



## REPORT REC-2013-004

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**TO: Recreation Committee**

**FROM: Erin Wallace, Recreation Administrative Assistant  
Donna Tremblay, Deputy Clerk**

**SUBJECT: Gym Class Rental Proposal – Optimist Recreation Centre**

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### **RECOMMENDATIONS**

That Report REC-2013-004 regarding the Gym Class rental of the Optimist Recreation Centre be received; and

That the Township supports the use of the Optimist Recreation Centre to “Gym Class” through the Township’s current program and fee structure; and

That Council consider as a part of the 2014 Budget conducting a community assessment at an estimated cost of \$1,500.00

### **DISCUSSION**

Gym Class is a fitness company that was established in October 2012 that offers exercise programs, personal training and group fitness classes.

Gym Class has expressed an interest to the Township that they wish to lease the Optimist Recreation Centre Monday to Friday from 6:00 am to 7:00 pm and Saturday from 7:00 am to 2:00 pm, October 1, 2013 to October 1, 2014. They are proposing to offer exercise programs suitable for all ages in the community, activities such as personal training, group fitness classes, and possibly children’s programs and recreational programming.

The Township staff has conducted a thorough review of the proposal and considered the following:

#### **1. Revenue**

##### Rent

“Gym Class” is proposing a one year lease of the facilities at a cost of \$30,000. Based on the amount of time requested and the Township’s hourly rates the total rent would amount to \$458,640. For detail calculations please see Appendix A.

The difference between the proposed rent and potential revenue based on full utilization is \$428,600 (\$458,640 – \$30,000).

### Revenue Splitting

“Gym Class” is proposing to the Township a 60/40 split of booking revenues. Based on the information provided in its proposal, the Township calculates that the Township will receive an estimated amount of \$37,808 based on their 60/40 revenue splitting scheme. For a detailed calculation see Appendix A.

### Anticipated Revenue Based on Proposal

Based on the information provided in its proposal, the Township calculates the anticipated total Township revenue to be \$67,808 (\$30,000 rent + \$37,808 revenue splitting).

### Actual Revenue

In 2012, the annual revenue amounted to \$69,961.

As of August 31, 2013 the revenue amounts to \$63,106. Based on the revenues for the first 8 months of 2013, it is anticipated that the 2013 projected revenue will exceed 2012 annual revenue.

See Appendix B: ORC Revenue Report 2013 for further details on this calculation.

### Summary

Based on the information provided in the proposal and the Township’s calculations, the Township currently anticipates revenues in excess of the proposed amounts that would be received if this proposal was accepted. In addition to the quantitative factors discussed above, other qualitative considerations to note include increased staff salaries, equipment, and insurance costs.

## **2. Facility Availability**

Based on the proposed use of the facility, it will no longer be available for booking by the Township 6 days a week. At present there are a number of groups that rent out the Optimist Recreation Centre to run classes that offer different services than those offered by Gym Class. The proposal submitted significantly limits the Township’s role in rentals and programming.

## **3. Community Assessment**

A community assessment has yet to be completed. A community assessment would provide insight into what the community would participate in if offered at the facility. There are a number of different methods of delivering a community assessment, these could include a community meeting, comment cards or a survey. The Township recommends conducting a community assessment using a written and online format. Details regarding the work plan and costs associated with conducting a community assessment will be provided during budget deliberations.

#### **4. Program Standards & Policies**

The proposal does not include details regarding program standards and policies. A quality program should demonstrate a professional commitment to the community; has policies in place to ensure safety of the participants and the services meet or exceed customer needs and expectations.

#### **5. Inclusive Programming**

Providing inclusive programming to all people regardless of sex, age, physical abilities and qualities, sexual orientation, race/ethnicity, religion, education level, socioeconomic status and other aspects of diversity is necessary to allow equal opportunity. The proposal does not include details regarding inclusive programming.

