

MEMBERSHIP PROGRAMS

The BHAC has the potential and opportunity to become a major community hub of activity in Bellevue, from aquatics programs to community activities and wellness programs. The membership and use revenue from the BHAC will be the single largest revenue source for the facility. The ARC Feasibility Study operating model project 53% of total revenue coming from membership, punch cards, and drop in fees. The SF/Preferred Option projections are using the same membership revenue calculations and these account for 49% of the SF/Preferred Budget Projections. These large percentages of total revenue suggest that more study needs to be completed across the three affected facilities in Bellevue; the BAC/Odle, the South Bellevue Community Center, and the new BHAC to create an integrated membership/usage fee model and validate the overall impact on budget projections for the BHAC and the impact on the existing facility membership revenue.

Membership and Usage Fees and Philosophy

City Parks Staff has provided guidance on the membership model and fees during the Feasibility Study. The preferred membership model for the BHAC is very similar to the YMCA of Greater Seattle, specifically the Bellevue Family YMCA. The key elements of the BHAC membership model would be:

- Resident Membership fees slightly lower than the YMCA
- Vast majority of fitness classes included in membership

Additional guidance from the City Recreation Staff included the following:

- Access to the Childwatch program would be included in family memberships (see discussion of the Childwatch program in this section of the report)
- Non-resident rates would be a 20% premium over resident rates (comparable to current non-resident rates at the SBCC)

Integration and Coordination of Membership Structure with Existing Facilities

The current membership and usage fee structures at the BAC/Odle and the SBCC do not align consistently. The SBCC does have a non-resident rate, but the BAC/Odle does not. The BAC/Odle does not have senior specific rates and the ePass program seems to apply only at the SBCC. The memberships do not link or provide reciprocal privileges either. Classes at the SBCC are not included in the membership and are an add-on fee. At the BAC/Odle there are different pass cards depending on the users selection of programs they want to participate and the drop in fees have a premium if you are dropping in for a class, so classes effectively are an add-on cost.

SF/ISG find that the success of the overall aquatic, fitness, and community programming and the optimization of both value to residents and financial viability will be enhanced by the creation of an integrated membership/use model linking the three main recreation and aquatic facilities in Bellevue with consistent membership categories and benefits and access to all three facilities all through a single membership.

The development of a consistent model across all the facilities will be an important component of the next phase of analysis of the project.

Membership and Use Rates and Market Analysis

SF/ISG conducted a detailed analysis of local market rates for aquatic standalone facilities as well as multi-purpose aquatic/fitness facilities. The analysis included public, private, not-for-profit, and for profit facilities in Bellevue, the Eastside, and the region. National Best-in Class facilities were also included in the Market Analysis. ***The Analysis is attached to this Report as Attachment #18.***

The current rates at the BAC/Odle are already in the high range of the local public municipal facility market. It is difficult to compare the SBCC to the local public market since the comparative fitness/recreation centers also include pools.

Based on guidance from the City Recreation Staff the SF/ISG analysis uses the same membership and usage fee and benefit model that is used in the ARC/City report. These rates will be higher than other comparable municipal facilities in the area and higher than the private club and neighborhood facilities in Bellevue such as the Samena Swim and Tennis Club. The rates are also higher than the for-profit health clubs such as the LA Fitness in Bellevue. It is difficult to compare these rates at different facilities since the benefits of membership and membership categories differ, especially related to classes and programs that are include in membership.

The membership model does compare consistently with the YMCA model based on the philosophy of the City Recreation Staff. The proposed Aquatic Center membership rates for adults are approximately 7% less than the YMCA equivalent and family memberships are 13% less than the equivalent YMCA plan. For non-Bellevue residents the Aquatic Center rate is 11% higher than the YMCA for adults and 5% higher for families.

Following is a summary of the BHAC rates used in the Feasibility Studies with the current YMCA rates for comparison:

Aquatic Center Membership & Use Rates

Option		Option #1			Option #2, #3, SF Pref.		T	YMCA
Daily Admission		Resident	Non-Res		Resident	Non-Res		All
	Adult	\$10.00	\$12.00		\$11.00	\$13.00		NA
	Youth 2-17	\$8.00	\$10.00		\$9.00	\$11.00		NA
	Senior	\$8.00	\$10.00		\$9.00	\$11.00		NA
12-Punch Pass								
	Adult	\$100.00	\$120.00		\$110.00	\$130.00		NA
	Youth	\$80.00	\$100.00		\$90.00	\$110.00		NA
	Senior	\$80.00	\$100.00		\$90.00	\$110.00		NA
Monthly Membership								
	Adult	\$71.25	\$85.50		\$75.00	\$90.00		\$81.00
	Adult Couple	NA	NA		NA	NA		\$134.00
	Youth	\$47.50	\$57.00		\$50.00	\$60.00		\$47 to \$58
	Senior	\$47.50	\$57.00		\$50.00	\$60.00		\$74.00
	Senior +1	\$61.75	\$74.08		\$78.00	\$93.60		NA
	Family	\$118.75	\$142.50		\$125.00	\$150.00		\$144.00
Annual Membership								
	Adult	\$855.00	\$1,026.00		\$900.00	\$1,080.00		\$972.00
	Adult Couple							\$1,608.00
	Youth	\$570.00	\$684.00		\$600.00	\$720.00		\$564-\$696
	Senior	\$570.00	\$684.00		\$600.00	\$720.00		\$888.00
	Senior +1	\$741.00	\$899.00		\$780.00	\$936.00		NA
	Family	\$1,425.00	\$1,710.00		\$1,500.00	\$1,800.00		\$1,728.00

