



FEASIBILITY STUDY FOR THE DEVELOPMENT OF A COMMUNITY WELLNESS CENTER

JULY 2012

Submitted by:

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Introduction & Background

The purpose of this feasibility study is to assist the Coulee Medical Center, Park and Recreation District Board and other community entities to determine the feasibility of constructing and operating a 'community wellness center' in the local area. A steering committee to move this idea forward was formed in 2011 and consisted of representatives from Coulee Medical Center, Coulee Area Park and Recreation District (CAPRD), Grand Coulee Dam School District, Grand Coulee Dam, Star Newspaper/Chamber and Colville Confederated Tribes. In March, 2011, the CAPRD was awarded a grant for a 'Community Wellness Center Feasibility Study' and Coulee Medical Center was also awarded funds toward this effort. In conjunction with these grant awards, a Business Plan for CAPRD was being drafted and was completed in June 2011. This was presented both to CAPRD and Coulee Medical Center. A needs assessment was completed as part of the Business Plan which identified and prioritized area recreation needs based on community feedback via a survey as follows:

1. Construction of a public indoor/outdoor pool
2. Construction of a community center and/or wellness center
3. Development of trail system
4. Development of CAPRD sponsored recreation and education based programs

The far majority of respondents viewed the development of an indoor pool/community wellness center as the number one priority for CAPRD moving forward. The results from the CAPRD Business Plan, funding support to CAPRD and Coulee Medical Center to complete a Feasibility Study and the energy, desire and motivation from the steering committee has brought the project to this point. Gary Consulting Group, Inc. was hired in February, 2012 as the consultant to conduct the feasibility study.

The steering committee met with the consultant at Coulee Medical Center in February, March and May. The March meeting included the attendance of city representatives from Elmer City, Nespelem, Coulee Dam, Electric City and Grand Coulee in order to provide an update and orientation to the project. In addition there have been several phone conferences and discussions to obtain feedback and additional data.

Wellness Center Concept & Vision

For purposes of this study it's important to define the 'Wellness Center' concept and vision. In all the meetings and discussions with the steering committee it became apparent that a 'Wellness Center' definition and vision was critically important so all the current and future stakeholders would be able to identify a common purpose that would be used to solicit support from many sources. A common theme throughout the planning was to create a facility that would impact lifestyle which ultimately improves the health of the community. It represents and promotes choice to improve one's life. 'Wellness Center' could be interchangeable with a Recreation Center or Community Center. The term 'Wellness', though, has a positive connotation in the health care industry and efforts to improve one's wellness has significant implications for reducing personal health care costs, disease management and from the employer's standpoint reducing health insurance premiums. These are some of the benefits of identifying this concept as a 'Wellness' centered framework.

The overriding vision that was central to attracting support was the development of an indoor aquatic center. From a programming and services standpoint, this is the 'anchor tenant' to draw community, business and governmental support for this project. The variations on the feasibility of establishing an aquatic center will be discussed in another section of this study. It's vital that the highest priority of a proposed wellness facility identified in the needs assessment from the CAPRD Business Plan be the central vision of this proposed project.

An additional important component of the overall vision is to create a facility that is accessible, affordable and is centrally located to most residents of the incorporated towns of Electric City, Grand Coulee, Coulee Dam, Elmer City and Nespalem, the proposed projects main catchment area.

Demographics

The tables below reflect the primary service area demographic comparisons as reported in the 2000 and 2010 census.

			2000			
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						Totals
Location	Nespelem	Elmer City	Coulee Dam	Grand Coulee	Electric City	
Population	212	267	1,044	897	922	3342
Average Age	28	43	44	45	46	
Household Income	\$30,000	\$32,500	\$37,391	\$21,818	\$42,321	
Male	52.9%	51.9%	47.6%	47.5%	47.5%	
Female	47.1%	48.1%	53.4%	53.5%	53.5%	

			2010			
						Totals
Location	Nespelem	Elmer City	Coulee Dam	Grand Coulee	Electric City	
Population	253	238	1,098	988	968	3545
Average Age	30.0	47.8	41.6	47.1	50.5	
Household Income	\$36,320	\$40,966	\$46,364	\$39,904	\$50,505	
Male	52.5%	48.3%	49.9%	48.2%	49.7%	
Female	47.5%	51.7%	50.1%	51.8%	50.3%	

The population growth between 2000 and 2010 is 6%. Household income is the most noticeable change between the two census periods. Every community experienced growth in household income. What is not known at this point is the population and income impact of the downturn in the economy since the 2010 census was conducted (almost two years ago). There is sentiment from the steering committee that an uptick in population (particularly a younger demographic) and respective household income/employment is currently being seen in a few areas.

