

OPERATIONS ANALYSIS

Upper Merion Community Recreation Center



Operations Analysis

The following operations analysis has been completed for the planned Upper Merion Community Recreation Center. The following are the basic parameters for the project.

- The first year of operation will be the 4th quarter 2014 or later.
- The presence of other providers in the market will remain the same.
- The operations plan is based on a basic conceptual plan for the center only.
- The center will be operated by Upper Merion Township.
- The figures represent new expenses and revenues only. Existing staff and program expenses and revenues have not been factored into this document but will move over to the center as well.
- The senior portion of the facility will be operated by Upper Merion Senior Services. The Township will pay for utilities, custodial and all building maintenance.
- All operations and business services will be handled in house by the facility.
- Tenant lease of the lower level of the center is shown based on \$10 a square foot for 5,000 square feet of total space.
- The estimate on the number of 3 month and annual passes that will be sold is reasonably aggressive.
- A reasonably aggressive approach to estimating use and revenues from programs and services taking place at the facility has been used for this pro-forma.
- The center will have a small café operation that will be contracted to an outside vendor. Revenue will be based on a rate of \$10 a square foot or 1% of gross revenue.
- Custodial services are shown as being provided by Township staff, however there is a possibility of this aspect of operations being contracted.

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Division I - Expenditures

Expenditures have been formulated based on the costs that are typically included in the operating budget for this type of facility. The figures are based on the size of the center, the specific components of the facility and the projected hours of operation. Actual costs were utilized wherever possible and estimates for other expenses were based on similar facilities in Pennsylvania. All expenses were calculated as accurately as possible but the actual costs may vary based on the final design, operational philosophy, and programming considerations adopted by staff.

Facility Description – Small turf/multi-use area, 3 court gymnasium, walk/jog track, child care, weight/CV area, large aerobics room, small aerobics room, 2 class rooms, 2 music rooms, art studio, cooking class area, senior area, café, lobby, locker rooms and administration area. There is also 3 tenant spaces – **Approximately 64,000 sq.ft.**

Operation Cost Model:

Personnel	
Full-Time	\$498,400
Part-Time	\$443,989
TOTAL	\$942,389

Commodities	
Office Supplies (forms, paper, etc.)	\$10,000
Chemicals (pool)	\$0
Maintenance/Repair/Materials	\$20,000
Janitor Supplies	\$18,000
Rec. Supplies	\$70,000
Uniforms	\$2,000
Printing/Postage	\$15,000
Items for Resale	\$6,000
Other	\$3,000
TOTAL	\$144,000

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Contractual	
Utilities (gas & electric) ¹	\$224,000
Water/Sewer	\$10,000
Insurance (property & liability)	\$40,000
Communications (phone)	\$10,000
Contract Services ²	\$65,000
Rent Equipment	\$3,000
Marketing/Advertising	\$20,000
Training (staff time)	\$3,000
Conference	\$3,000
Trash Pickup	\$6,000
Dues & Subscriptions	\$1,000
Bank Charges (charge cards, EFT)	\$20,000
Other	\$3,000
TOTAL	\$408,000

Capital	
Replacement Fund	\$35,000
TOTAL	\$35,000

All Categories	
Personnel	\$942,389
Commodities	\$144,000
Contractual	\$408,000
Capital	\$35,000
TOTAL EXPENSE	\$1,529,389

NOTE: *Line items not included in this budget are exterior site maintenance and any vehicle costs.*

¹ Based on a cost of \$3.50 a sq.ft. It should be noted that rates for gas and electric have been very volatile and could result in a substantially higher cost for utilities over time.

