

Fairfax County Park Authority

RECenters



Fairfax County Park Authority

FCPA System-wide Sustainability Plan for RECenters

Final Report

March, 2018



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1.0 – PREFACE

In April 2016, Fairfax County Park Authority (FCPA or Park Authority) engaged Brailsford & Dunlavy (B&D) in conjunction with Hughes Group Architects (HGA) to develop a System-Wide Sustainability Plan for FCPA's RECenter system. The plan was also developed with assistance from CENTERS, which conducted facility assessments at each site and an operational assessment. The overriding objective of the plan is to develop a plan for long-term sustainability of the system through implementation of strategic recommendations at each of the RECenter sites. This plan was developed by completing two distinct phases of work, which are referred to herein as the Preliminary and Detailed Assessments. Key exercises and brief descriptions of each scope task are outlined below:

Phase I: Preliminary Assessment

- ✓ Holding a **Kick-Off Meeting with Park Authority** to understand the goals and objectives of the sustainability plan;
- ✓ Hosting ten (10) **Strategic Asset Value (SAV) Analysis** sessions with the Fairfax County Board of Supervisors and Park Authority Board Members to provide a framework for recommendations by aligning analysis and recommendations with the Park Authority's goals;
- ✓ Conducting a **Facilities Assessment** that provided a nuanced understanding of physical conditions and patterns of observations at RECenters;
- ✓ Completing a **Preliminary Market Analysis** that provided a detailed understanding of market demographics, each RECenter's primary service areas, alternative consumer options within each service area, and evaluation of market positioning in relation to alternative options;
- ✓ Conducting a **Community Interest Survey** and eight (8) **Focus Groups** to gain an understanding of all end users' needs and wants for programming, and operations of the RECenter system.
- ✓ Conducting an **Operational Assessment** to analyze current operational procedures and practices at the RECenters; and
- ✓ Delivering a **Phase I Interim Presentation** to the Client summarizing key findings and issues in Phase 1.

Phase II: Detailed Assessment

- ✓ Developing **Additional Market Analyses** that build upon the preliminary market analyses completed in Phase 1;
- ✓ Conducting a **Detailed Operations & Program Analysis** that included an evaluation of program offerings at each RECenter and development of a financial model for each in consideration of test fits developed by HGA;
- ✓ Developing **Strategic Recommendations and a Preliminary Concept** for each RECenter that are based on the preliminary assessment, additional market analysis, and program analysis;
- ✓ Hosting three (3) **Work Sessions** with the FCPA staff to review the analyses and recommendations, and two (2) **Final Presentations** with the Park Authority Board to present recommendations and next steps for implementing the Sustainability Plan; and

- ✓ Conducting two (2) **Public Information Meetings** to present the findings of the Preliminary and Detailed Assessment to Fairfax County residents and patrons of the RECenter system.

B&D completed each analysis under the conditions and assumptions outlined:

- ✓ The analyses, recommendations, observations, and conclusions contained in this plan represent the professional opinions of B&D with such opinions based on original research conducted using primary, secondary, and tertiary sources, and the project team's professional experience.
- ✓ B&D relied on multiple data sets from the Client to perform its analyses and develop corresponding financial projections. Client's data often had slightly different measurements or totals. B&D utilized its professional judgment to reconcile the data as needed. Consequently, financial projections are rounded to reflect these data set variances.
- ✓ The team performed its work using information and public documents that are deemed reliable, but whose accuracy cannot be guaranteed.
- ✓ Due to variations in national and regional economic conditions, as well as other important factors, actual expenses and revenues may vary from projections, and these variances may be significant. As such, B&D makes no assurance and provides no guarantee that results identified in this study will be achieved. Economic and market conditions, management action or inaction, and implementation timing, as well as other important circumstances, often do not occur as planned and such deviations can be material.

B&D would like to thank the following members of FCPA and HGA for their support and collaboration throughout this effort:

- ✓ Kirk Kincannon, Director of the Park Authority
- ✓ David Bowden, Director of Planning and Development
- ✓ Barbara Nugent, Director of Park Services
- ✓ Steve Lewis, Business Office Manager
- ✓ John Berlin, Program Branch Manager
- ✓ Nick Duray, Marketing Manager
- ✓ Brian Laws, Operations Manager
- ✓ Isabel Villarroel, Project Manager

The B&D, Hughes Group, and CENTERS project team was comprised of the following individuals:

- ✓ Paul Brailsford, CEO, B&D
- ✓ Jeff Sessine, Senior Vice President, CENTERS
- ✓ Sanath Kalidas, Senior Project Manager, B&D
- ✓ Bryan Slater, Senior Project Manager, B&D
- ✓ Kendra Chatburn, Assistant Project Manager, B&D
- ✓ Nick Champagne, Project Analyst, B&D
- ✓ Amado Fernandez, Principal, Hughes Group Architects
- ✓ Eliel Alfon, Principal, Hughes Group Architects
- ✓ Vernon Hall, Project Architect, Hughes Group Architects

2.0 – SYSTEM & SITE INTRODUCTIONS

OVERVIEW

The FCPA RECenter system includes nine facilities across Fairfax County, as shown in Figure 2.1. RECenters are sited in different areas of the county to provide convenient access to county residents.

A 12-member resident board, appointed by Fairfax County Board of Supervisors, sets policies and priorities for the Park Authority. Nine of the board members represent the magisterial districts of the county, and three are members-at-large. Financial resources for the operations and maintenance of facilities are generated from user fees. This arrangement necessitates that RECenter sites be competitively positioned and given operational and creative freedom to capitalize on market demand.

The first RECenter, Audrey Moore, opened in 1977 while the most contemporary facility, Cub Run, opened in 2005. Six of the nine facilities were built between 1980 and 1990, a period in which the county’s population grew by over 37%. As of 2017, RECenters range in size from 18,249 square feet (SQ FT) to 87,824 SQ FT, with the average site measuring approximately 62,000 SQ FT. Although each RECenter has a unique building program, all sites possess an aquatics facility with a 50-meter or 25-yard pool and a fitness facility. Within these sites, the Park Authority offers a wide variety of classes, camps, and programs. The primary means of advertising program offerings is through the Park Authority’s print and web-based publication *Parktakes*. In contrast, the primary means of pass advertisement is through the web, direct mail, and television.