For purposes of this project, a secondary service area is a minimal factor in a demographic analysis largely due to distance from the Grand Coulee area. However, the communities of Almira, Coulee City, Hartline and Wilbur are noted secondary service areas where a proposed Wellness Center may attract some users. Their data is noted below:

Secondary Service Area Population		
99103	Almira	284
99115	Coulee City	562

99135	Hartline	151
99185	Wilbur	884
	Total Secondary Service Area Population	1881

Market Analysis

The Coulee area has only one privately owned business that is best described as a ‘fitness center’ although very limited in size and scope. The business is ‘Body by Dam’ located on the main highway in Grand Coulee. It is in an old converted single story one room building. It has a small number of circuit machines, treadmills, elliptical equipment with free weights and some exercise classes. Their primary market is adults. It is open Monday-Saturday and closed on Sunday. The user fee is \$40 per month with a one-time \$35 initiation fee. Fees are paid monthly and no contractual obligations beyond month to month. The owner stated membership varies and is particularly slow in the summer. The revenue stream is unpredictable given that user fees are monthly with no obligation beyond thirty days.

This business would not appear to be a serious competitor to a proposed Wellness Center given the scope of services and programs that may be offered in a new facility as well as the market focus toward all age groups.

Proposed Wellness Center Location

One of the objectives of the Feasibility Study was to recommend the best location for a Wellness Center and one where the majority of area residents might support in terms of access. From that perspective, Grand Coulee is the most favorable and the most central location. Schools, shopping, businesses and the main thoroughfare to Grand Coulee Dam from the west all run through Grand Coulee. The communities in the Grand Coulee Area farthest from Grand Coulee may have a different perspective but that’s where it will be incumbent upon the

development of this project to provide the programs and services that motivate a family to drive and utilize the facility. This has been the experience in other communities in that you provide outstanding customer service, quality programs along with affordability, people will likely become members no matter the distance.

In that Grand Coulee is the recommended community from which to locate the facility, this study identified three options to locate a Wellness Center as follows:

1. Remodel the existing former primary care clinic on the Coulee Medical Center property
2. Remodel the Grand Coulee Dam Middle School which may be available in 2014
3. Purchase land across Highway 174 from Coulee Medical Center

The strengths and weaknesses of each option are noted in the following discussion.

Option #1: Remodel the existing former primary care clinic on the Coulee Medical Center property

Strengths	Weaknesses
<ul style="list-style-type: none"> • Well known site to the community • Ample parking • Approximately 10,000+ sq. ft • Could be minimally expanded 	<ul style="list-style-type: none"> • Built in the 1970's w archaic infrastructure • Significant dollars to remodel and bring up to code (projected \$500,000+) • Has two stories that render it operationally very inefficient • Not certain a pool could be constructed given the layout and other structural issues. • No options beyond minimal expansion

Option #2: Remodel the Grand Coulee Dam Middle School which may be available in 2014

Strengths	Weaknesses
<ul style="list-style-type: none"> • Well known site to the community • Ample parking • 100,000+ sq. ft • Oversized gym and stage 	<ul style="list-style-type: none"> • Uncertain issues with a potential transfer of ownership • Could only use a fraction of the facility which is not easily proportioned given

<ul style="list-style-type: none"> • Has expansion capabilities into parking lot across from athletic fields 	<p>the multi-level layout</p> <ul style="list-style-type: none"> • The use of the non-Wellness Center remaining space may not be a good fit with a Wellness Center • Significant dollars to remodel and bring up to code (significantly greater than option #1)-this is a very old building • Operationally very inefficient with high maintenance costs • Not certain a pool could be constructed given the layout and other structural issues and space uncertainty if the pool was located in new expanded space in the current gravel lot. • If a new addition was built minimal options may exist for future expansion
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Option #3: Purchase land across Highway 174 from Coulee Medical Center

