

**How to Join the Meeting**

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CITY OF LINO LAKES  
CITY COUNCIL  
SPECIAL WORK SESSION  
AGENDA

**Thursday, March 18, 2021**

**5:30 p.m.**

*Meeting to be held electronically  
and in council chambers*

*Pursuant to MN Statute 13D.021*

1. Preliminary Report – Recreation and Aquatic Center Feasibility Study, Isaac Sports Group
2. Adjourn

**WORK SESSION STAFF REPORT**  
**Work Session Item No. 1**

**Date:** March 18, 2021  
**To:** City Council  
**From:** Sarah Cotton, City Administrator  
Michael Grochala, Community Development Director  
**Re:** Preliminary Report – Recreation and Aquatic Center Feasibility Study

**Background**

In July of 2020, the City was notified that the YMCA would not be reopening the Lino Lakes Facility. In November of 2020, the City retained Isaac Sports Group (ISG) to evaluate potential facility operating options. Pursuant to a notice provided by the YMCA on January 4, 2021, and in accordance with the development agreement between the YMCA and the City, the YMCA transferred their property and building to the City on March 1, 2021.

ISG has completed a majority of their preliminary analysis. Stuart Isaac and Duane Proell, will join the Council via Zoom to present preliminary findings and opportunities for potential facility operating options. ISG will be providing a high level overview of work, to date, including:

- Data Collection Process
- Analysis of Y Facility
- Goals and Opportunities
- Management/Program Options
- Financial Considerations
- Potential Partnership Opportunities – short and long term
- Draft timeline for Operation

Following discussion with Council, ISG will complete the remaining work with the final report presentation anticipated in April.

**Requested Council Direction**

For informational purposes only. The Council will discuss next steps and provide direction, if needed.

**Attachments**

1. None



# **YMCA/Recreation Center Analysis Initial Findings Update**

**March 18, 2021**



# The Study Team

- **Project Leader: Duane Proell** ISG
  - Programming, Management and Operations
  - Evaluation of Existing YMCA Facility
  - Opening and Operating Cost Analysis
- **Stu Isaac, President, ISG**
  - Program Business Model
  - Market Research
  - Business Development and Revenue Models



# Process to Date

- Regular Meetings with City Staff
- Individual interviews with City Council
- Walk through inspection of current YMCA facility
- Review and analysis of YMCA program, operating budget, membership data and equipment and furnishings
- Review and analysis of programs, facilities, membership and program fees at comparable public and private facilities in the area
- Interviews with key stakeholders, potential partners, program providers, Centennial School District, YMCA “Reimagining” committee, outside user groups
- Exploration and interviews with service, equipment, and program providers

# Evaluation of YMCA Programming

- Traditional YMCA programming
  - Limited new trends in fitness and aquatics
  - Senior and older adult programs are relatively weak
  - Limited schedule options and flexibility
  - Limited Special Needs and Adaptive PE/Recreation programs
- Limited cooperative or partnerships with outside community programming or organizations
- Programming Opportunities in current spaces
  - Opportunities for enhanced and new programming for wide range of constituents and users
    - Broader range of programs, including personal training and more scheduling options
    - Enhanced aquatic programming: Fitness, aquatic lifestyle activities, enhanced lessons, special needs
  - Opportunities for more community based programs
    - Multi-generational and intergenerational
    - Senior programming
    - Functional meeting and multi-purpose spaces
  - Opportunities for Special Needs and Adaptive Recreation programs

# Evaluation of YMCA Membership Model

- Membership model across entire YMCA of the North Chapter
  - Chapter wide membership model actually worked against Chain of Lakes YMCA when the value proposition is weighed against the newer and larger YMCAs in the area, particularly Forest Lake YMCA
- No provisions for drop in users or multiple use passes
- No specific Senior membership category (although eligible for payment through Medicare Advantage Programs)
- No Lino Lakes resident discount
- Resistance in the Lino Lakes market to the cost of YMCA membership
  - Especially family and senior rates

# Challenges Faced by the YMCA

- What can we learn from the challenges faced and the ultimate closing of the YMCA?
- Why did the YMCA fail?
- Challenges faced by the YMCA: Based on interviews and ISG analysis
- Membership model does not meet the Lino Lakes community needs
- Limited creative programming and scheduling
- Lack of long term plan for program development and facility upgrades
  - Lack of re-investment in the facility
- Challenges presented by the COVID Pandemic and long shut down period
  - Consolidation of branches
  - Elimination of underperforming YMCA?