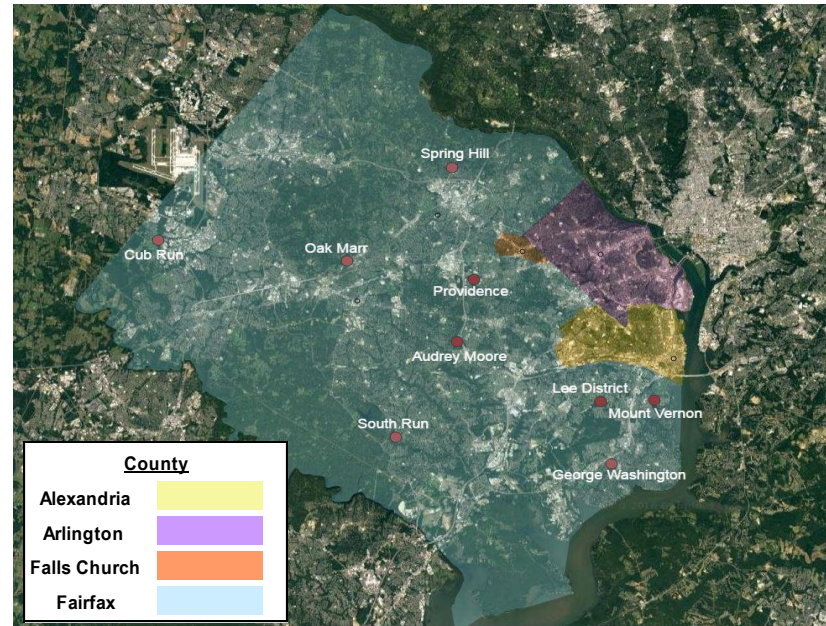


FIGURE 2.1: FCPA RECenter Locations
 Note: Falls Church is an independent city. The U.S. Census Bureau treats independent cities as county equivalents.

The site matrix in figure 2.2 below provides a specific overview of facility offerings while the subsequent site descriptions are intended to provide a broad and qualitative overview.

RECenter	Natatorium								Indoor Facilities					Outdoor Facilities			
	Pool Size	Leisure Pool	Spa	Diving Board / Starting Blocks	Locker Rooms	Sundeck	Sauna	Zero-Depth Entry	Multi-Purpose Rooms	Gymnasium	Racquetball Courts	Fitness Room	Preschool	Family Changing Room / Restroom	Playground	Sport Fields	Trails
Audrey Moore	50 m x 25 yd	-	-	Yes	Yes	Yes	Yes	-	6	Yes	5	Yes	-	Yes	Yes	Yes	Yes
Cub Run	25 yd x 25 m	Yes	Yes	Yes	Yes	-	-	Yes	3	-	-	Yes	-	Yes	Yes	-	Yes
George Washington	25 yd x 25 m	-	Yes	Yes	Yes	Yes	Yes	Yes	1	-	-	-	-	Yes	-	Yes	Yes
Lee District	50 m x 25 yd	-	Yes	Yes	Yes	Yes	Yes	-	5	Yes	3	Yes	Yes	Yes	Yes	Yes	Yes
Mt Vernon	25 yd x 25 m	-	Yes	Yes	Yes	Yes	Yes	Yes	4	-	-	Yes	-	Yes	-	-	Yes
Oak Marr	50 m x 25 yd	-	Yes	Yes	Yes	Yes	Yes	Yes	6	-	2	Yes	-	Yes	-	Yes	Yes
Providence	25 yd x 25 m	-	Yes	Yes	Yes	Yes	Yes	Yes	6	-	3	Yes	-	Yes	-	-	Yes
South Run	25 yd x 25 m	-	Yes	Yes	Yes	Yes	Yes	Yes	5	-	1	Yes	-	Yes	Yes	Yes	Yes
Spring Hill	25 yd x 25 m	-	Yes	Yes	Yes	Yes	Yes	Yes	8	Yes	2	Yes	Yes	Yes	Yes	Yes	Yes

FIGURE 2.2: FCPA RECenter Amenities Matrix

Audrey Moore

Audrey Moore RECenter is located in Annandale, VA on a 293-acre parcel. The facility was built in 1977 and measures 72,629 SQ FT. The natatorium houses one of the three 50-meter pools in the FCPA system. Audrey Moore is surrounded by a range of outdoor amenities and spaces including a skate park. Other unique facility offerings include a pottery room, which is the only one in the system, and a senior center which is operated by a non-FCPA agency.

#	RECenter	Year Built	Renovated	Facility SQ FT
1	Audrey Moore	1977	-	72,629
2	Cub Run	2005	-	66,479
3	George Washington	1988	-	18,249
4	Lee District	1980	-	87,824
5	Mount Vernon	1978	-	64,090
6	Oak Marr	1988	2014	65,513
7	Providence	1982	-	48,655
8	South Run	1988	2008	43,351
9	Spring Hill	1988	2014	83,932

FIGURE 2.3: FCPA RECenter Opening and SQ FT

Cub Run

Cub Run RECenter is located in Chantilly. The 66,479 SQ FT facility is located on a 28-acre parcel owned by Fairfax County Public Schools. Cub Run was built in 2005 and is the system's newest facility. The facility's natatorium complex measures 4,860 SQ FT and includes a leisure pool with slides. The first floor contains the largest fitness center in the system at just under 10,000 SQ FT.

George Washington

George Washington RECenter, also referred to herein as "GW," is located on a 17-acre parcel in Alexandria, VA. The facility, built in 1988, measures 18,249 SQ FT and is the smallest in the system. The facility is located approximately five and a half miles south of Lee District RECenter and four and a half miles southwest of Mount Vernon RECenter.

