

MINUTES OF A THE RECREATION COMMITTEE MEETING OF THE PARK DISTRICT OF HIGHLAND PARK HELD ON DECEMBER 7, 2021, 5:07 PM. PURSUANT TO SECTION 7(e) OF THE OPEN MEETINGS ACT, THE PRESIDENT OF THE BOARD OF PARK COMMISSIONERS HAS MADE A FINDING THAT IT IS NOT PRACTICAL OR PRUDENT TO HOLD IN PERSON MEETINGS BECAUSE OF THE COVID-19 PUBLIC HEALTH EMERGENCY. NEITHER THE ELECTED OFFICIALS NOR THE PUBLIC WILL BE ALLOWED TO ATTEND REGULAR OR COMMITTEE MEETINGS IN PERSON BUT WILL PARTICIPATE VIRTUALLY. LINKS TO THE VIRTUAL MEETING CAN BE FOUND ON THE PARK DISTRICT WEBSITE [HTTPS://WWW.PDHP.ORG/PARK-BOARD/MEETINGS/](https://www.pdhp.org/park-board/meetings/)

Present: Commissioner Bernstein, Commissioner Freeman, Commissioner Kaplan

Vice President Grossberg joined the meeting at 5:58 p.m.

Also Present: Executive Director Romes; Director Carr; Director Gogola; Director Peters; Assistant Director Murrin; Assistant Director Maliszewski; Manager Johnson; Coordinator Hejnowski

Guest Speaker: None

Approval of the Recreation Committee Meeting Minutes from October 19, 2021

The minutes from the October 19, 2021 Recreation Committee Meeting Minutes were approved.

Recreation Center of Highland Park Update

Fitness Industry and COVID-19

Director Carr reported that as the state moved into 2021, challenges persisted from the pandemic on the fitness industry. The fallout was remarkable. The IHRSA study conducted found that at one point during the Spring of 2020 shutdowns, 300 million Americans were without access to a fitness center. By the end of 2020, 60% of Americans either canceled their membership or didn't renew, 17% of clubs permanently closed, revenue fell by 58% relative to 2019, 44% of the industry workforce lost jobs. It was the brick and mortar industry that was decimated but the industry itself was resilient through these times and redefined itself by shifting over to online platforms to common names like Peloton and Beach Body. Peloton revenue doubled in 2020 versus 2019, and Beach Body subscriptions increased by 200% versus 2019.

Challenges persisted into 2021. In the first quarter of this year, most states still had heavy mitigation and limited capacities and vaccines were still in the early phases of roll-out. As cases and hospitalizations declined and vaccinations became more available the industry started to rebound, however, the rebound was short-lived due to the Delta Variant.

The Club industry study shows significant gaps between generations and gender. Millennials and Generation Z are at or above pre-COVID levels for gym memberships. 24% of Generation X have gym memberships and 18% of Boomers are significantly lower when compared to pre-COVID levels. When looking at gender, 26% of women have gym memberships and 33% of men. As a result, a hybrid user group has formed that is heavily populated by those two generations.

Looking ahead, McKinsey and Company released a Future of Wellness Survey reporting that 78% of respondents believe wellness is important. "Wellness is here to stay as consumers across nations plan to

increase their spending on personal health, appearance, fitness, and more. If the pandemic has taught us one thing, it's that physical and mental health will remain a priority for millions of people across the globe for a long time to come".

Likewise, ACE asked industry experts what will be the foreseeable trends: (1) virtual platforms are here to stay, (2) working from home will increase the demand for live in-person workouts, and (3) nothing will be able to replace the live, in-person experience.

Current RCHP Status Comparison to November 2019

Director Carr reported that the Park District has retained about 45% of its membership. In 2019 the District's main competitors were boutique fitness facilities, high-end large box providers such as Equinox and Lifetime, and large box discount providers such as Planet Fitness. In November 2019 the RCHP had 1,862 memberships and 2,967 members. In November 2021 the RCHP had 838 memberships, 944 members, virtual platforms, COVID-19 mandates (user comfort and safety measures), hybrid users, and loss of one high-end large box provider in Highland Park.