#### **6. Township Expense**

The proposal requests that the Township purchase mats, assembling bars on the walls and construction of a storage facility within the existing equipment room. This could potentially limit the future use of the facility and the purchased equipment may not be utilized.

#### **7. Township Staff Resourcing**

The proposal requests the facility outside of the regular hours of operation. The proposal would require additional staff resources this would result in an additional cost to the Township.

### **ATTACHMENTS**

Appendix A – Gym Class Budget Analysis

Appendix B – Revenue for the Optimist Recreation Centre 2013

Appendix C – Gym Class Proposal

### **FINANCIAL IMPLICATIONS**

Have been outlined in the discussion section and appendices of this report.

## **APPLICABLE LEGISLATION AND REQUIREMENTS**

Municipal Act, S.O. 2001, c. 25  
Township Fees By-Law 2013-025

**Appendix A – Gym Class Budget Analysis**

<b>Current Gym Rental Rates (Excluding HST)</b>	<b>Gym Class Proposed Rental Rates (Excluding HST)</b>
<p>\$26/ Hr  <math>\\$26/\text{Hr} \times 72\text{ Hrs/Wk} = \\$1,872</math></p> <p><math>\\$1,872 \times 52\text{ Wks/Yr} = \\$97,344\text{ Annual Rent}</math></p>	<p>\$4.00583333/Hr  <math>\\$4.00583333 \times 72\text{ Hr/Wk} = \\$288.46</math></p> <p><math>\\$288.46 \times 52/\text{Wks/Yr} = \\$15,000\text{ Annual Rent}</math></p>
<b>Arena Rental Rates (Excluding HST)</b>	<b>Gym Class Proposed Arena Rental Rates (Excluding HST)</b>
<p><b>Winter Rates (Dec - February)</b>                      \$155/Hr  <math>\\$155 \times 72\text{ Hrs/Wk} = \\$11,160</math></p> <p><math>\\$11,160 \times 13\text{ Wks/Yr} = \\$145,080\text{ Annual Rent}</math></p> <p><b>Summer Rates (March - November)</b>                      \$77/Hr  <math>\\$77/\text{Hr} \times 72\text{ Hrs/Wk} = \\$5,544/\text{Wk}</math>  <math>\\$5,544/\text{Wk} \times 39\text{ Wks} = \\$216,216\text{ Annual Rent}</math></p>	<p>\$4.00583333/Hr  <math>\\$4.00583333 \times 72\text{ Hrs/wk} = \\$288.46</math></p> <p><math>\\$288.46 \times 52\text{ Wks/Yr} = \\$15,000\text{ Annual Rent}</math></p> <p><b>Gym Rental \$15,000 + Arena Rental \$15,000 = \$30,000</b></p>
<b>Total Rental Revenue \$458,640 Annual Rent</b>	<b>Total Rental Revenue \$30,000 Annual Rent</b>

**Projected Additional Revenue 60/40 Split - 40% to Township of Puslinch**

<p><b>Personal Training</b>                      4 Hrs/Day x \$50/Session = \$200/Day  <math>\\$200/\text{Day} \times 6\text{ Days/Wk} = \\$1,200/\text{Wk}</math>  <math>\\$,1200 \times 52\text{ Wks} = \\$62,400</math>  <b>40% of \$62,400 = \$24,960/Yr</b>  <b>Additional Revenue = \$24,960 Annual Revenue</b></p> <p><b>Birthday Parties</b>                      Charging \$250 each party</p>	<p><b>Arena Bookings</b>                      \$100/Hr  <math>\\$100/\text{Hr} \times 4\text{ Hrs/Wk} = \\$400/\text{Wk}</math>  <math>\\$400 \times 52\text{ Wks} = \\$20,800\text{ Annual}</math>  <b>40% of \$20,800 = \$8,320</b></p> <p><b>Additional Revenue = \$8,320 Annual Revenue</b></p>
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1/month = \$250