Lee District

Lee District RECenter was built in 1980 and is located proximate to the GW and Mount Vernon RECenters. The 87,824 SQ FT facility is located on 137.9 acres in Alexandria, VA and is the largest in the system. Lee District has one of the three 50-meter pools in the FCPA system. Fitness offerings include a 20,000 SQ FT gymnasium. Unique indoor facilities include a preschool classroom and gym with a running track. Unique outdoor facilities include a spray park, accessible tree house, themed accessible trail, carousel, amphitheater, and themed playgrounds.

Mount Vernon

Mount Vernon RECenter was built in 1978 and is located in Alexandria, VA. The facility measures 64,090 SQ FT and is located on a 9.3-acre parcel. Amenities at this facility include a 25-meter pool and an NHL sized ice rink, which is the only ice rink in the system. The Ice complex has four team rooms, two of which offer showers and bathroom facilities. The facility was slated to undergo an expansion and renovation prior to commencement of this analysis.

Oak Marr

Oak Marr RECenter was built in 1988 and is located on 137 acres in Oakton, VA. The RECenter measures 65,513 SQ FT and was built in 1988. The facility was renovated in 2014, along with Spring Hill. Oak Marr's aquatics facility includes aquatics classrooms and one of the system's three 50-meter pools. Outdoor amenities include a mini golf course, sports fields, and a golf complex.

Providence

Providence RECenter is located in Falls Church, VA. The facility measures nearly 50,000 SQ FT and has undergone several renovations since its opening in 1982; the renovations took place in 1987, 1992, and 1998. Unique facility offerings include an outdoor multipurpose court near the sundeck.

South Run

South Run RECenter is located in Springfield, VA. The 43,351 SQ FT facility is sited on 192.2 acres of land. The site includes a fitness center that was expanded to 7,000 SQ FT in 2008. South Run also includes a 22,395 SQ FT fieldhouse, the only such space in the system. Unique outdoor offerings include a dog park.

Spring Hill

Spring Hill RECenter is located in McLean, VA. The RECenter measures 83,932 SQ FT, making it the system's second largest facility. The RECenter was built in 1988 and, along with Oak Marr, received a renovation in 2014. The RECenter is one of three gyms in the system and includes a running track.

3.0 – EXECUTIVE SUMMARY

INTRODUCTION

The purpose of this assessment is to develop a long-term sustainability plan for Fairfax County Park Authority’s RECenter system. This is achieved by identifying strategies that maximize operational effectiveness, improve community responsiveness, and ultimately ensure long-term financial sustainability of each RECenter. To accomplish these objectives, B&D completed a scope of work that featured ten (10) Strategic Asset Value Analysis (SAV) sessions with the Fairfax County Board of Supervisors and Park Authority Board Members; a facilities and operational assessment; a detailed market analysis; focus groups, and an Internet survey. The scope of work also included a demand analysis for passes and programs; and strategic recommendations and financial analyses for each RECenter. This executive summary details only key findings; detailed supporting exhibits and analyses are contained throughout accompanying sections.

EXTRAPOLATION OF EXISTING CONDITIONS

The purpose of the Existing Conditions Assessment was to establish a baseline for modernization of outdated facilities and gain an understanding of the operational issues and financial performance of the RECenter system. The RECenter system is being adversely affected by increasing administrative costs and tepid or altogether stagnating revenue growth at several sites. The model, as shown in Figure 3.1 to the right, suggests the system’s revenues and expenses will converge without further investment by 2035. Capital investments are critical for arresting the RECenter system’s downward trending financial performance and results in significant value creation for the county and its taxpayers, which can be reinvested elsewhere in the facilities themselves.

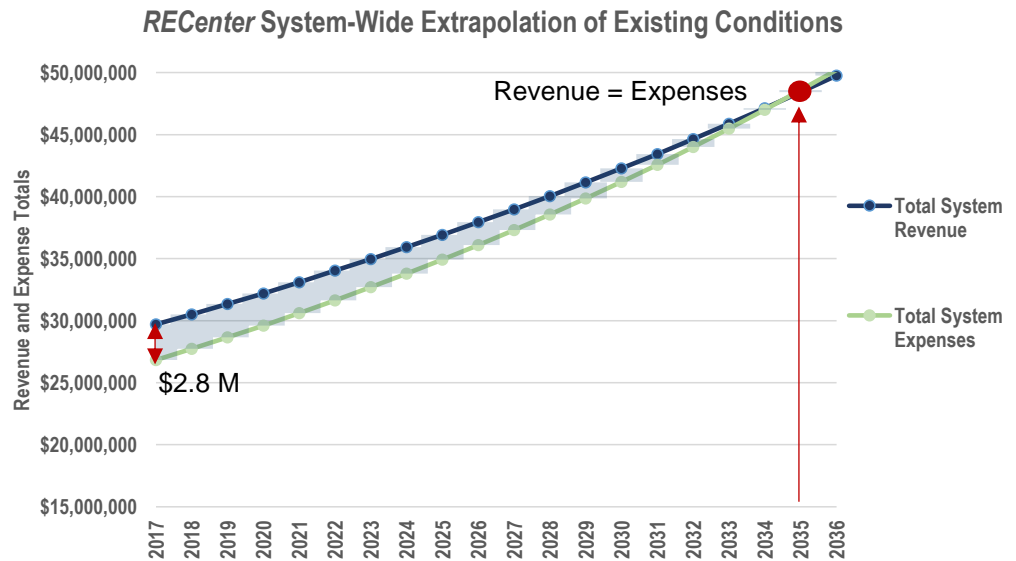


FIGURE 3.1: RECenter System-Wide Extrapolation of Existing Conditions

STRATEGIC ASSET VALUE ANALYSIS

The purpose of the SAV work sessions was to develop criteria for better performance, aspiratory conditions, and to compare the baseline with the aspiratory conditions to ensure enhancements align with the strategic objectives of the Plan. For each objective, attendees identified a value between 1 and 10 that signifies current and aspiratory conditions. All objectives with average aspirations and a “gap” are outlined in Figure 3.2 to the right and those with the most significant gaps are utilized as guiding principles for planning decisions. Accordingly, generation of tax revenues and economic impact, offering a greater degree of equitable access, and providing household management assistance are the key improvement outcomes.