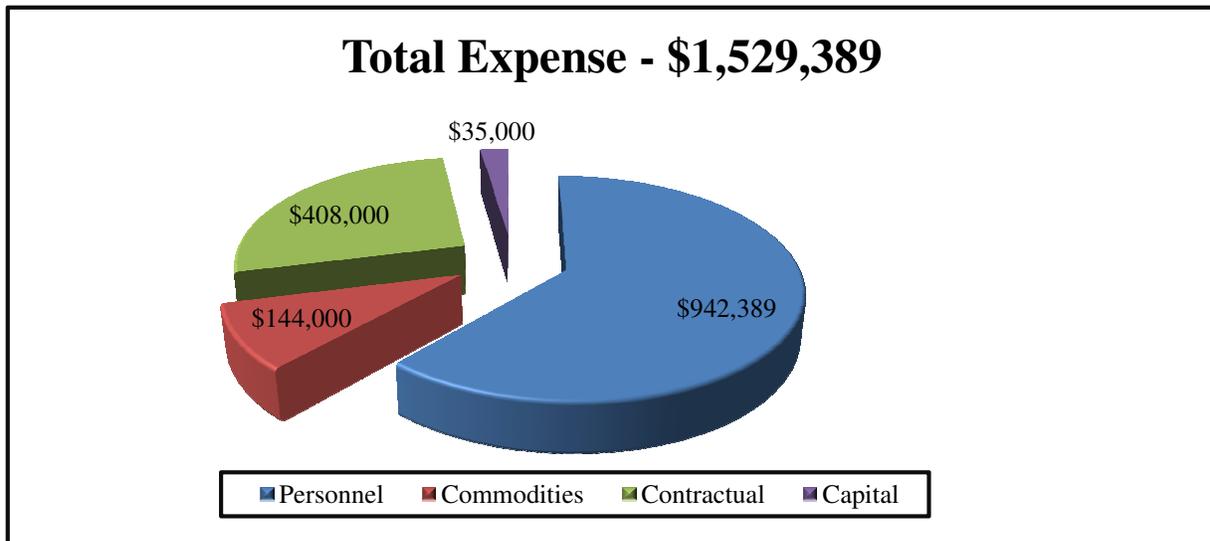
² Contract services cover maintenance contracts, control systems work, alarm, HVAC services and other items.

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Graphic Representation of Total Expenses:



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Staffing Levels:

Existing Full-Time Positions	Positions
Park & Recreation Director (rate of pay increased)	1
Asst. Park & Rec. Director (reclassification)	1
TOTAL	2 F.T.E.

Note: The cost of these positions has not been included in the expenses for the center as they already exist. However, it is anticipated that there will need to be a pay increase for the Director and an upgrade of the existing Recreation Superintendent position to Asst. Director. The Assistant Park & Recreation Director will function as the center manager.

New Full-Time Positions	Positions	Total
Program Manager/Rec. Supt.	1	\$60,000
Recreation Coordinator-Fitness	1	\$45,000
Recreation Coordinator-General	1	\$45,000
Marketing Specialist	1	\$40,000
Maintenance Foreman	1	\$42,000
Custodian	2 @ \$30,000 ea	\$60,000
Front Desk Supervisor	2 @ \$32,000 ea	\$64,000
Salaries		\$356,000
Benefits (40%)		\$142,400
TOTAL	9 F.T.E.	\$498,400

Note: Pay rates were determined based on Upper Merion Township job classifications and wage scales for similar positions. The positions listed are necessary to ensure adequate staffing for the facility's operation. **The wage scales for both the full-time and part-time staff positions reflect an anticipated wage for 2015. The two existing part-time permanent secretaries would be replaced by the Front Desk Supervisor positions.**

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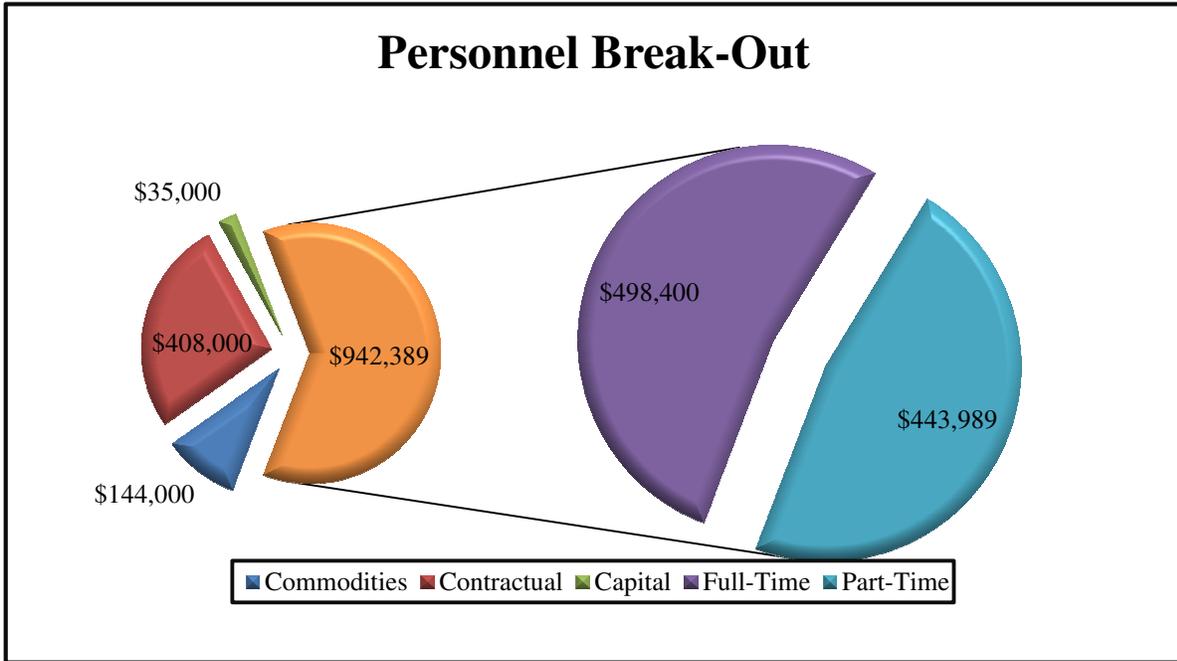
New Part-Time Positions	Rate/Hour	Hours/Week
Front Desk Supervisor	\$12.00	29
Front Desk Attendant	\$10.00	109
Weight/CV Room Attendant	\$10.00	109
Gym/Turf Attendant ³	\$10.00	74
Custodian	\$10.00	100
Child Watch Attendant	\$10.00	102
Program Instructors⁴		
General	Variable	\$137,490
Salaries		\$403,626
Benefits (10%)		\$40,363
TOTAL		\$443,989