\$250 x 12 Mths = \$3,000 Annual

**40% of \$3,000 = \$1,200**

**Additional Revenue = \$1,200 Annual Revenue**

**Gym Bookings**

\$40/Hr

\$40/Hr x 4 Hrs/Wk = \$160/Wk

\$160/Wk x 52 Wks = \$8,320

**40% of \$8,320 = \$3,328**

**Additional Revenue = \$3,328 Annual Revenue**

**Total Additional Revenue \$37,808.00  
Annual Revenue**

Rent \$30,000 + Additional Revenue  
\$37,808

**Total Revenue = \$67,808 Annual  
Revenue**

**Appendix B – Revenue for the ORC 2013**

13-Jan	Gym	\$1,313.63
	Arena	\$21,018.00
13-Feb	Gym	\$1,695.00
	Arena	\$20,255.25
13-Mar	Gym	\$1,440.75
	Arena	\$254.25
13-Apr	Gym	\$1,285.38
	Arena	\$635.63
13-May	Gym	\$710.28
	Arena	\$2,928.98
13-Jun	Gym	\$1,040.00
	Arena	\$5,236.00
13-Jul	Gym	\$806.86
	Arena	\$2,083.00
13-Aug	Gym	\$421.50
	Arena	\$1,981.00
13-Sep	Gym	
	Arena	
13-Oct	Gym	
	Arena	
13-Nov	Gym	
	Arena	
13-Dec	Gym	
	Arena	
	<b>Revenue Total</b>	<b>\$63,105.51</b>

## Appendix C – Gym Class Proposal

### Executive Summary

Recreational pursuits among children and adults are often divided to facilities that engage children, such as dance, karate and gymnastics, while programming specific to adults such as personal training and group fitness occurs at separate facilities with different instructors. As individuals, families and as members of the broader community, Gym Class aims to involve all members of the family in comprehensive exercise programs. Activities such as personal training, group fitness, children's

activities and wide ranging recreational programming is possible at a facility such as the Optimist Recreation Facility in Puslinch. Co-operating with the Recreation Commission, Optimist International, and the Township of Puslinch, Gym Class aims to implement the fitness programming and revenue generating activities to optimize the usage of recreational spaces in Puslinch.

Gym Class aims to solve the vacancy issue that has been the status quo at the Puslinch Recreational Facility. Online schedules offer limited programming throughout the week, with rentals getting heavier during the evenings and weekends. When made aware, the commuter, the family and the broader community can use this beautiful recreational space. However, without a strategic approach and deliberate marketing to these audiences, there is no way to captivate the market and grow recreation in Puslinch. By engaging the membership of the community through social media, word of mouth and simply by offering more activities targeting the varying demographics of the community, revenue for the Township can be generated to fund the continued operation of these facilities as well as funding and planning for recreational pursuits in the future. Establishing efficient protocols, and implementing programs will give immediate returns to the Township such as the promotion of health, improved sense of community while contributing to long term financial gains for local development.

By establishing an online presence with a dedicated website and social media links, Gym Class will choose advertising avenues that target young families, while also targeting the boomer population through advertisements in publications such as the Puslinch Pioneer. Marketing strategies will not be limited to these avenues. Gym Class will actively establish a presence at the Aberfoyle Farmers Market and staggered open houses at the Optimist Recreation Facility. With the launch of Gym Class in late



September 2013, establishing satellite programs at local schools targeting teachers, and students will provide the valuable word of mouth

advertising necessary to supplement other marketing initiatives.

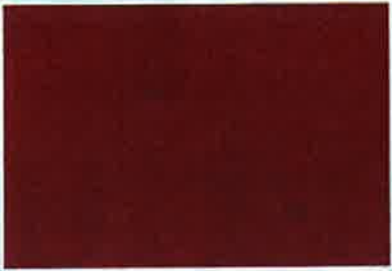
The facilities in Puslinch are unrivaled throughout the region. Currently, no other business can offer the opportunities for programming inside, outside, and on ice. The opportunities for immediate success are evident, and the prospects for growth are unparalleled. Recreation in Puslinch and the Gym Class approach, will become the gold standards by which all other recreational programs will be measured. Incorporating exercise and nutrition and building support systems for clients of Gym Class, the competitive advantage Gym Class presents is grounded in a holistic approach to exercise and nutrition, and engaging members with technology applications.