MARKET ANALYSIS & PRIMARY RESEARCH

Fairfax County Park Authority should expect its facilities to perform at a high cost recovery level based on an exceptionally strong demographic profile in relation to the Metropolitan Statistical Area MSA, state, and nation, as shown in Figure 3.3 to the right. The county’s median household income is 23% greater than the MSA’s level of \$96,000. Further, the county possesses a larger than average household size and is made up of residents with greater levels of educational attainment. Overall, the county’s high composition of wealthy, well-educated, large households provides an ideal environment for revenue generation.

B&D launched an Internet Survey that received 4,699 completed responses. Focus groups are not addressed in this section but feedback stemming from these sessions was a critical facet in formulating Strategic Recommendations, which are outlined below. Survey results, which are discussed in-depth in section 7.1 were overwhelmingly positive with regard to nearly all facets of operation, including the system’s two key revenue drivers: passes and programs. Approximately 85% of existing passholders were satisfied with their pass, while over 90% were satisfied with their most recent program. The survey responses speak to FCPA’s high level of stewardship of the RECenter system.

Category	Existing Conditions	Average Aspiration	Gap
Generation of Tax Revenue / Economic Impact	2	5	3
Equitable Access	4	7	3
Household Management Assistance	2	4	2
Stress Mitigation Through Active Lifestyles	6	7	1
Common Social Experience	5	6	1
Operating Expense Management	4	5	1
Participant Diversity and Balance	6	7	1
Retention of Families	6	7	1
Recruitment of Families	6	7	1

FIGURE 3.2: Strategic Asset Value Existing Condition and Average Aspiration

Category	Fairfax County	MSA	Virginia	U.S.
Population (2016)	1,148,553	6,141,769	8,449,265	32,270,000
Cumulative Growth (2016 to 2021)	4.0%	5.5%	4.0%	3.5%
Median Household Income (2016)	\$117,646	\$96,052	\$68,227	\$56,105
Adjusted Median Household Income	\$83,437	\$68,609	\$63,173	\$56,105
Persons per Household	2.86	2.73	2.60	2.60
Median Age	36.9	35.9	37.0	37.0
Bachelor Degree or Greater	60%	49%	37%	30%

Source: SitesUSA

FIGURE 3.3: County, MSA, State, and National Demographic Comparison

STRATEGIC RECOMMENDATIONS

The strategic recommendations build upon market analyses, primary research processes, and demand analyses. Each site is assigned one of six “thematic” decisions from which recommendations developed. An overview of this process is depicted in Figure 3.4. Thematic decisions include the following options and associated sites:

1. **Expand (Providence, South Run, Oak Marr, and Mount Vernon):** Expansion for these sites is recommended because each is under-sized in consideration of its market. South Run is the second smallest facility and over-utilized to achieve its current level of performance. Expansion will facilitate generation of tax revenues, economic impact and promote equitable access.
2. **Rebuild (Audrey Moore):** Audrey Moore is the only facility slated for phased rebuilding due to its aging infrastructure.
3. **Protect (Lee District and Spring Hill):** Both sites exhibit strong financial performance and facilitate the household management assistance SAV goal by offering pre-school programs. Spring Hill requires modest investments, while Lee District requires greater capital investment to reconfigure its expansive layout and offer a more appropriately sized fitness space.
4. **Reposition (Cub Run):** Cub Run’s poor financial performance necessitates a resizing of the over-sized fitness space, catering to a wider market base to create new revenue streams, and realigning program offerings to match limited market demand. This repositioning will attract additional non-local patrons and create additional tax revenues and economic impact.
5. **Rebrand (George Washington):** The George Washington site should be rebranded to match the patron experience it delivers. Continued operation under the RECenter brand dilutes the standard, though continued operation under a different brand promotes equitable access.
6. **Create (Reston RECenter & Multi-Purpose Complex):** Development of a new RECenter in the Reston area will improve equitable access and offer household assistance to residents in the northwest portion of the county, a market that is presently underserved by the RECenter system compared to other county areas. Consideration should also be given to development of a strategically sited multi-purpose athletic complex in Fairfax County with a business model built around tournaments; such a model would attract new visitors to Fairfax County and facilitate the creation of tax revenue and economic impact. Both projects would require further study to determine their appropriate siting, scope, and scale.

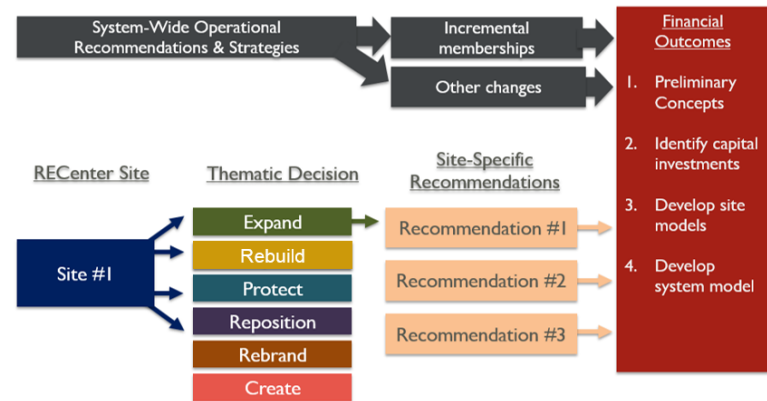


FIGURE 3.4: Strategic Recommendations Process

7. Build New Competition Sports Center (Location TBD): Construction of a new competition sports center located within the county should be considered to respond to goals outlined in the SAV. This type of facility typically would rely on a tournament-based business model, which is primarily comprised of non-local participants that introduce non-local spending to a market. This type of facility would result in creation of significant tax revenues and economic impact, which is one of the two most important drivers outlined in the SAV. A market, site, and economic feasibility analysis should be completed to identify the project concept.