³ Position (and hours) is six months (26 weeks) only, due to heavier use of the facility during the winter months.

⁴ Program instructors are paid at several different pay rates and some are also paid per class or in other ways. This makes an hourly breakdown difficult. General programs consist of sports leagues, fitness, instructional classes, and other activities.

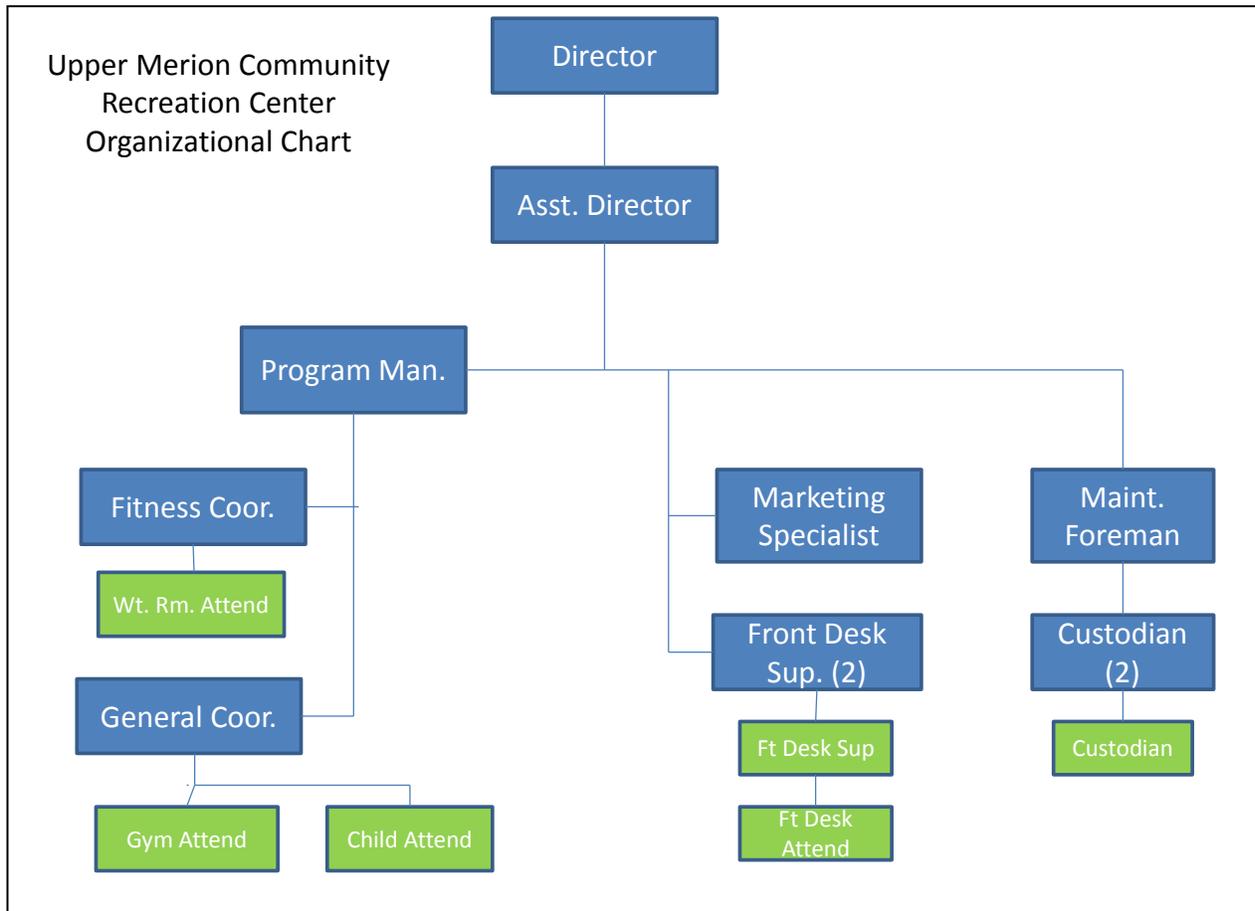
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Note: Full-time staff is shown in blue and part-time in green.