The Gym Class team is comprised of educated fitness trainers, who embody the entrepreneurial spirit. Holding a degree in Physical Education and a Personal training designation, Ian Conlon is well versed in planning recreation for children and young adults. The second member of the Gym Class team, Lauryn Lapello, holds a B.Sc. specializing in Kinesiology and Human Nutrition. Working alongside the Puslinch Recreation Commission and taking council from other business professionals, a solid foundation, focusing on engaging people in active pursuits and building successful business will provide Puslinch with unparalleled programming and the arena for Puslinch recreation and Gym Class the opportunity to evolve concurrently.

Gym Class is asking for the co-operation from the Puslinch Recreation Committee and the provision of funding to organize and maximize recreational pursuits at the Optimist Recreational facility. Funds acquired will be used to purchase mats for the floor, assembling bars on the wall to perform various exercises on, as well as constructing a storage facility within the existing equipment room to house other components of the Gym Class program. The main goal of Gym Class is to give the programming back to the community. Gym Class is proposing to engage the Recreation Commission in a one year lease of the Optimist Recreation Facility, wheat the end of the first year, both parties have the opportunity to renew, modify or nullify the terms of the agreement. The



upgrades and modifications made to the facility remain property of the Township, so too do the programming modules,

online booking procedures and other frameworks established to benefit activities in Puslinch. Gym Class aims to employ fitness professionals and through the growth of the enterprise, contribute to the development of localized recreation in the community.



## Gym Class

Exploring recreation in Pushtich, Transition to Action



## Introduction

- Education
- Experience
- Skills
- Success
- Ambitions




Learn movement and build strength through play. We create fun play.

**SATURDAYS** 11:30 - 12:10  
NOVEMBER 3 - DECEMBER 22  
Pushtich Open Recreation Facility  
AT BRICK MARKS BLVD • WRESTLING


**OPEN HOUSE SATURDAY OCT. 27 11:30-1:00**

**CONTACT:** [quephgymclass@gmail.com](mailto:quephgymclass@gmail.com)  
or find us on  [quephgymclass](https://www.facebook.com/quephgymclass)



## Mission

- To present healthy and active living to communities, preparing all individuals for the life long pursuit of physical development.



## Vision

- Establish a successful model for sharing community recreation spaces and the promotion of health to all members of a community.

## Milestones

- Reach an agreement with the Recreation Commission and the Township of Puslinch regarding the rental of the Optimist Recreation Facility
- Secure secondary funding through Optimist International
- Commence regular Gym Class programming October 1, 2013

## Optimizing Recreation

Filling available spaces with recreational pursuits for all



## Explore the Difference

- Inclusive
- Holistic
- Innovative
- Proactive and adaptive
- All possible avenues



## Market Opportunity

- Residents of Puslinch and South end Guelph
- Grandchildren to Grandma and Grandpa
- Commuters
- Rep teams
- Schools
- Birthday parties

## Marketing Strategy

- Social media
- Puslinch Pioneer
- Open houses
- Aberfoyle Farmers Market
- School trips and sale life programs
- Word of mouth



## Revenue Models

Facilitating recreation for the now while contributing to active pursuits in the future

## Facility rental

- Monday-Friday 6 a.m. - 7 p.m.
- Saturday 7 a.m. - 2 p.m.
  