Once the thematic decision is selected improvements are classified as “critical,” “core,” or “added value.” Critical and core improvements are both essential to continuing existing levels of service. However, critical improvements are influenced by factors that necessitate a sense of urgency to maintain outcomes. Sites in the south and central portions of the county should be invested in first to protect their market share; if the Park Authority does not act, pricing relationships and financial performance may be compromised if additional market supply is introduced. Those sites with critical improvements represent Phase 2, while Phase 3 encompasses all other facilities. Mount Vernon’s expansion is in Phase 1 since it is already slated to open in 2020. A graphic outlining this process is shown in Figure 3.5.

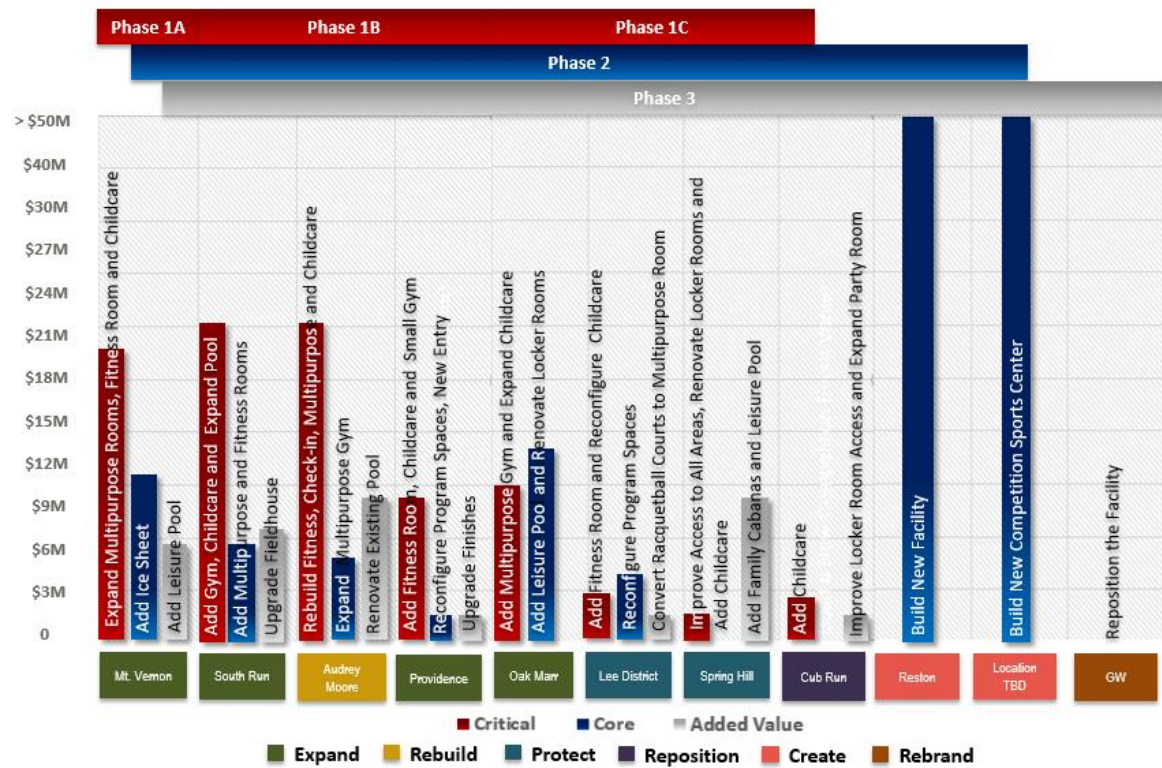


FIGURE 3.5: Strategic Recommendations

FINANCIAL ANALYSIS

The Financial Analysis measures the impact of the strategic recommendations outlined above. This portion of the analysis is divided into three key sections, which review (1) historical financial performance, (2) the extrapolation of existing conditions, and (3) projected financial performance after improvements. A financial model was developed for each site based on the improvements. This model is compared and contrasted with an extrapolation of existing conditions to measure the value of improvements.

Historical System-Wide Performance

Figure 3.6 shows revenue, expense, and net operating income histories for the RECenter system from 2007 to 2016. In 2007, the system realized \$20.2 million in revenue against \$18 million in expenses, creating a net operating profit of \$2.3 million and cost recovery of 113%. In contrast, in 2016 revenues were \$28.4 million compared to \$26 million in expenses. While operating profit has increased slightly, system cost recovery stands at 109% in 2016. The decline in cost recovery means the system is slightly less “profitable” than it was in 2007 despite the revenue growth. This narrowing recovery is a result of compound growth over this period of 4.2% for expenses and 3.8% for revenues. A detailed discussion of system-wide performance can be found in section 9.0.

Year	Revenue	Expense	NOI	Recovery
2007	\$20,244,632	\$17,952,059	\$2,292,573	112.8%
2008	\$21,313,262	\$19,272,660	\$2,040,602	110.6%
2009	\$22,025,504	\$20,585,328	\$1,440,176	107.0%
2010	\$22,786,076	\$20,286,983	\$2,499,093	112.3%
2011	\$23,918,252	\$21,704,093	\$2,214,159	110.2%
2012	\$25,447,157	\$22,213,644	\$3,233,513	114.6%
2013	\$26,283,844	\$23,205,898	\$3,077,946	113.3%
2014	\$26,144,272	\$24,119,356	\$2,024,916	108.4%
2015	\$27,473,328	\$24,986,466	\$2,486,861	110.0%
2016	\$28,358,114	\$25,975,482	\$2,382,632	109.2%