# Goals & Opportunities for the Rec Center

- How can a Lino Lakes Rec Center better serve the residents of Lino Lakes?
- How can the Rec Center differentiate itself from the old Y and other YMCAs and facilities in the area?
- What can the Rec Center do or provide that the YMCA could not?
- How can the Rec Center create unique or “signature” programs and enhancements not readily available in the market?
  - Access outside program providers as appropriate
  - Opportunities for the immediate opening
  - Opportunities as part of long term Master Plan
  - Attract users from outside Lino Lakes to help support operating sustainability
- How can the Rec Center develop expanded community programming that integrate and enhance existing City and local organization community programming?
- Support future economic development in Lino Lakes: Enhancing lifestyle benefits and encouraging local business and residential growth

# Vision

## *Lino Lakes Recreation & Community Center*

- *Provide community classes, activities, and services to augment the recreation, sport, and leisure activities of the Rec Center*
- A facility that is relevant to all Lino Lakes constituencies: **A Community Hub**
- A community friendly membership model
- Enhanced community classes and programs, linked to existing City programs and creating new and enhanced programs
  - Immediate opportunities
  - Future potential for expanded opportunities
- Senior Programming
  - Wide range of fitness programs, intensity levels, and classes
  - Part-time employment and volunteerism
  - Partnerships or joint programs with neighboring senior living centers
  - Intergenerational opportunities
- Re-visit potential community partners
  - School Districts and Community Education
  - Area Health Care providers: Wellness, Fitness, Aquatic Therapy/Rehab, etc.
  - Other?



**Management**

**Opening Costs**

**Financial Operating Analysis**

**Options and Opportunities**

# Operating and Financial Goals

- A financially sustainable facility
  - Revenue to balance operating expenses
- Minimize costs for re-opening
- Explore management options for optimum efficiency
- Identify funding model for future long term expansion and growth
- Explore opportunities for enhanced financial performance
  - Reducing operating and long term expenses
  - Enhancing revenue streams
  - Partner opportunities

# Management Models

- City Managed
  - All City management and staffing
  - Providing virtually all programming
  - Absorb all costs of re-opening
- Total outsourced management organization
  - Turn-Key operation of Recreation Center by outside organization
    - Usually a for profit entity
- Hybrid options
  - City provide operations and maintenance management
  - Outside organizations can provide programming in specific areas of the Rec Center
  - Explore different models of program, membership, scheduling, and daily staffing needs by City or outside program providers
  - Explore potential partners

# City Managed Facility

- Key elements
  - City provides all management and staff
  - City provides all programming and program staff
    - Some exceptions for specific outsourced programs
  - City responsible for all facility and programming costs but retains all revenue
- Pros
  - Ensures control of all elements of Rec & Community Center
  - Optimum coordination with other City based community programming
  - Total control of all membership and program fees
- Cons
  - Need for broad expansion of City employees with program expertise, experience, and skill sets not currently available within City staff
  - Likely to incur higher opening costs
  - Likely ramp up model in first two years
  - Greater risk for City if facility does not meet initial or ongoing financial goals and projections

# Re-Opening and Start-Up Costs (City Management Option)

- Staffing
  - Management
  - Operations and Management
  - Membership/Customer Service
  - Part-time staff hiring and training (Lifeguards, instructors, front desk, etc.)
- Program Development
- Facility Cleaning
- Equipment and Furnishings
- Rebranding and Signage
- Pool Start-Up
- Membership/Access/IT Systems
- Membership Drive and Marketing



Cost Category	Projected Cost	Comments
Full-Time Management	\$98,500	Includes benefits & Taxes. See Timeline
Part-time Staff	\$16,000	Includes training
Facility Cleaning	\$25,000	To be researched by City Staff
Equipment		
Aquatics	\$27,000	Lane lines, training, safety, cleaning equip
Fitness	\$275,000	Machines, Flooring, etc. May lease much of this, reducing capital outlay. \$15,000 already purchased from Y.
Gym	\$10,000	
Overall Programming	\$48,000	Child watch, camps, other
Furniture, office and Building	\$66,000	
Marketing & Membership Drive	\$15,000	Pre-opening drive-help fund start-up
Start-Up (Pools)	\$6,000	Budget estimate from area provider
Management/IT/Access Systems	\$25,000	Membership, Wi-Fi, update security, etc.
Re-Branding and Signage	\$20,000	Signage, way signs, etc.
<b>GRAND TOTAL</b>	<b>\$631,500</b>	<b>Details to be further reviews with Staff</b>



# Financial Operating Analysis (City Management Option)

- Suggested sample Membership and Use Fee Structure
- Suggested sample Program Fee Structure
- Facility Revenue
- Program Revenue
- Facility Expenses
- Program Expenses
- Profit and Loss Summary
- Long Term Capital Replacement and Maintenance projections
- Ongoing detailed review of the budget model with City Staff to fine tune
- **Final Budget Projections and Details in Final Report to be submitted week of April 3, 2021**