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Division II - Revenues

The following revenue projections were formulated from information on the specifics of the project and the demographics of the service area as well as comparing them to state and national statistics, other similar facilities and the competition for recreation services in the area. Actual figures will vary based on the size and make-up of the components selected during final design, market stratification, philosophy of operation, fees and charges policy, and priorities of use.

Revenue Projection Model:

Fees	
Daily Fees	\$103,802
3 Month Passes	\$140,782
Annual Passes ⁵	\$739,557
Corporate/Group	\$20,000
Rentals ⁶	\$27,370
TOTAL	\$1,031,511

Programs	
General	\$294,808
Contract Programs	\$5,000
TOTAL	\$299,808

⁵ Figures are based on an active program to promote the sale of 3 month and annual passes.

⁶ Rentals are based on the following:

Large Aerobics Room	\$50 x 20 rentals =	\$1,000
Small Aerobics Room	\$35 x 20 rentals =	\$700
Gymnasium/Turf (court)	\$50 x 8/wk x 26 wks =	\$10,400
Class Room/Conference	\$20 x 6/wk x 50 wks =	\$6,000
Art Room	\$35 x 20 rentals =	\$700
Entire Center	\$500 x 10/hrs =	\$5,000
Non-Resident	30% of rentals x 25%	\$1,785

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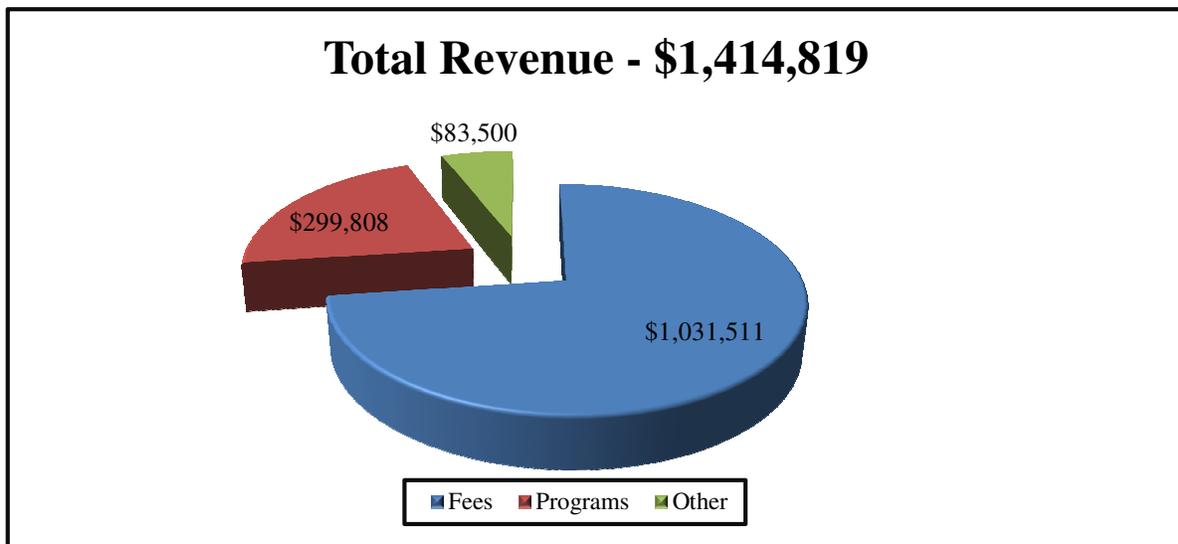
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Other	
Resale Items (gross revenue)	\$7,500
Special Events	\$4,000
Café Lease (\$10 SF x 600 SF)	\$6,000
Vending (net)	\$6,000
Tenant Lease (\$10 SF x 5,000 SF)	\$50,000
Drop-in Child Care	\$10,000
TOTAL	\$83,500

All Categories	
Fees	\$1,031,511
Programs	\$299,808
Other	\$83,500
TOTAL REVENUE	\$1,414,819

Graphic Representation of Total Revenue



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Division III - Expenditure - Revenue Comparison

Category	
Expenditures	\$1,529,389
Revenues	\$1,414,819
Difference	(\$114,570)
Recovery Rate	93%

This operations pro-forma was completed based on general information and a basic understanding of the project with a preliminary program and concept plan for the center. As a result, there is no guarantee that the expense and revenue projections outlined above will be met as there are many variables that affect such estimates that either cannot be accurately measured or are not consistent in their influence on the budgetary process.