Source: FCPA

FIGURE 3.6: Historical System-Wide Performance

System Twenty-Year Projections

Financial performance for the system **if it did not receive investment** is projected over a 20-year time horizon from 2017 to 2036 under the “extrapolation” column. As shown in Figure 3.7 below, the net operating income for the system will steadily decline from \$2.4 million in 2022 to \$1.7 million in 2027, to under \$400,000 in 2033. By 2035, the system’s expenses would be greater than revenues. In contrast, the “improved system” column measures net operating income **if improvements were implemented** and sequenced according to B&D’s recommendations. Revenues outpace expenses after improvements, whereas in the extrapolation scenario revenues and expenses converge in 2035. Over a 20-year time horizon, performance is improved by \$72.1 million. Utilizing a discount rate of 3.75%, the net present day valuation of improved performance is \$41.1 million. This means that if all improvements were implemented in these general timeframes that improvements in future cash flow would yield \$41.1 million in present day value. Figures 3.8 and 3.9 on the next page provide a visual representation of the 20-year extrapolations.

System-Wide Net Operating Income Comparison							
Year	Improved System	Extrapolation	Improvement	Year	Improved System	Extrapolation	Improvement
2017	\$2,840,000	\$2,840,000	-	2027	\$5,570,000	\$1,670,000	\$3,900,000
2018	\$2,670,000	\$2,670,000	-	2028	\$5,740,000	\$1,490,000	\$4,250,000
2019	\$2,540,000	\$2,540,000	-	2029	\$5,910,000	\$1,300,000	\$4,610,000
2020	\$2,350,000	\$2,590,000	-\$240,000	2030	\$6,090,000	\$1,090,000	\$5,000,000
2021	\$3,550,000	\$2,490,000	\$1,060,000	2031	\$6,270,000	\$870,000	\$5,400,000
2022	\$4,220,000	\$2,390,000	\$1,830,000	2032	\$6,460,000	\$640,000	\$5,820,000
2023	\$4,890,000	\$2,270,000	\$2,620,000	2033	\$6,650,000	\$390,000	\$6,260,000
2024	\$5,190,000	\$2,130,000	\$3,060,000	2034	\$6,850,000	\$130,000	\$6,720,000
2025	\$5,300,000	\$1,990,000	\$3,310,000	2035	\$7,060,000	-\$150,000	\$7,210,000
2026	\$5,410,000	\$1,840,000	\$3,570,000	2036	\$7,270,000	-\$450,000	\$7,720,000
						Improved Performance:	\$72,100,000
						Net Present Value of Improved Performance:	\$41,090,000

FIGURE 3.7: System-Wide Net Operating Income Comparison

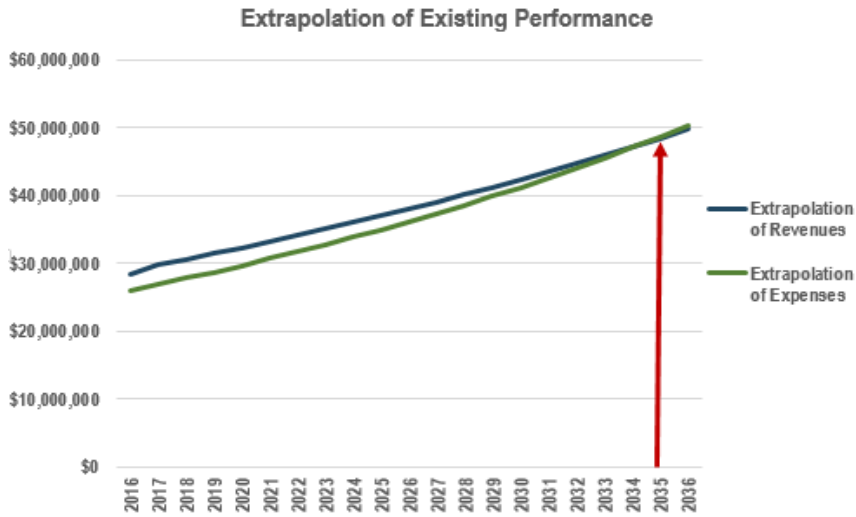


FIGURE 3.8: Extrapolation of Existing Performance

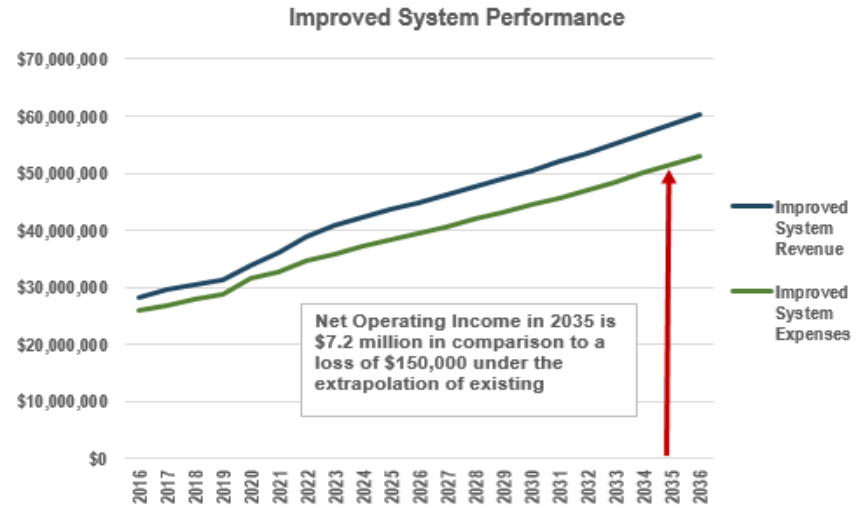


FIGURE 3.9: Improved System Performance

Next Steps

Capital improvements can be a necessity, a component of an advancement strategy, or both. Based upon our experience, the most successful and enduring projects meet an unmet market demand while advancing other desired institutional outcomes. For example, the RECenter system provides needed wellness and recreational opportunities to Fairfax County residents, but it also drives recruitment and retention of businesses and families and heightens the success and reputation of Fairfax County. Armed with such concrete examples of how the FCPA leveraged strategic investments, the RECenter system can justify an increased commitment for additional capital and operating resources from budget allocations. Such an argument can be and typically is, used to solicit support from both private and public sources. We are excited about the strategic objectives and the potential of recommendations and concepts we identified to improve the system’s operational effectiveness, community responsiveness and to ensure the system’s long-term financial sustainability. We need to move from strategic concepts to detailed plans for implementation through the following next steps.