Business plan

Last winter the District launched a virtual fitness platform called "On-the-Go fitness" for \$5/month. All proceeds go to the Parks Foundation. Additionally, staff installed air disinfection machines and replaced ductwork for improved ventilation and cleanliness. Staff conducted a step-by-step approach to analyze the market and competitive landscape and evaluated how we are currently measuring success and how that will change in the future. Through that staff formulated several strategic initiatives, goals, and tasks in March of 2021 and since then have been working to implement and accomplish those items.

Key Business Plan Initiatives

Director Carr reported that the key initiatives include building the team, creating a culture with shared aspirations, communicating our unique impact and brand/image, expanding the footprint, maximizing revenue and managing expenses, developing ways to uniquely deliver essential services, continue acquiring, integrating and retaining users, maximize utilization, measure performance, create partnerships and develop community collaboration, and lastly, maximize technology. He highlighted some of the items that have already been implemented.

- A. *Building the Team*** - Director Carr reported that the RCHP became the district-wide registration hub and houses our customer service team. This created a \$300,00 cost savings to the RCHP administrative budget. Assistant Director Murrin oversees the RCHP and all departments, which includes, fitness, aquatics, and registration. The District realigned the fitness team for improved support and enhanced leadership. Lastly, staff are redeveloping the Membership Services Supervisor position and hope to have a job posting in early 2022.
- B. *Creating a Culture with Shared Aspirations*** - Assistant Director Murrin shared the RCHP vision statement, reporting that the District is committed to being an innovative leader in providing health and wellness opportunities for our community by contributing to personal empowerment, promoting the development of safe, inclusive interactions along with social support, offering value through the best in selection, service, and quality. Likewise, the core values include community, creativity, safety, difference-making, and teamwork.
- C. *Maximize Revenue and Manage Expenses*** – Assistant Director Murrin reported that in 2019 the District offered all-inclusive memberships for \$53/month along with 52 separate pass plans. As a result, membership sales were trending downwards. As of today, the District has 919 members,

composed of 846 residents and 73 non-residents (most non-residents are coming from Highwood). As of December 2020, staff released the bridge membership with 90-day free extensions offered to pre-COVID annual members if they maintained their membership. This led to the development of our membership strategy in which staff evaluated competition and analyzed pricing to formulate a business plan. Furthermore, staff reduced the number of pass options and would like to eliminate non-resident pricing to cater to hybrid users while diversifying memberships to better attract families and active aging users. Staff plans to launch a “Fitness Your Way” campaign in 2022 which will further expand our market. There will be discounts for students, seniors, and additional family members up to 15%. The goal is to reach 75% of 2019 pre-COVID members.

D. *Acquire, integrate, and retain users* – Director Gogola reported that staff has been working vigorously to relaunch the RCHP brand. In-depth interviews were held with staff and loyal customers to better understand their vision for the facility, the key benefits from a membership, and what elements form an emotional connection to the facility. As a result, staff analyzed competitor pricing and attributes, examined industry information and similar industry brands that are targeting the same audience. Based on feedback from staff and loyal customers, Director Gogola reported that there was one sentiment that permeated through all interviews, which is to “Get In, Get Fit, and Get Happy”. She shared samples of campaign slogans and pitches, reporting that staff will utilize direct mail, social media, YouTube commercials, Google search ads, Geofencing, and local influences for targeting advertising. Additionally, there will be a new brand prospecting brochure that will be distributed to potential new members to better understand the benefits and amenities, along with a new member portfolio that will include a welcome letter, coupons, etc.

Assistant Director Murrin reported that new members will be contacted within 7 days from their visit so an orientation can be offered and scheduled with a Fitness Experience Specialist. All new member usage will be tracked for the first 60 days. Furthermore, staff are developing a usage incentive program, enhancing weekly member emails, developing annual surveys for fitness floor and group exercise users, and developing customer experience training. An announcement to current members and previous members of the “Fitness Your Way” campaign will be mailed in early January of 2022.

Commissioner Bernstein requested that staff package this information and share the PowerPoint with the Park Board so they can review and digest it. He recommends focusing on what the RCHP has to offer that people cannot use from home or at competitors. He has all the confidence in our team that they can accomplish the goals outlined in tonight’s presentation and he is looking forward to taking advantage of the new and improved RCHP.