Future Years: Revenue growth in the first three years is attributed to increased market penetration and in the remaining years to continued population growth. In most recreation facilities the first three years show tremendous growth from increasing the market share of patrons who use such facilities, but at the end of this time period revenue growth begins to flatten out. Additional revenue growth is then spurred through increases in the population within the market area, a specific marketing plan to develop alternative markets, the addition of new amenities or by increasing user fees.

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Division IV - Fees and Attendance

Projected Fee Schedule: The fee schedule has been figured utilizing an approximate 25% fee differential for non-residents. Revenue projections and attendance numbers were calculated from this fee model. It is anticipated that this fee schedule will be for a facility that opens in 2015.

Category	Daily	3 Month		Annual	
		Res.	Non-Res.	Res.	Non-Res.
Adults	\$8.00	\$122.00	\$153.00	\$325.00	\$405.00
Adult Couple	N/A	\$185.00	\$230.00	\$490.00	\$615.00
Youth (3-17 yrs)	\$6.00	\$95.00	\$120.00	\$260.00	\$325.00
Senior (60+)	\$6.00	\$95.00	\$120.00	\$260.00	\$325.00
Senior Couple	N/A	\$145.00	\$180.00	\$390.00	\$490.00
Family ⁷	N/A	\$265.00	\$330.00	\$700.00	\$875.00

It is projected that basic fitness classes will be included with all 3 month and annual passes. In addition, Annual Pass holders will have drop-in child care included as well as a 15% discount on all programs and classes.

Fitness \$10/class

Corporate	10% discount	5 or more monthly/annuals
	15% discount	10 or more monthly/annuals
	20% discount	15 or more monthly/annuals

Rentals	\$50/hr	Large Aerobics Room
	\$35/hr	Small Aerobics Room
	\$50/hr	Gymnasium/Turf (per court)
	\$20/hr	Class Room/Conference room
	\$35/hr	Art Room
	\$500/hr	Entire Center

Child Care \$3.00/per hour

⁷ Includes 2 adults and up to 4 children living at the same address.

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Admission Rate Comparisons: The above rates were determined based on the competition in the area and the rates paid at similar facilities in the market area.

Greater Plymouth Community Center

Category	Daily		1 Month		Annual	
	Res.	Non-Res.	Res.	Non-Res.	Res.	Non-Res.
Primary Adult	\$10.00	\$14.00	\$38	\$51	\$409	\$535
Primary Youth & Senior	\$8.00	\$11.00	\$31	\$40	\$321	\$420
Additional Youth	N/A	N/A	\$11	\$13	\$74	\$86
Additional Adult/Senior	N/A	N/A	\$21	\$24	\$147	\$167

Audubon YMCA

Category	Monthly Rate
Adult	\$42.00
Senior (60+)	\$30.00
Youth (17 and under)	\$20.00
Family ⁸	\$57.00

This is a full-facility membership but does not include the use of other YMCA's.

⁸ Includes 2 adults and their dependents living at the same address.

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Spring Valley YMCA

Category	Monthly Rate
Adult	\$60.00
Senior (60+)	\$40.00
Youth (17 and under)	\$30.00
Family ⁹	\$89.00

This is a full-facility membership and it does include the use of other YMCA's.

Philadelphia Sports Club-Regional Passport Membership*

Category	Joining Fee	Monthly Rate
1 Year Commitment	\$49.99	\$69.99
Month to Month	\$128.99	\$69.99

* Good at any club in the Philadelphia area.

LA Fitness

Category	Joining Fee	Monthly Rate
Individual	\$99.00	\$29.99

⁹ Includes 2 adults and their dependents living at the same address.

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Attendance Projections: The following attendance projections are the basis for the revenue figures that were identified earlier in this report. The admission numbers are affected by the rates being charged, the facilities available for use and the competition within the service area. The figures are also based on the performance of other similar facilities in the area. These are averages only and the yearly figures are based on 355 days of operation.

Yearly Paid Admissions	Description	Facility
Daily	40 admissions/day	14,200
3 Month	612 sold annually	14,688
Annual	1,200 sold annually	124,800
Total Yearly		153,688
Total Daily		433

NOTE: *The 1,812 three month/annual passes are based on selling to approximately 8% of the households in the Township (11,996 estimated in 2010) and 5% of the households in the Secondary Service Area (17,761 estimated in 2010). Three month passes are based on 24 admissions and annual passes on 104 admissions a year. Couple and family passes are counted as a single admission.*

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Hours of Operation: The projected hours of operation of the Upper Merion Community Recreation Center are as follows:

Days	Hours
Monday-Friday	5:00am-10:00pm
Saturday	8:00am-8:00pm
Sunday	8:00am-8:00pm
Hours per Week	109

Hours usually vary some with the season (longer hours in the winter, shorter during the summer), by programming needs, use patterns and special event considerations.