1. Acceptance of the prioritization of capital investments by site / phasing approach to manage scarce resources
2. Avoid project specific scope creep

4.0 – STRATEGIC ASSET VALUE

INTRODUCTION

The following section is intended to summarize the results of the Strategic Asset Value (SAV) work sessions that were held with the Fairfax County Board of Supervisors, Park Authority Board, and Staff between September-November 2016. The work sessions were moderated by Brailsford & Dunlavey (B&D).

Attendees at the work sessions included the following individuals:

- Ms. Sharon Bulova (Chairman, Board of Supervisors)
- Mr. John Foust (Supervisor, Dranesville District)
- Mr. Tim Hackman, Board Member, Dranesville District
- Ms. Penny Gross (Supervisor, Mason District)
- Mr. Frank Vadja (Former Board Member, Mason District)
- Mr. John Cook (Supervisor, Braddock District)
- Mr. Anthony Vellucci (Board Member, Braddock District)
- Mr. Pat Herrity (Supervisor, Springfield District)
- Mr. Michael Thompson, Jr. (Board Member, Springfield District)
- Ms. Catherine Hudgins (Supervisor, Hunter Mill District)
- Mr. William Bouie (Chairman of the FCPA Board, Hunter Mill District)
- Ms. Kathy Smith (Supervisor, Sully District)
- Ms. Marguerite Godbold (Board Member, Sully District)
- Ms. Linda Smith (Supervisor, Providence District)
- Mr. Ken Quincy (Board Member, Providence District)
- Mr. Dan Storck (Supervisor, Mt. Vernon District)
- Mr. Linwood Gorham (Board Member, Mt. Vernon District)
- Mr. Jeff McKay (Supervisor, Lee District)
- Mr. Edward Batten, Sr. (Former Board Member, Lee District)
- Mr. Kirk Kincannon (Director, FCPA)
- Mr. David Bowden (Director, Planning and Development, FCPA)
- Mr. Paul Brailsford (B&D)
- Mr. Sanath Kalidas (B&D)
- Mr. Bryan Slater (B&D)
- Mr. Amado Fernandez (HGA)

Through the SAV work session, the Board of Supervisors and FCPA Board Members discussed independent strategic objectives as they relate to Fairfax County. The intent of the discussion is listed below:

- ✓ Facilitate involvement of Fairfax County Board of Supervisors and FCPA Board Members in the strategic planning process;
- ✓ Establish a strategic criteria that allows for innovative solutions and streamlined decision making;

- ✓ Ground the planning effort’s objectives in Fairfax County’s permanent ideals to ensure implementation consistency; but,
- ✓ NOT to modify the essence of Fairfax County’s purpose or introduce new principles.

METHODOLOGY

OBJECTIVES

The purpose of the SAV work session was to identify and prioritize strategic objectives that the System-wide Sustainability Plan (Plan) must address through operational, physical, and programmatic enhancements. For each objective, the group identified a value between 1 and 10 to represent how the RECenter system is currently performing; these selections were marked with an “X.”

SAV stakeholders also identified a value between 1 and 10 for each strategic objective representing the aspirant level of intensity that the FCPA must pursue as part of the Plan; these selections were marked with an “O”.

Whenever a gap existed between the “X” and the “O,” it signaled an opportunity, during the planning process, to identify solutions that can be deployed to close those gaps. Figure 4.1 is an excerpt from the SAV worksheet,

which B&D utilized to guide the session. The workshop results were then synthesized and translated into this SAV Story, which articulates the attributes that the Plan must strive to achieve. The SAV Story was intended to describe Fairfax County’s targeted future reality and identify the role that its RECenter system must play in supporting the broader mission and vision of the county.

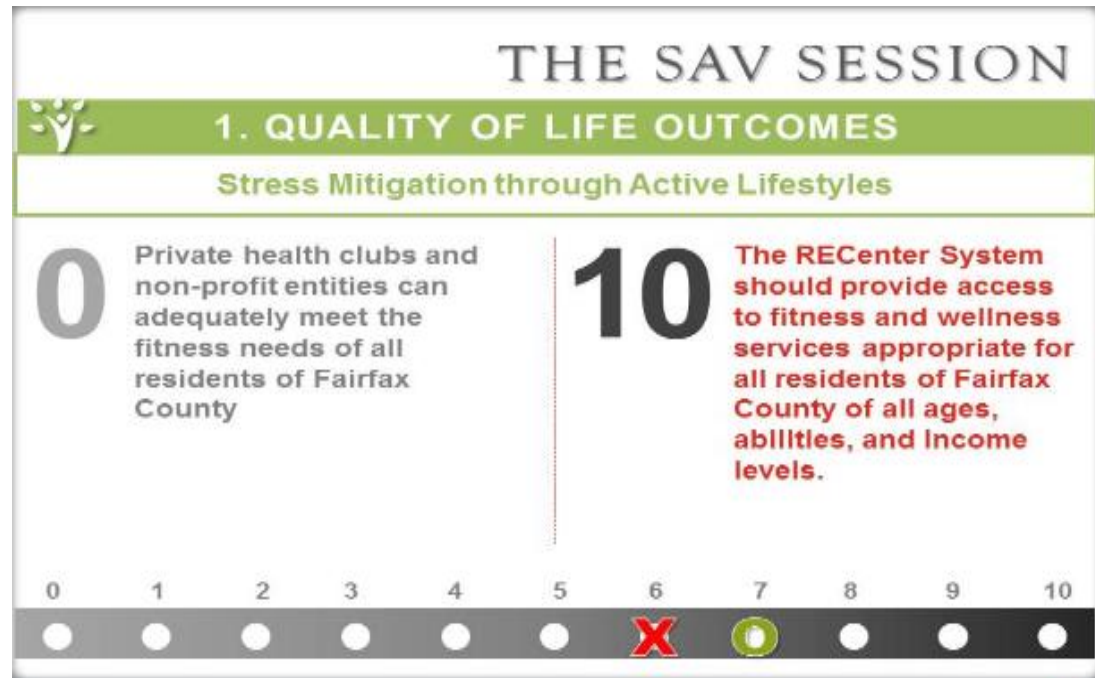


FIGURE 4.1: SAV Example

The SAV Story consists of the following chapters.