Strengths	Weaknesses
<ul style="list-style-type: none"> • Highly visible and easy access off of WA-155 and Highway 174. • Central location to the proposed users • Ability to include the major services at the outset that will attract users • Strategic master planning • Operationally efficiencies throughout the facility • Expansion capabilities • Marketability to the entire region • Attractive to a variety of prospective funders 	<ul style="list-style-type: none"> • Ability to complete the land purchase • Unknown property issues/restrictions

Given the three options for the location of the proposed Wellness Center, the most desirable option is Option #3. Options 1 & 2 present formidable challenges with old structures. They do not adequately lend themselves to the kind of facility that a Wellness Center requires especially

one that will attract community enthusiasm. It would not be prudent to invest substantial dollars for renovation when the same funds could be used to build new space that is well designed, meets the needs of the community, operationally is built with system and programmatic efficiencies and expansion/location is not compromised. From a marketing standpoint, this option has considerable advantages and would have the greatest chance of successfully promoting the project among community and businesses.

If for whatever reasons the Option #3 property is off the table, it's recommended that other land be considered preferably with the intent to construct a new facility vs. renovation keeping in mind the strengths and weaknesses of each alternative noted above.

Projected Facility Size & Services

The facility size is solely determined by the services provided and what will most attract initial and future users to the facility. There is a consensus among the steering committee as well as market data indicating the need for three core services that could be considered as Phase I development of the Wellness Center. These are: aquatic center, fitness area and conference room space. The following core services with associated estimated square footage are recommended for Phase I development of the Wellness Center as these core services are revenue generating entities:

WELLNESS CENTER-PHASE I	
<i>Core Services</i>	<i>Approx Square Footage</i>

Aquatic Center	6,800
Fitness Area	3,900
Lockers	1,900
Check-In	500
Conference Rooms w Small Adjoining Kitchen	2,200
Hallways/Bathrooms/Storage/Mechanical/Electrical	4,000
Total	19,300

Assumptions:

1. 5-lane 25 yd pool (6,300 s.f.)
2. Pool includes kiddie pool area (336 s.f.)
3. Hot tub is included in pool sq footage (160)
4. Conference area consists of 3 rooms divided by partitions (125 total capacity)

Depending on the proposed design there are several opportunities to reduce the square footage. A more open floor plan vs. segregated hard to see areas will not only reduce the overall square footage but also decrease the number of staff needed to operate the facility. The suggested aquatic center footage is a maximum but certainly can be reduced to 4-lanes without compromising community attraction and usage of the facility. As stated earlier in this study the key components to the aquatic area is access and programming. Both the fitness areas and conference room space may also be reduced, again depending if there is an open design concept. Since conference room space is at a premium in the area, maximizing this area would be prudent at the outset.

Space that was omitted in Phase 1 was an area for day care even though the steering committee and community leaders expressed the need for this service. The challenge for incorporating day care services (provided only while customers are utilizing the facility) is evaluating cost/benefit. From information obtained at other similar facilities, the general consensus is that this service is consistently underutilized, not cost effective (the space is empty most of the day) and additional staff needs to be hired and on-site during most hours in case a family needs the service. If the committee strongly believes this would be a major selling point for the facility it could be incorporated on a small scale with a corresponding reduction in space already allocated. A decision to include day care warrants further exploration but for purposes of this study will not be included in Phase 1 given the issues cited.

Facility Construction Projections

Based on the preliminary square footage of 19,300 sq. ft., the projected costs for the construction of the facility are as follows:

Wellness Center Construction	
Projections	
19,300 s.f. @ \$235 per	\$4,535,500
Architectural & Engineering @8%	362,840
Soft Costs @13%	589,615
Total Construction Costs	<u>\$5,487,955</u>

The above projections are based on the following assumptions:

1. The project meets requirements for Davis-Bacon prevailing wages

2. If bond financing is utilized, the project would require lowest bid acceptance
3. The per square foot construction, architectural/engineering and soft cost amounts are purposely projected a bit higher than regional average to account for the location; many variables would drive these costs higher/lower.