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Appendix

Part-Time Staff Hours

Program Revenue Projections

Admission Revenue Projections

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Part-Time Staff Hours: (New Staff Only)

Front Desk - 2 scheduled to work any hours that the center is open. The two full-time Front Desk Supervisor positions will handle 80 hours of the front desk schedule (split between evenings and weekends).

Gym/Turf Attendant

Days	Time	Hours	Employees	Days	Total Hours/Week
Mon-Fri	4:00P-9:00P	5	2	5	50
Sat & Sun	Noon-6:00P	6	2	2	24
TOTAL					74

NOTE: *This position is 26 weeks only during the winter months.*

Weight/Cardio Room Attendant

Days	Time	Hours	Employees	Days	Total Hours/Week
Mon-Fri	5:00A-10:00A	5	1	5	25
	10:00A-4:00P	6	1	5	30
	4:00P-10:00P	6	1	5	30
Saturday	8:00A-2:00P	6	1	1	6
	2:00P-8:00P	6	1	1	6
Sunday	8:00A-2:00P	6	1	1	6
	2:00P-8:00P	6	1	1	6
TOTAL					109

Custodian

Days	Time	Hours	Employees	Days	Total Hours/Week
Mon-Fri	8:00A-4:00P	8	1	5	40
	4:00P-10:00P	6	1	5	30
Sat & Sun	7:00A-11:00A	4	1	2	8
	11:00A-3:00P	4	1	2	8
	3:00P-10:00P	7	1	2	14
TOTAL					100

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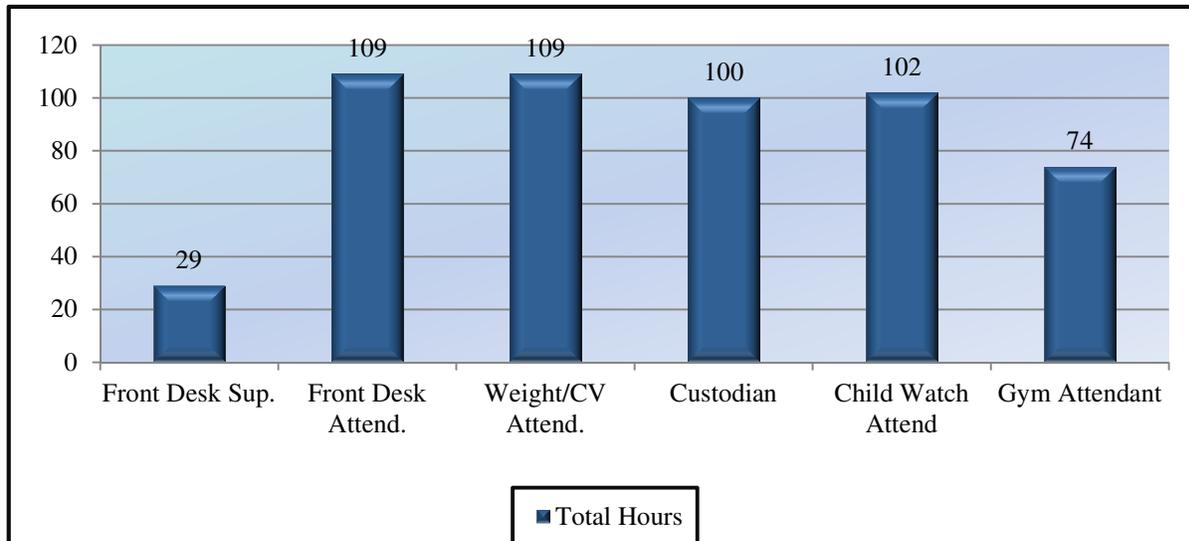
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Child Watch Attendant

Days	Time	Hours	Employees	Days	Total Hours/Week
Mon-Fri	8:00A-1:00P	5	2	5	50
	4:00-8:00P	4	2	5	40
Saturday	10:00A-4:00P	6	2	1	12
TOTAL					102

Recommended Hours per Week for Successful Operation



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General Programs (New Programs Only)

Adult Leagues (basketball & volleyball) –2 ten week seasons a year

League	Position	Staff	Rate/Game	Game/Wk	Weeks	Total
Basketball	Officials	2	\$20.00	9	20	\$7,200
	Scorer	1	\$10.00	9	20	\$1,800
Volleyball	Off/Scorer	1	\$20.00	9	20	\$3,600
TOTAL						\$12,600