# Rec Center Projected Budgets: City Management

Budget Category	Year One	Year Two	Year Three
Revenue			
Facility Revenue	\$1,400,000	\$1,750,000	\$1,850,000
Program Revenue	\$250,000	\$390,000	\$410,000
REVENUE SUBTOTAL	\$1,650,000	\$2,040,000	\$2,260,000
Expenses			
Operational Expenses	\$1,580,000	\$1,650,000	\$1,700,000
Program Expenses	\$230,000	\$345,000	\$355,000
OPERATING EXPENSES SUBTOTAL	\$1,810,000	\$1,995,000	\$2,055,000
NET REVENUE (Deficit)	\$(160,000)	\$45,000	\$205,000
Cost Recovery	91%	102%	110%

# Outsourced Total Facility Management

- Key elements
  - Turn-Key management team runs all membership, usage, programs, scheduling, and staffing
  - Management company pays all staff, utilities, regular cleaning and handles marketing and other normal operating costs
  - May include all annual and long term maintenance and replacement
  - May require City paid management fee based on profit model for Management Company
- Pros
  - Can be faster start up than City managed facility
  - May reduce City start up costs if equipment and other costs included in management contract
  - Reduces City annual operating deficit risk
  - No significant increase in City staff or expenses
- Cons
  - Adds another layer of cost to support profit margin that may add City cost
  - City may have less control of membership and usage fees
  - May reduce accessibility to community groups and other non-revenue generating City program goals
  - For profit management group may not share City vision and goals
  - Requires very detailed agreement and understanding of City requirements

# Hybrid Management Model

- Key elements

- City manages facility operations, maintenance, cleaning
- City manages membership program and back office financial operations
- Some programs provided internally
- Some programs provided and managed by outside providers
  - Partnership model will vary by program
- Key program partners
  - Aquatics
  - Fitness
  - Most instructors and program staff are independent contract employees
- Potential Combination of lease and profit share agreements

- Pros

- Can be fastest start up scenario
- Most of necessary staff is already in place, reducing any challenges in finding staff
- Program providers have established user base: Help jump start programs and revenue
- May reduce City start up costs if equipment and other costs included in management contract
- Programs, access, and fee models can be shaped to meet City goals and objectives

- Cons

- Multiple program providers can require strong management organization

# Potential Hybrid Program Examples

- Finding the right program partners
  - Identify program providers that captured former YMCA users when Y closed?
  - Providers that offer more robust and diverse program offerings than Y
  - Market service area:
    - Do they already draw from Lino Lakes population?
    - Can they expand the market service area of the existing Y?
  - Rates and Fees in line with City membership and use affordability goals
    - Can provide resident discount
  - Consolidate potential program competition in local market
- Aquatics
  - Potential cooperation/coordination with Centennial School District learn to swim program
- Fitness
  - Potentially provide their own equipment, significantly reducing start-up costs
  - Existing program and instructor structure

# Financial Impact of Hybrid Model

- Potential Start-up Cost Savings
  - Reducing need for staff hiring and training
  - Reduce equipment costs
    - Fitness equipment start-up costs could be reduced by \$200,000 to \$250,000
  - Reduce marketing expenses leveraging outside providers existing marketing
- Ramp-up timing
  - Higher initial membership levels drawing from programs already in place
  - Built in base of former YMCA members and program participants
- Net financial impact
  - Less gross revenue for overall facility
  - Balanced by significantly lower expenses
  - Improved bottom line ideally
- **NOTE: Detailed financial analysis of potential impact will be in Final Report**