Facility Financing Options

1. As of June, 2012, Coulee Medical Center has *non-voted* debt capacity of \$2,086,175 and \$6,999,198 of remaining *voted* debt capacity. Given that the projected date for purposes of this study for the Wellness Center to become a reality is potentially late 2014, CMC has the capacity to float a bond to finance the entire project. However, it may be prudent (for community support) to cap the bond at \$5,000,000 and utilize the CMC non-voted debt needed to finance the costs in excess over \$5,000,000. In addition, it would be beneficial IF the bond could extend beyond 15 years to reduce the annual property tax increase which may be more attractive to the voters.
2. The Parks and Rec District also has taxing authority and could be considered an option for partial financing although the land value in the taxing district is lower than the hospital district thus the annual tax per assessed value is higher than for the hospital district. I am not aware of whether these two options could be utilized simultaneously, but if not, consideration should be given to potentially utilizing both options independently; one in Year 1 and one in Year 2 leading up to construction.
3. Establish a community capital fund raising campaign. One effort could be towards facility construction and the other effort toward start up costs. Start up costs will be discussed later in this study. There may be benefactors whom may be interested in contributing to the project that include naming provisions for some of the proposed space, etc. The campaign would need a preliminary facility design, a well orchestrated and organized marketing and public relations effort.

4. Continue seeking grants particularly via foundations, State and Federal sources. Although grant making for capital projects is challenging at best, it's advisable to maintain this approach as an adjunct to the other efforts.

Staffing

The proposed staffing for the Wellness Center is based on a facility that is open on average 80-90 hours per week, seven days a week with variation between summer/winter periods. Below are the job titles and projected annual salaries and benefits for a staffing package to meet the proposed hours of operation:

Job Title	Annual Salary	Benefits (20%)	Total Salaries/Benefits
Manager	50,000	10,000	60,000
Assistant Manager	42,000	8,400	50,400
Front Desk Supervisor	32,000	6,400	38,400
Front Desk Staff	25,000	5,000	30,000
Front Desk Staff	25,000	5,000	30,000
Aquatic Supervisor	40,000	8,000	48,000
Pool Staff	30,000	6,000	36,000

Pool Staff	30,000	6,000	36,000
Fitness Supervisor	40,000	8,000	48,000
Fitness Staff	32,000	6,400	38,400
Fitness Staff	32,000	6,400	38,400
Housekeeping	27,040	5,408	32,448
Housekeeping	27,040	5,408	32,448
Part Time (lifeguard-1040 hrs)	10,400	1,500	11,900
Part Time (lifeguard-1040 hrs)	10,400	1,500	11,900
Part Time (lifeguard-1040 hrs)	10,400	1,500	11,900
Part Time (lifeguard-1040 hrs)	10,400	1,500	11,900
TOTAL SALARIES & FRINGE	\$473,680	\$92,416	\$566,096

There are two areas of consideration that may warrant further analysis to potentially reduce the cost of salaries and benefits, which usually are the single largest category of annual operating expenses. First, benefits in general. The benefits based on this staffing package are approximately \$92,000; the 20% fringe rate based on current CMC rates. There certainly are advantages in offering an attractive package of fringe benefits, but these can be modified to decrease the total salary line item. It should also be recognized that regardless of what benefits are offered the facility will still be required to pay appropriate payroll and other employee taxes so there will always be employee costs even if no other benefits are provided. Second, there are two full-time housekeeping positions necessitating staggered hours to maintain the facility. It may be that it might be more cost effective to contract out this function. That can be determined once the staffing and overall costs are finalized but thought it should be noted. There are other positions that may be more amenable to sharing a full-time position thus reducing the benefits expense. All options should be considered but first and foremost the facility needs to be staffed with well trained individuals from a programming and risk management perspective.