Youth Leagues (indoor soccer & basketball) –2 ten week seasons a year

League	Position	Staff	Rate/Game	Game/Wk	Weeks	Total
Soccer	Officials	2	\$15.00	9	20	\$5,400
	Scorer	1	\$10.00	9	20	\$1,800
Basketball	Officials	2	\$15.00	9	20	\$5,400
	Scorer	1	\$10.00	9	20	\$1,710
TOTAL						\$11,850

Youth Sports Camps

League	Position	Staff	Rate/Hr.	Number	Hours	Total
Basketball	Coaches	2	\$15.00	2	16	\$960
Volleyball	Coaches	2	\$15.00	2	16	\$960
Other	Coaches	2	\$15.00	4	16	\$1,920
TOTAL						\$3,840

Fitness

Day	Staff	Rate/Class	Classes/Week	Weeks	Total
Mon, Wed, Fri	1	\$25.00	24	52	\$31,200
Tue, Thu	1	\$25.00	16	52	\$20,800
Sat./Sun.	1	\$25.00	6	52	\$7,800
TOTAL					\$59,800

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Strength Training

Staff	Rate/Class	Classes/Week	Weeks	Total
1	\$25.00	6	52	\$7,800
TOTAL				\$7,800

Personal Training

Staff	Rate/Session	Sessions/Week	Weeks	Total
1	\$35.00	10	52	\$18,200
TOTAL				\$18,200

Youth/Teen Activities

Staff	Staff Rate/Class	Classes/Week	Weeks	Total
1	\$15.00	12	36	\$6,480
TOTAL				\$6,480

Cultural Arts Classes

Staff	Staff Rate/Class	Classes/Week	Weeks	Total
1	\$15.00	12	36	\$6,480
TOTAL				\$6,480

Birthday Parties

Staff	Staff Rate/Party	Parties/Week	Weeks	Total
1	\$15.00	3	52	\$2,340
TOTAL				\$2,340

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General Interest

Staff	Staff Rate/Class	Classes/Week	Weeks	Total
1	\$15.00	6	36	\$3,240
TOTAL				\$3,240

Miscellaneous (dance, martial arts, etc.)

Staff	Staff Rate/Class	Classes/Week	Weeks	Total
1	\$15.00	9	36	\$4,860
TOTAL				\$4,860

General Program Staffing

Category	
Adult Leagues	\$12,600
Youth Leagues	\$11,850
Youth Camps	\$3,840
Fitness Classes	\$59,800
Strength Training	\$7,800
Personal Training	\$18,200
Youth/Teen Activities	\$6,480
Cultural Arts	\$6,480
Birthday Parties	\$2,340
General Interest/Arts & Crafts	\$3,240
Miscellaneous	\$4,860
TOTAL	\$137,490

NOTE: Some programs and classes will be on a contractual basis with the center, where the facility will take a percentage of the revenues charged and collected. These programs have not been shown in this budget as a result.

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Program Revenue Estimates (New Programs Only)

General

Adult Leagues

Title	Teams	Fee	Seasons	Total Revenue
<i>Basketball</i>	18 teams	\$600.00	2 seasons	\$21,600
<i>Volleyball</i>	18 teams	\$500.00	2 seasons	\$18,000
TOTAL				\$39,600

Youth Leagues

Title	Teams	Players	Fee	Seasons	Total Revenue
<i>Soccer</i>	18 teams	8/team	\$65.00	2 seasons	\$18,720
<i>Basketball</i>	18 teams	10/team	\$65.00	2 seasons	\$23,400
TOTAL					\$42,120

Youth Sports Camps

Title	Classes	Fee	Camps	Total Revenue
<i>Basketball</i>	20 kids	\$100.00	2 camps	\$4,000
<i>Volleyball</i>	20 kids	\$100.00	2 camps	\$4,000
<i>Other</i>	20 kids	\$100.00	4 camps	\$8,000
TOTAL				\$16,000

Fitness

Title	Classes	Fee	Weeks	Total Revenue
<i>Fitness Classes</i>	46 classes/3 per class	\$10.00/cl.	52 weeks	\$71,760
<i>Strength Training</i>	6 classes/3 per class	\$10.00/cl.	52 weeks	\$9,360
<i>Personal Training</i>	10 sessions	\$60.00	52 weeks	\$31,200
TOTAL				\$112,320