# Programming

# Older Active Adults & Seniors





# Fitness



# Aquatics



# Therapy, Rehab, and Special Needs Programming



# Learn to Swim Water Safety



Aquatic Programs							Fitness & Use Programs					General Programming/Use									
Masters Swimming/Triathlon			Aquatic Therapy/Rehab				Community Ed.		Summer Camp			Open Gym									
Swimming Club Team			Lap Lanes				Personal Training		Pickleball			Child Watch-Kids Program									
Pre-Team Program-Swim			Rec Programs/Classes				Rec Classes & Programs		Senior Program			Meeting Space									
Open Swim Time: Community			Aquatic Special Needs Programs				Exercise/Fitness Classes		Home School PE			Rental/Open Space									
Open Recreation Leisure-Swim			Aquatic Fitness				School District Program					Court Rental									
Swim Lessons			Aquatic Rec Programs/Classes				After School Programs					Community Ed.									
Pool Rentals												Court Sport Outside Users									
Main Pool 25 yards Depth: 3'6" to 5'							Program/Leisure Pool Warm-Water Depth: 0 to 4'6"					Cardio Fitness Room		Exercise Room		Gym		Community Meeting Function Space		Child Watch	
							Stations or Recreation Features							Half Gyms		Sub-Dividable					
														1 2		1 2					
1 2 3 4 5 6							1 2 3 4							1 2		1 2					
5:00							5:00					Cardio				Open					
Masters/			Lap				5:30		Fitness		Classes		Gym		Meeting						
Triathlon			Lanes				6:00		Open				Spaces		Flexible		Open				
6:30			6:30				6:30		Time				Scheduling		Classes &						
7:00			7:00				7:00		and				Seniors		More						
7:30			7:30				7:30		Personal				Pickleball		Seniors						
8:00			8:00				8:00		Training				Home								
8:30			8:30				8:30				Senior		School								
9:00			9:00				9:00				Program		Open								
9:30			9:30				9:30				Home		Gym								
10:00			10:00				10:00				School										
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12:30			12:30				12:30														
1:00			1:00				1:00				Seniors										
1:30			1:30				1:30						Srs.								
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2:30			2:30				2:30														
3:00			3:00				3:00														
3:30			3:30				3:30				After Sch		After School								
4:00			4:00				4:00				Programs		Programs								
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7:00			7:00				7:00						Outside								
7:30			7:30				7:30						Court								
8:00			8:00				8:00						Users								
8:30			8:30				8:30						(Rentals)								
9:00			9:00				9:00														
9:30			9:30				9:30														
10:00			10:00				10:00														
10:30			10:30				10:30														

# Future & Long Term Opportunities

# Goals

- Expand facilities to provide space for enhanced and existing programs and use
- Provide facilities for new programming
- Expansion to support expansion of community programming
- Create unique “signature” features and amenities to become a destination
- Identify and develop partners to support expansion
- Identify new spaces and programs with positive financial impact
  - Increased revenue supporting overall Rec Center sustainability
  - Support increased economic development
- Synergies with existing Rec & Community Center facilities to grow all programs
- Can future expansion be supported by renewal of existing millage

# Opportunities & Needs Identified

- Court Facilities
  - Basketball, volleyball, pickleball, and more
  - Recommend 6 x regulation basketball courts (8+ volleyball)
  - Leagues, development, tournaments
- Indoor walking track
  - Costly to retro-fit existing facility
  - Very cost effective if combined with expanded court facility
- Community function space
  - Classes, community meetings, meeting/event rentals
  - Support court space tournaments and other facility programs
- Climbing Center
  - Climbing wall
  - Very cost effective if combined with expanded court facility
- Expanded outdoor space and programs
  - Utilize adjacent City land





# Timelines

# Workback Schedule from Re-Opening

Timeline represents a relatively accelerated but still doable schedule.

This is a high level timeline with more specific timelines to be developed for staffing, management, maintenance, marketing, program and membership development. ***Timeline will be presented in more detail in Final Report scheduled to be submitted week of April 3.***

- 6 Months out from opening
  - Approval of Plan by City
  - Identification of and initial negotiation with potential program providers/partners or management group
  - Develop Org Chart for facility based on management model
- 5 Months out from opening
  - Hiring of Facility Manager (City)
  - Negotiations with potential program providers/partners or management group
  - Initial media campaign
  - Determine any facility maintenance needs or an sprucing up options

# Workback Schedule from Re-Opening

- 4 Months out from opening
  - Finalize program providers/partners or management group as appropriate
  - Begin purchasing equipment, furniture, etc.
  - Hiring of Membership/Customer Service Manager
  - Develop Program Model and tentative schedules
  - Develop Membership Model
  - Develop of Rec Center marketing materials
  - Launch Membership Campaign
- 3 Months out from opening
  - Hiring of Facility Operations/Maintenance Manager
  - Execute facility maintenance and sprucing up
  - Begin recruiting part-time staff
  - Develop all necessary Emergency Action Plan, operations, management documents and procedures

# Workback Schedule from Re-Opening

- 2 Months out from opening
  - Hiring all employees (actual start date closer to opening)
  - Pool fill and start-up
  - Building fully functional
  - Community Open Houses and Rec Center tours
    - Can link to membership drive
- 1 Months out from opening
  - Facility and program staff training
  - Rehearsals and dry-runs of all programming and procedures
  - Select initial use of specific areas or portions of building as appropriate
  - Potential for early soft opening
- Opening
  - Soft Opening
  - Grand Opening (usually 3-4 weeks following soft opening)

# Factors Affecting Timeline

- Any unexpected facility surprises
- Timeline in developing program partners or management group
- Any specific timelines or milestones for partners
- Suitability of actual opening target date
  - Coordinated with key community/school timelines
  - Other considerations
  - Good and bad times to open
- Any difficulty in finding staff
- Other?



# **QUESTIONS and DISCUSSION**