

MEMORANDUM NO. M17-080

TO: Recreation Committee
FROM: Dean R. Bostrom, Executive Director
Craig Talsma, Deputy Director/Director of Admin & Finance
Mike Kies, Director of Recreation & Facilities
RE: Utilization of Space – Previous Pro Shop
DATE: July 10, 2017

Background:

Since the inception of the Triphahn Center expansion/renovation of the facility and adding the ice arena, the center has always housed a Hockey/Skate Pro Shop. This shop was contractual and sold items like hockey and ice skating supplies. Since this time, the retail market has changed dramatically in this business. Located throughout our demographic market, many big box retail hockey and ice skating store fronts have emerged. This change caused the current vendor, Jerrys Pro Shop, to redefine their business model and through this process it was determined that it was not cost effective for them to continue to operate at this location (as communicated prior).

As negotiated in the new concession contractor agreement with the Flores Group, they are now selling hockey/skating incidentals out of their site (the Ice Box) located in the lower level of the Triphahn Center. The Flores Group is now paying \$1,000 per month as compared to \$600 prior, which will help offset the loss of the pro shop rental revenue (Jerry's Pro Shop was paying \$825 a month to utilize the Pro Shop space, generating \$9,900 in rental revenue for the district).

As part of the space utilization study, staff went back and reviewed the comprehensive master plan and the short, mid and long term goals of the district and division. Staff also reviewed the current demands and trends within the community and the facility as it related to programming space.

As part of this research, the apparent focus was active fitness and wellness classes for adults, opportunities for youth programming, and a TC seasonal camp location (based on our current enrollment in summer camps district-wide, staff sees a need to offer another day camp site at the Triphahn Center). Recreation staff is now starting to plan 50+ fee based programs during the day on the north side. The off-ice area is working to utilize that area potentially during the day with the Chicago Wolves or other outside groups. In the evening when all of these sites are being utilized many of our fitness programs are either outside near the retention pond or in the fitness center itself, which has caused conflict with existing members.

After conducting this research it was determined the value of this space was far more important as a programming space as opposed to a retail site.

Implications:

Staff determined the following programs could potentially take place in this space:

- Women of Steel Class (currently using the outside area next to the retention pond or the fitness center)
- Boot Camp, circuit training, kick boxing, core multi-step, muscle pump, etc.
- Mind body classes, both youth and adult
- Parent Tot Open Play Time
- Day Camp, plus before and after care
- Small rentals and parties
- Harper and Elgin Community College active classes, fencing, Pilates, etc.
- Meeting Room for in-house and district affiliated teams
- Special needs sensory space for open play
- Parent meetings

To utilize the space as communicated above, the following items would need to be addressed (cost considerations are included):

New flooring would need to be installed (currently the district has existing ½ inch rubberized flooring that was not utilized in the off-ice area).

- Flooring cost - \$4,800 (already purchased)
 - Exterior facing window Shades - \$1,800
 - Etching material, wall decals and design on interior windows for a percentage of privacy - \$1,800
 - Supplies and materials for installation - \$1,000
- Total Cost: \$9,400

Understanding how that number would impact the district's financial picture and that this enhancement was an unbudgeted item, staff began to identify ways to offset the cost within the existing 2017 budget.

It is recommended that the cost for the renovation of this space will be absorbed in the Recreation account's operating capital funds. Staff has determined that because of the previous enhancement to the ice arena's dehumidification system, the planned rebuild of the ice compressor for \$6,000 will not need to take place this year. As well staff is reducing \$1,500 from the tile replacement at Vogelei Barn (\$15,000), the remaining amount will come from savings from the WRC and ice arena sound system replacement (\$9,000) (as WRC was able to fix their current system).

A major component of this project requires an adequate ROI on the capital investment. It was determined that an approximate four year pay back on a project was appropriate, providing a net pay back of approximately \$2,400 a year, requiring the space to generate roughly \$8,000 a year in gross fee based revenue.

Reviewing the primary purpose of the facility utilization as suggested above in the programming inventory, the following revenue will provide the needed ROI.

The ROI is based on the following five main components of programming and facility usage which are:

- Seasonal Camps
- ELC & Preschool Programming

- Fitness Classes
- Rentals
- General Recreation Programming

The proposed combined annual projected ROI for these five areas will generate additional annual gross Recreation Fund revenues as follows: (equating for a 30% surplus margin above and beyond expenses):

- Seasonal Camps - \$4,500
 - ELC & Preschool Programming/Drop In - \$1,500
 - Fitness Classes - \$1,000
 - General Recreation Programming - \$1,000
- Total = \$8,000 annually

Staff believes the numbers listed above are conservative in nature, and they will allow a potential transition period factoring in the growth and development of the north side and off-ice shelf areas as well.

Please see the attached pictures of the space for your reference; the entrance rendering allows for a percentage of privacy. Staff is also looking to add some additional colors to enhance that design.

Recommendation:

Staff is asking that the Recreation Committee recommend to the full board approval of the proposed plans for renovation of the previous pro shop space at Triphahn Center as outlined above.