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Other

Title	Classes	Fee	Sessions/ Weeks	Total Revenue
<i>Youth/Teen</i>	6 classes/8 per class	\$50.00/sess.	4 sessions	\$9,600
<i>Cultural Arts</i>	6 classes/8 per class	\$50.00/sess.	4 sessions	\$9,600
<i>Birthday Parties</i>	3 per week	\$200/pty.	52 weeks	\$31,200
<i>General Interest</i>	3 classes/8 per class	\$50.00/sess.	4 sessions	\$4,800
<i>Misc.</i>	6 classes/5 per class	\$75.00/sess.	4 sessions	\$9,000
TOTAL				\$64,200

General Program Revenue	\$274,240
Non-Resident (30% of attendees x 25%)	\$20,568
Total General Program Revenue	\$294,808

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Admission Revenue Worksheet:

Daily

Category	Fee	# Per Day	Revenue	Days	Total
Adult	\$8.00	16	\$128		
Youth	\$6.00	12	\$72		
Senior	\$6.00	12	\$72		
		40	\$272	355	\$96,560
Non-Residents	30% of total x 25% fee increase				\$7,242
TOTAL					\$103,802

3 Month

Category	Fee	# Sold	Revenue
Adult	\$122	60	\$7,320
Adult Couple	\$185	80	\$14,800
Youth	\$95	16	\$1,520
Senior	\$95	40	\$3,800
Senior Couple	\$145	56	\$8,120
Family	\$265	360	\$95,400
TOTAL		612	\$130,960
Non-Residents	30% of pass holders x 25% increase		\$9,822
TOTAL			\$140,782

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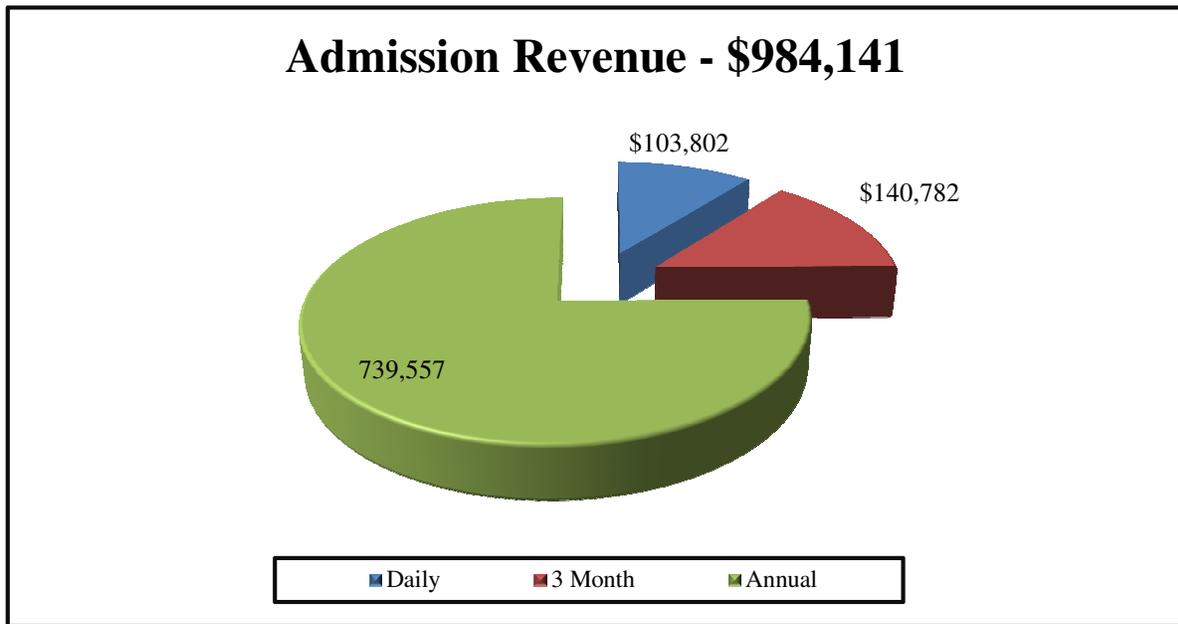
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Annual Passes

Category	Fee	# Sold	Revenue
Adult	\$325	120	\$39,000
Adult Couple	\$490	160	\$78,400
Youth	\$260	8	\$2,080
Senior	\$260	80	\$20,800
Senior Couple	\$390	112	\$43,680
Family	\$700	720	\$504,000
TOTAL		1,200	\$687,960
Non-Residents	30% of pass holders x 25% increase		\$51,597
TOTAL			\$739,557

Revenue Summary



NOTE: *This work sheet was used to project possible revenue sources and amounts. These figures are estimates only, based on basic market information and should not be considered as guaranteed absolutes. This information should be utilized as a representative revenue scenario only and to provide possible revenue target ranges.*