Operational Costs

The following is the projected operating expenses for the first year of operations:

WELLNESS CENTER	Wellness Center
<i>PROJECTED OPERATING EXPENSES-YEAR 1</i>	
Gross Salaries & Benefits	566,096
Training & Travel	10,000
Consultants/Support	15,000
Office Supplies	10,000
Copier/Printer	5,000
Repairs/Maintenance/Warranties	7,000
Dues/Licenses/Subscriptions/Manuals	5,000
Software Maintenance	2,500
Telephone	6,000
Accounting/Audit/Legal	10,000
Insurance	35,000
Advertising/Recruiting	10,000
Postage	5,000
Utilities (2.30 s.f.)	44,450
Maintenance Supplies (1.14 s.f.)	22,430
Bank Charges	1,000
Ed Materials/Program Supplies/Uniforms	10,500
TOTAL OPERATING EXPENSES	<u>764,976</u>

This projected operating expenses are based on similar facilities in the region. Overall, this budget has line items that will fluctuate and are essentially somewhat more liberal projected expenditures. It also should be noted that a few of the overhead costs may be consolidated with current CMC functions which may reduce a portion of the overhead.

Start-Up Costs

The following are projected non-recurring *fitness* start-up costs:

Cardio Equipment					
	Brand	Model	Cost	Amount	Total
Treadmills	Cybex	750T	\$ 7,500	4	\$ 30,000
Elliptical Trainers	Life Fitness	95X Achieve	\$ 5,200	2	\$ 10,400
Stair Steppers	Life Fitness	93Si	\$ 4,500	2	\$ 9,000
Stair Master	Stairmaster	7000pt	\$ 4,700	1	\$ 4,700
Arc Trainers	Cybex	625 AT	\$ 5,900	2	\$ 11,800
Row machine	Concept II	Concept II	\$ 2,000	1	\$ 2,000
Nu Step	NuStep	T5	\$ 5,500	2	\$ 11,000
		Total	\$35,300	13	\$ 78,900
Selected Weight Equipment					
	Brand				
Leg Press	Cybex		\$ 5,000	1	\$ 5,000
Leg Extension	Cybex		\$ 3,500	1	\$ 3,500
Seated Leg Curl	Cybex		\$ 4,500	1	\$ 4,500
Standing Calf Raise	Cybex		\$ 3,500	1	\$ 3,500
Hip Ab/Ad	Cybex		\$ 4,500	1	\$ 4,500
Chest Press	Cybex		\$ 5,000	1	\$ 5,000
Fly/Rear Delt	Cybex		\$ 5,500	1	\$ 5,500
Overhead Press	Cybex		\$ 5,000	1	\$ 5,000
Jungle Gym	Cybex		\$ 12,000	1	\$ 12,000
Lat Pull Down/Seated Row	Cybex		\$ 6,000	1	\$ 6,000
Assisted Chin-up/Dip	Cybex		\$ 6,000	1	\$ 6,000
Cybex Ab/Back	Cybex		\$ 4,700	1	\$ 4,700
		Total	\$ 65,200		\$ 65,200
Free Weight Equipment					
Smith Machine	Cybex		\$ 3,000	1	\$ 3,000
Bench Press	Yukon	Chest Press	\$ 300	2	\$ 600
Squat Rack	York	Power Rack	\$ 2,200	1	\$ 2,200
Incline Bench	York	Commercial	\$ 1,000	1	\$ 1,000
Decline Bench	York	Commercial	\$ 800	1	\$ 800
Weight Plates	Troy 1500lbs	Troy 1500lbs	\$ 1,000	3	\$ 3,000
Olympic Bars	Mark	Mark	\$ 400	4	\$ 1,600
Clamp Collars	Olympic Muscle	Olympic	\$ 50	8	\$ 400
Neck pad	Troy	Troy	\$ 30	3	\$ 90
Curl Bar	Commercial	Commercial	\$ 125	1	\$ 125

Dumbbells	Troy Pro style	Troy Pro style	\$ 5,000	2	\$ 10,000
Olympic Plate Tree W/Bar Holder	York	York	\$ 200	1	\$ 200
Olympic Plates	York	York	\$ 150	3	\$ 450
Dumbbells Racks	Troy	Troy	\$ 700	4	\$ 2,800
Utility Bench	Cybex	Cybex	\$ 500	1	\$ 500
Flat Bench	Cybex	Cybex	\$ 500	2	\$ 1,000
Adjustable Bench	Cybex	Cybex	\$ 500	1	\$ 500
York Cable Attachment Bar-15Pc Set W/Rack	York	York	\$ 700	1	\$ 700
		Total	\$ 17,155		\$ 28,965