- Personal training
- Group fitness
- Family Programming
- Birthday parties

## Bookings

- Soliciting and organizing rentals
- Online booking system
- 60/40

## Numbers

- Rent
- Bookings
- 5% net contribution

## Future Markets

- Virtual Personal Trainer
- Community exploration
- Meal planning and assistance preparation
- Community events/challenges
- Adult recreation leagues
- Speaking Seminars

## Living Proof

- Engaging in the lifestyle
- Repeat clientele
- Commitment to community
- Success oriented
- Determination



## Gym Class

How will it lead your Community?

Prepared by Ian Conlon  
 Presented by Ian Conlon and Lauryn Lapella on 05/21/13  
 Contact, email [gustbhoymclass@gmail.com](mailto:gustbhoymclass@gmail.com),  
 phone 519 803 3322

	Debit	Credit	Notes
Personal Training Sessions		96 000	estimating 4 hrs/day of PT sessions each, \$50/session
Birthday Parties		3000	One per month at \$250
Rental of RC	16 128	10 752	Rink \$100/hr, Gym \$40/hr, estimating rental of 4 hrs/wk of both, splitting revenue 60/40
Rent	30 000		
Insurance	1200		Estimate
Advertising	4000		
Equipment	5000		
Bank Fees	360		
Wages	57 600		\$30/hr to take into account paying for CPP etc.
Other	4000		Supplies and unknown costs *48 working weeks
<b>Totals</b>	<b>118 288</b>	<b>109 752</b>	
	-8536		

	Debit	Credit	Notes
<b>Personal Training Sessions</b>		120 000	estimating 5 hrs/day of PT sessions each, \$50/session
<b>Birthday Parties</b>		4500	18 total at \$250
<b>Rental of ORC</b>	24 192	16128	Rink \$100/hr, Gym \$40/hr, estimating rental of 6 hrs/wk of both, splitting revenue 60/40
<b>Rent</b>	30 000		
<b>Insurance</b>	1200		Estimate
<b>Advertising</b>	4000		
<b>Equipment</b>	3000		
<b>Bank Fees</b>	360		
<b>Wages</b>	72 000		\$30/hr to take into account paying for CPP etc.
<b>Other</b>	4000		supplies and unknown costs *48 working weeks
<b>Totals</b>	<b>138 752</b>	<b>140628</b>	
		1876	

	Debit	Credit	Notes
<b>Personal Training Sessions</b>		144 000	estimating 6 hrs/day of PT sessions each, \$50/session
<b>Birthday Parties</b>		6000	24 total at \$250
<b>Rental of ORC</b>	32256	21 504	Rink \$100/hr, Gym \$40/hr, estimating rental of 8 hrs/wk of both, splitting revenue 60/40
<b>Rent</b>	30 000		
<b>Insurance</b>	1200		Estimate
<b>Advertising</b>	2000		
<b>Equipment</b>	2000		
<b>Bank Fees</b>	360		
<b>Wages</b>	86 400		\$30/hr to take into account paying for CPP etc.
<b>Other</b>	4000		Supplies, unknown costs *48 working weeks
<b>Totals</b>	<b>158 216</b>	<b>171 504</b>	
		13 288	
	664.4		5% contribution of net income to account for future community development



	Debit	Credit	Notes
<b>Personal Training Sessions</b>		168 000	estimating 7 hrs/day of PT sessions each, \$50/session
<b>Birthday Parties</b>		7500	24 total at \$250
<b>Rental of ORC</b>	40 320	26 880	Rink \$100/hr, Gym \$40/hr, estimating rental of 6 hrs/wk of both, splitting revenue 60/40
<b>Rent</b>	30 000		
<b>Insurance</b>	1200		Estimate
<b>Advertising</b>	1500		
<b>Equipment</b>	3000		
<b>Bank Fees</b>	360		
<b>Wages</b>	100 800		\$30/hr to take into account paying for CPP etc.
<b>Other</b>	4000		Supplies, unknown costs *48 working weeks
<b>Totals</b>	<b>181 180</b>	<b>202 380</b>	
		21 200	
	1260		5% contribution of net income to account for future community development