Commissioner Freeman firmly believes wearing the mask is a deterrent, however, she fully supports the new membership options and flexibility. She commended staff for the work they put into the business plan.

2022 Affiliate and Sponsored Organizations Update

Director Carr shared the Park District’s policy regarding sponsored organizations and affiliates.

Sponsor Organization Policy 6.05.01

Organizations may be provided on a limited basis, staff, facility, and administrative support in the planning and operational functions of the recreational activity. In some instances, the District provides limited financial assistance. Sponsored Organizations may pay the District a reasonable fee for any direct costs or revenue loss by providing facility space. Sponsored Organizations must have at least 90% of the members/participants and/or activities of the Sponsored Organization reside and/or serve residents of the Park District.

Affiliate Organization Policy 6.05.02

Organizations may be provided facilities to accommodate the activities of these affiliated organizations commensurate with existing programs offered by the District. Organizations must pay District a reasonable fee for any Direct Costs and/or revenue loss by providing facility space. Affiliate Organizations must have at least 51% of the members/participants and/or activities of the Organization reside and/or serve residents of the Park District.

Application Process Review

Director Carr reported that the deadline for submission was October 30, 2021. Staff reviewed the applications in November of 2021 and he is here tonight to summarize the applications.

Sponsored Organization Requests

The Highland Park Strings and the Highland Park Players requested Sponsored Organization Status. The Highland Park Strings offer free classical concerts to the community, and they are requesting administrative support and a \$15,000 stipend. Their application meets the necessary requirements. The Highland Park Players enrich, educate, and entertain area residents with theater experiences and provide two productions per year. They are requesting the use of facility space and a \$5,000 stipend. They do not meet all the sponsored organization requirements, however, they meet the affiliate organization requirements. As a result, staff are requesting that their application be considered for approval as an Affiliated Organization.

Affiliated Organization Requests

Director Carr reported that the District received four applications, this includes the Highland Park Aquatics Club (HPAC), Highland Park Pops, Uptown Music Theater of Highland Park, and the Highland Park American Youth Soccer Organization (AYSO). HPAC provides year-round swim training and acts as a feeder program to the high school. They also act as a feeder program for the District's learn to swim program. They are requesting facility space at the RCHP, at Hidden Creek AquaPark, and the high school through our intergovernmental agreement with District 113. The Highland Park Pops provides an opportunity for big band musicians to play regularly and perform at various functions in the community. They are requesting facility space throughout the Park District. Uptown Music Theater whose core mission is to provide educational instruction and training to help individuals improve their capability in the theater in a high-quality professional and nondiscriminatory environment. They have one production scheduled in Highland Park in 2022 and they are requesting facilities for rehearsals and auditions. Lastly, AYSO's mission is to provide world-class soccer programs and enrich children's lives. Their request is for field space primarily at Olson Park and has a similar affiliate agreement with NSSD 112. All four organizations meet the affiliate organization criteria and have had previous affiliate agreements with the Park District.

Director Carr reported that staff recommends approval of the Highland Park Strings as a sponsored organization limiting support to in-kind administrative, professional, and technical support as well as

providing facility space as needed but not providing financial assistance. Staff is also recommending approval of the five organizations that meet the affiliate organization criteria.

Commissioner Bernstein would like to know if staff advised the Highland Strings and Highland Park Pops of changes to their status and the lack of financial assistance.

Director Carr reported that staff had brief conversations with both groups.

Commissioner Bernstein would like to offer both groups a stipend for another year so in the meantime they can find alternative funding. He requested to have a follow-up discussion at the December 16 Regular Board Meeting.

Vice President Grossberg agreed with Commissioner Bernstein's recommendation.

Commissioner Freeman is not in favor of offering stipends due to the number of unfunded capital projects. She would like to have a follow-up discussion at the December 16 Regular Board Meeting.

Commissioner Kaplan and Commissioner Freeman would like an update of the financials for sponsored organizations.

Commissioner Bernstein and Commissioner Kaplan would like to have presentations from the Highland Park Strings since they are requesting a stipend and meet the criteria for a sponsored organization.

Commissioner Freeman would like there to be a very clear rubric regarding approvals for sponsored organizations.

Other Business

None

Open to the Public to Address the Board

None

Adjournment

The meeting adjourned at 6:13 p.m.