Total Fitness Start-Up Costs: \$173,065

The following are projected non-recurring *aquatic* start-up costs:

Pool Equipment			
Description	Qty.	Unit Price	Total Price
TravelerII XRC 500 Aquatic Lift	1	\$ 7,443.50	\$ 7,443.50
Quick ship pennants 60'	4	\$ 76.50	\$ 306.00
Paragon movable guard chair, 4'	3	\$ 3,128.50	\$ 9,385.50
Kiefer pace clock, wall mounted, electric	1	\$ 374.95	\$ 374.95
Swim N' Dunk water basketball, salt	1	\$ 902.50	\$ 902.50
Commercial solar cover	1	\$ 8,000.00	\$ 8,000.00
Power Washer	1	\$ 2,500.00	\$ 2,500.00
Lifeguard and Rescue Equipment			
CJ 1000 Spine Board, package	1	\$ 425.00	\$ 425.00
Fox 47 Whistle	10	\$ 4.25	\$ 42.50
Lanyard	10	\$ 0.75	\$ 7.50
First Responder Kit	5	\$ 24.50	\$ 122.50
Life hook with pole	1	\$ 93.25	\$ 93.25
Gator Super Rescue Tube	5	\$ 56	\$ 280
CJ 1000 Velcro strap extender, set of 4	1	\$ 35.25	\$ 35.25
The bag II resuscitator, adult	1	\$ 15.50	\$ 15.50
The bag II resuscitator, pediatric	1	\$ 15.50	\$ 15.50
Laerdal pocket mask w/o oxygen attachment	5	\$ 12.75	\$ 63.75
First-aid kit, 100 people	1	\$ 219.00	\$ 219.00

16' Fiberglass rescue pole	1	\$ 93.50	\$ 93.50
Ring buoy, 24"	1	\$ 57.50	\$ 57.50
Ring buoy mounting hook	1	\$ 13.25	\$ 13.25
Backstroke pennants, 50' Multi-color	1	\$ 76.75	\$ 76.75
Competitor Disconnect, 50m to 1-75'	4	\$ 917.25	\$ 3,669.00
Reel - Simple Storage Reel	1	\$ 3,895.00	\$ 3,895.00
Taylor Service Complete FAS test kit	1	\$ 96.50	\$ 96.50
Swimming and Training Equipment			
Diving brick	1	\$ 28.75	\$ 28.75
Champion Kickboard, blue	20	\$ 8.95	\$ 179.00
Safety vest, adult, 31"-34"	2	\$ 75.75	\$ 151.50
Safety vest, child, 21"-23"	5	\$ 59.50	\$ 297.50
Safety vest, child, 26"-29"	5	\$ 65.50	\$ 327.50
Safety vest, child, 23"-24"	5	\$ 64.25	\$ 321.25
Champion Junior pull buoy	10	\$ 8.50	\$ 85.00
Water Fitness Equipment			
Hydro-Fit rack system, 16, wave belts	1	\$ 1,847.75	\$ 1,847.75
Complete Noodle Storage System	1	\$ 531.50	\$ 531.50
Fins	10	\$ 20.00	\$ 200.00

Total Aquatic Start-Up Costs: \$42,103.45

The following are projected non-recurring *front desk, office, conference rooms & kitchen equipment* start-up costs:

Description	Qty	Unit Price	Total Price
Member Software	1	\$5,000	\$ 5,000
Cash register	1	\$ 500	\$ 500
Scanner	1	\$ 450	\$ 450
Computer/Laptop	4	\$2,000	\$ 8,000
Copier (1 large/2 small)	3	\$ 1,500	\$ 4,500

Office/Front Desk Chairs	6	\$ 125	\$ 750
Office Desks/Systems Furniture	4	\$ 1,000	\$ 4,000
Lobby Chairs/Tables	6	\$ 125	\$ 125
Conference Room Tables	20	\$ 250	\$ 5,000
	12		
Conference Room Chairs	5	\$ 200	\$ 25,000
Conference Room Portable Dry/Erase Board	3	\$ 200	\$ 600
Kitchen Refrigerator	1	\$ 1,500	\$ 1,500
Kitchen Stove/Dishwasher/Micro	1	\$ 2,000	\$ 2,000
Misc Office/Kitchen Supplies	1	\$ 2,000	\$ 2,000

Total Front Desk/Office/Conference Rooms/Kitchen Start-Up Costs: \$59,425

Total Projected Start-Up Costs: \$274,593

It should be noted that some of the start up items may be purchased via the CMC purchasing group that could result in substantial savings. Because CMC is a non-profit, there may be additional savings in start up procurement in areas where the purchasing group do not carry those items. Obtaining bids and other resourceful practices should result in lower start up costs.

