Vogelei rentals are already realized by the district.

Return on Investment Summary:

These projections equate to additional net revenue of \$96,664 per year based on the programmable characteristics of this project. These projections on a straight line basis present just over a 10 ½ year ROI. This does not factor in any membership fees associated with the 50+ group which will be evaluated later, and it is only accounting for the minimum average number of children (10) in the ELC room.

Staff believes the numbers above are conservative in nature, but as part of this process staff also wanted to take into account a potential transition period factoring in growth and development for the new space(s) of three years. By making those assumptions staff believes there is a potential for an ROI of approximately \$77,300 per year (80%); this would still provide an approximate total ROI of just over 13 years. This is considerably less than the depreciable useful life of the building renovations which have a straight line value of 20 years.

Financial implications:

In 2015 the District transferred debt service reserves from the original TC ice arena project to the capital fund. This \$1 million was earmarked for future capital projects. These funds have been integrated into our Comprehensive Asset Management Plan (CAMP) which currently calls for over \$1.25 million per year in capital funds alone. Allocating annual bond proceeds and cash on hand the District is in a position to manage our future needs.

This project could be integrated into the overall CAMP and might be suggested that way based on some other components of our debt service plan including the refunding of our 2006 bonds which may free up additional capital funds along with our annual roll-over bond that could provide additional capital dollars by utilizing fund balance reserves.

A third and currently lead option will be to utilize the Recreation Fund Balance. There was approximately \$2.5 million available as of year-end 2015. This amount, along with the projected 2016 surplus of \$100,000, would provide \$1 million dollars in excess of our cash reserve fund balance policy amount for the Recreation Fund.

All of the available financing options will continue to be reviewed and final financing will be available and secured through the most effective overall method as part of the 2017 budget process.

Part of the overall process includes the fees for Williams. In 2015 the District entered into a contract with Williams Architects for design development. The District paid \$15,879 of the

Board approved \$23,500 for preliminary design projects (\$12,500 for the 50+ and \$9,800 for the off-ice, plus contingencies of \$1,200). The remaining estimated fees to full completion will be an additional \$69,469 for development, documents, and bidding; plus an additional amount of \$17,367 for construction documents when we build, plus contingencies.

The total cost for Williams will be \$109,136 plus an allowance of \$10,000 for contingencies. The board has already accepted the contracts (as attached) and staff is requesting Board approval for authorization to expend the additional funds as required per that contract. This total amount is included in the estimated project cost of \$1,017,000.

Construction and completion: If the district were to move forward with the project as presented above, and assuming the architects could begin the next phase of design by April 4, 2016, and building permits were in hand by November 1, 2016, the project could be completed in early June 2017, as per the attached schedule.

Recommendation:

Staff recommends that the Committee of the Whole recommend the park board approve the concept plans for renovation of the north end of the Triphahn Center and off-ice training facility prepared by William's Architects as outlined above.

Staff also recommends the Committee to recommend approval of authorization to spend the remaining pre-construction costs to Williams Architects of \$69,490 plus reimbursables not to exceed \$10,000.

Staff also recommends that the board approve the inclusion of the overall project in the 2017 budget for a total cost of \$926,000, which includes additional fees to Williams of \$17,373, if the District proceeds with construction.