Membership and Usage Annual Revenue

Following is the summary of the annual Membership and Usage Revenue for each Design Option

Membership and Usage Revenue Projections

Category	Option #1	Option #2	Option #3	SF Options
Daily Admission	\$136,500	\$179,000	\$179,000	\$179,000
Punch Pass	\$62,400	\$68,520	\$68,520	\$68,520
Membership	\$1,792,925	\$2,244,300	\$2,380,200	\$2,244,300
TOTAL	\$1,991,825	\$2,492,720	\$2,628,620	2,492,720
Percent Increase Compared to #1		+25%	+32%	

SF/ISG were originally concerned about the high membership and usage rates, but further research and input from the City does support these rates and fees. SF/ISG finds these overall member/user

projections and the revenue numbers generated are reasonable for the Aquatic Center assuming that the benefits of membership are supported by robust programming included as part of these membership fees that help drive the memberships. As noted in the Programming Section SF/ISG is concerned that the projected instructors and trainers for dry-side and aquatic fitness programs are not sufficient for a robust class model to support the range of class to support the membership demand.

The ARC membership projections are also relatively high in non-residents to resident ratios. The City/ARC Study 2020 projections for Option #1 and #2 are based on 69% residents and 31% non-residents. Logically, Option #3 further shifts to 67% residents and 33% non-residents. The punch pass revenue is skewed even more projecting 59% residents and 41% non-residents across each option. Daily Drop in projections show 66% resident and 34% non-residents. The BHAC will certainly be a regional draw as well as a draw for the workday workers and visitors to Bellevue. The location of the BHAC will also play a factor in the projections of resident/non-resident ratios. If the BHAC ends up being a regional initiative the resident definition would encompass a much wider geographic footprint, resulting in lower non-resident users but probably driving up the overall number of users. Understanding this ratio is important in capacity planning and financial projections. Currently, the ratio at the SBCC is roughly 20% non-resident. With the scope of facilities at the BHAC we would anticipate a greater non-resident percentage than the current SBCC. For specific programs SF/ISG have been conservative, using the conservative 20% non-resident ratio for the calculation of swim lesson participation and revenue. The potential for the expanded regional draw indicates an upside for swim lessons and other specific program revenue.

In the next steps in the development process it will be important to further research the non-resident projections and the impact of any regional partnership in this equation.

After Year Two the ARC revenue projections are budgeted to increase at 5% per year. SF/ISG anticipate that this rate of increase would be a few percentage points higher as the population grows, fees increase based on inflation, and the facility programs mature. The 5% is a very safe conservative growth projection at this stage in the development analysis.

NEXT STEPS: MEMBERSHIP ANALYSIS

At more than half of the total revenue, it will be important to further analyze the membership model as part of the City's next steps in the development of the Aquatic Center project. Specifically, SF/ISG encourage the following analysis:

- Develop options for an integrated and coordinated membership/use model and fees across the three main aquatic/recreation/fitness facilities
- Link the membership analysis to the study of dry-land fitness needs to quantify the classes and program projected needed to support potential membership numbers and benefits. These two elements need to match in scope.
- Analyze SBCC membership and use statistics, including:
 - Resident vs. non-residents
 - Taxable versus non-taxable membership and use revenue
 - Use current SBCC class attendance, participation, and demand to project class needs as part of membership at the Aquatic Center.
- Determine the impact on revenue and member/drop-in use at the existing SBCC and BAC/Odle facilities
- Analyze potential membership impact of a regional partnership

CHILDWATCH PROGRAM

Childwatch Program

An important element of the Membership model as well as the programming at the BHAC is the inclusion of a Childwatch program. The Childwatch space is 1,200 square feet in the ARC Options and the SF Options. The Childwatch program is designed to provide childcare for short periods of time (usually up to a maximum of one to two hours) while a parent or caregiver works out or uses the BHAC facilities. It is not designed to be a full daycare program. Use of the Childwatch program is planned to be a benefit of the family membership with the option to pay a drop in fee for non-family member users. A Childwatch program and space was included in the SBCC when it was built. The program was not utilized enough to justify the cost and the space is now used for office work and storage space. The overall cost of the program is projected to be approximately \$150,000 per year with projected drop in fees of \$34,500/year. Many facilities operating Childwatch programs now charge an add-on fee to membership for the program. SF/ISG believe that the Childwatch program will be a great benefit to the users of the BHAC and the overall community but think that further study as needed as part of the overall evaluation of the demand for dry-side and community programs and spaces in the BHAC. SF/ISG research has studied Childwatch programs at Best in Class facilities to provide input on fee structure, hours, use, and other considerations. The next steps in the development process should further research options for the Childwatch program and its inclusion in membership.

Example of a Childwatch Space at a Fitness Center



NEXT STEPS

- Further research options and models for the Childwatch program and its inclusion in membership.
- Review Best Practice programs in comparable facilities and communities