Revenue

The following is the projected revenue for the first year of operations:

PROJECTED WELLNESS CENTER REVENUE-YEAR 1

Memberships	Number	Rate/Mo	Annual
Single Units	100	30	36,000
Family Units	300	55	198,000

Business Units	450	45	243,000
Senior Family	50	25	15,000
Day Passes Family	100	25	2,500
Day Passes Single	100	10	1,000
Conf Rm Rental	150 days	150	22,500
Classes		5,000	5,000
	Total Membership Revenue		523,000
CMC Annual Contribution			75,000
Hotel/Motel Annual Tax Funding			150,000
Community Donations			10,000
Grants & Misc Income			10,000
	Total Revenue		768,000

Generating adequate revenue and controlling costs will define the success of the proposed Wellness Center. This budget is based on a break-even model; the intent is to provide community wide programs and services that generate enough income to be sustainable over time. Regarding membership revenue, the key components are both the family and business unit numbers given a reasonable monthly membership fee. There most likely are price points that the area can tolerate as far as monthly fees are concerned. The numbers of projected users in each category are relatively conservative. The business units were based on the stated employment numbers for the Dam, School District and CMC, which collectively are lower than the actual employment. These do not include any additional employers so there is significant upside potential to market the facility to other businesses. The single unit and seniors projection is also conservative given the demographics. There may be room to increase the fees but that should be dependent on an analysis of the total membership mix. The single and family day pass numbers have significant upside potential as well given the marketing strategy, tourism promotion, etc. The conference room rental fees are based on 150 days of room rental @ \$150 average rate per day. If the conference rooms are built with the proper space (minimum three bays w dividers) and amenities, this area could be a very strong revenue generator all year round.

The second category of revenue is non-member income. Establishing a stable non-member revenue stream is essential, especially in the first few years. The CMC amount of \$75,000 could be a shared commitment with other organizations depending on the success of an aggressive marketing effort. This amount certainly could be much higher and goals to increase this over time would be prudent.

The hotel/motel annual tax funding is dependent on three communities agreeing to a taxing authority for the promotion of tourism and tourism related purposes. As I understand it, there are unused accumulated funds that are undesignated for use. This project may be a major opportunity to capitalize on that funding given that it may be a stable source of operating capital. There may be consideration for start-up costs as well, which should be explored. From the outset, the promotion of tourism and how the Wellness Center fits within those parameters should be part of the marketing effort.

Community donations, grants and miscellaneous income are sources of revenue that should be integrated into an annual strategic fund-raising plan. I think it would be wise to create opportunities for an endowment for long term sustainability and growth and continue assertive efforts to capitalize on grants to support programs and activities. Grant funding should not be considered a stable source of revenue. This type of facility has a very positive universal appeal and should not be underestimated to attract revenue from multiple sources.

Profit and Loss Projections-Years 1-5

The following is the Profit and Loss Statement for Years 1-5:

Revenue							
Memberships	Number	Rate	Year 1	Year 2	Year 3	Year 4	Year 5
Single Units	100	30	36,000	37,080	38,192	39,338	40,518
Family Units	300	55	198,000	203,940	210,058	216,360	222,851
Business Units	450	45	243,000	250,290	257,799	265,533	273,499
Senior Family	50	25	15,000	15,450	15,914	16,391	16,883
Day Passes Family	100	25	2,500	2,575	2,652	2,732	2,814
Day Passes Single	100	10	1,000	1,030	1,061	1,093	1,126
Conf Rm Rental	150 days	150	22,500	23,175	23,870	24,586	25,324
Non-Member Classes		5,000	5,000	5,150	5,305	5,464	5,628
	Subtotal		\$523,000	\$538,690	\$565,625	\$593,906	\$623,601
CMC Annual Contribution			75,000	78,000	81,120	84,365	87,739
Hotel/Motel Annual Tax Funding			150,000	156,000	162,240	168,730	175,479
Community Donations			10,000	10,400	10,816	11,249	11,699
Grants & Misc Income			10,000	10,400	10,816	11,249	11,699
	Total Revenue		\$768,000	\$806,400	\$846,720	\$889,056	\$933,509
Expenses							
Gross salaries & benefits			566,096	588,740	612,289	636,781	662,252
Training & travel			10,000	10,400	10,816	11,249	11,699
Consultants / support			15,000	15,600	16,224	16,873	17,548
Office supplies			10,000	10,400	10,816	11,249	11,699
Copier-printer expense			5,000	5,200	5,408	5,624	5,849
Repairs / maintenance / warranties			7,000	7,280	7,571	7,874	8,189
Dues/licenses/subscrip/manuals			5,000	5,200	5,408	5,624	5,849
Software maintenance			2,500	2,600	2,704	2,812	2,925
Telephone			6,000	6,240	6,490	6,749	7,019
Accounting/audit & legal			10,000	10,400	10,816	11,249	11,699
Insurance			35,000	36,400	37,856	39,370	40,945
Advertising / recruiting			10,000	10,400	10,816	11,249	11,699
Postage			5,000	5,200	5,408	5,624	5,849
Utilities (2.30 s.f.)			44,450	46,228	48,077	50,000	52,000
Maintenance supplies (1.14 s.f.)			22,430	23,327	24,260	25,231	26,240
Bank charges			1,000	1,040	1,082	1,125	1,170
Ed materials/program supplies/uniforms			10,500	10,920	11,357	11,811	12,284
	Total Expenses		\$764,976	\$795,575	\$827,398	\$860,494	\$894,914
Net Income			\$3,024	\$10,825	\$19,322	\$28,562	\$38,595

The P&L Statement assumes a 3% increase in annual revenues and a 4% increase in annual expenses. As noted earlier, with concentrated efforts in marketing, annual revenues have significant upside potential. Project expenses may be controlled/reduced via strong internal controls, comprehensive procurement and financial policies and potentially phasing in a benefit package, if financially feasible over time. The P&L Statement reflects net operating income annually with membership targets and revenue sources that are necessary to meet stated expenses.

Proposed Structure

Operationally the Wellness Center would best be served under the organizational umbrella of CMC, primarily for the advantages associated with already well established systems including financial, HR and administrative support. It would be prudent, however, to obtain legal counsel concerning whether this arrangement is doable and how best to characterize the Wellness Center in the current CMC structure. It may be that a separate 501(c) 3 be created under a 'dba' arrangement but these decisions require a solid legal opinion. There are some advantages to establishing the Wellness Center as a semi-autonomous entity in that it may have the distinction of attracting grants from a wider pool of resources. Additionally, if there is a separate Board of Directors (with a charter and bylaws) comprised of a wide variety of community members (hopefully from each community in the service area), from a marketing perspective, this may increase interest from those whom may negatively perceive a totally hospital controlled organization. None of these options may be possible in light of the bond funding via CMC. This area needs further legal exploration to address the number of issues concerning governance and structure.

Recommendations

Throughout this study several recommendations have been proposed that may lead to the development of a successful community Wellness Center. The proposed Profit and Loss Statement reflects that this project has significant merit. In order to achieve this goal the following are vital steps that need to occur to warrant a successful outcome:

1. Finalize the location for a Wellness Center
2. Voters must approve a hospital bond levy in 2013 or beyond
3. Conduct a levy from the Park and Rec District (if allowable in 2014 or beyond)
4. Obtaining the hotel/motel tax funding for start-up and annual operations
5. Aggressive fundraising to support start-up costs and facility financing
6. Develop an endowment plan
7. CMC commitment to start-up costs and annual funding
8. Once preliminary start-up costs are identified, issue an RFP for an architect to create a preliminary design (with steering committee input) for marketing purposes
9. Create a marketing plan for businesses and the general community
10. Hire a talented, professional Wellness Center Manager