- ✓ Priority Order of Space Needs and Project Concept
- ✓ Architectural and Construction Quality
- ✓ Target Markets and Accessibility
- ✓ Operating Paradigm and Financial Performance

SAV CHAPTERS

The following SAV chapters have been created to expound on the vision-based priorities of Fairfax County and establish a strategic lens for decision-making as the county seeks to achieve its targeted new reality. To clarify, the chapters are not focused on existing conditions because the county's current reality is temporal, while one's strategic vision is and must be resolute.

- ✓ **Priority Order of Facilities and Project Concept:** FCPA's recreation centers assets must respond to the niche position that they hold within the county's broad infrastructure which is comprised of schools, community centers, profit and non-profit private entities and FCPA's park system. The FCPA's priority is to complement services provided by other organizations by filling gaps in offerings for wellness, fitness, and indoor leisure activities and programs. The assets must also support or enhance what is provided by the balance of the county's infrastructure by providing venues for certain interscholastic sports competitions and practices and summer camps. The RECenters space priorities must cater to fitness, aquatics, and land programs for county residents. Flexibility to accommodate a broad menu of recreational programs is a high priority. Program allocation should be based on levels of participation and market demand.
- ✓ **Architectural and Construction Quality:** The design quality should reflect the nationally respected stature of Fairfax County and brand of the Park Authority RECenters. The construction quality should be driven by the desire to minimize long-term maintenance and operating costs. The ability to use physical assets as economic development collateral continues to be an FCPA objective.
- ✓ **Target Market and Accessibility:** While enrolled patrons may vary with regard to their ability to pay, geographic origin, background, abilities, and life experiences (personal and professional), among other characteristics, all FCPA patrons must share a common social experience and community engagement that uniquely define the RECenter System. The patron profile should reflect the county's demographics.

- ✓ **Operating Paradigm and Financial Performance:** The FCPA's purpose and mission can only be achieved if a healthy and sustainable financial reality exists for the RECenter System. Generating revenue to support the enterprise is a high priority. Not only must the FCPA's financial system achieve and maintain a position of strength, but it is also required to accommodate the delivery of a high-quality patron experience through impactful personnel, programs, facilities, and maintenance. To accomplish this, revenue sources other than patron memberships, camps, programs, and rental fees must be based on market analysis and maximized to achieve the required balance. Private partnerships are welcome and encouraged, but should be customized to the standards of the FCPA Board.

STRATEGIC OBJECTIVES

To summarize the vision-based objectives of Fairfax County and provide a framework for the information that is to follow, B&D developed a series of strategic objectives based on the chapter topics of the SAV Story. The strategic objectives for FCPA RECenters and outcome categories are described below.

ENHANCE RESIDENT QUALITY OF LIFE

- ✓ **Responsiveness to Depth of Community Interest:** In terms of passive recreation and leisure, FCPA strives to find a balance between passive and active recreation, rather than try to be everything to everyone.
- ✓ **Responsiveness to Breadth of Community Interest:** In regard to breadth of services, the Plan calls for FCPA to broadly respond to the evolving interests of Fairfax County's residents. Although thousands of programs are currently offered, the capacity falls short of the targeted services level.
- ✓ **Stress Mitigation through Active Lifestyles:** In terms of stress mitigation, the Plan calls for FCPA to provide access to fitness and wellness services that are appropriate for all residents of Fairfax County regardless of age, ability, and income level.
- ✓ **Household Management Assistance:** In regard to household management assistance, the FCPA strives to find a balance between providing family care services and programs for children, youth, senior, **or** those with special needs. In delivering "essential governmental services," FCPA will not serve as the sole provider in any one function.
- ✓ **Character Development for Youth:** In terms of character development for youth, FCPA REC is strongly committed to supporting youth sports for aquatics and hockey on the basis of the developmental outcomes that are achieved.

RECRUITMENT AND RETENTION

- ✓ Recruitment and retention of a skilled workforce / employers and families to support the economic development of the county has never been part of FCPA's charge, although FCPA's quality facilities and programs are often used as recruitment collateral by those recruiting companies to the area. FCPA is consistently ranked as one of the best parks and recreation agencies in the U.S.

COMMUNITY BUILDING

- ✓ **Common Social Experience and Community Engagement:** Common social experience and community engagement is important to FCPA. The Plan calls for large, flexible RECenters to meet the broad interests of the county's residents through events. The FCPA currently has limited capacity to support these types of events.
- ✓ **Equitable Access with current required funding model:** In the degree of equitable access desired, FCPA is comfortable with value-based pricing and does not take an aggressive position with respect to ensuring that the cost of programs and services is sufficiently low for all residents to afford all services. Affordability is approached on a targeted basis, and the gap between what is done and what should be done is considered minimal.
- ✓ **Participant Diversity and Balance:** The Plan places a strong emphasis on Park Authority patrons being demographically representative of the county as a whole. Recent initiatives and outreach efforts have caused the gap in this area to close significantly, but higher participant diversity and balance is still a goal.

FINANCIAL PERFORMANCE

- ✓ **Revenue Generation:** Due to commitments to increase and sustain service levels across all program areas, revenue generation is an extraordinarily high priority; however, commercialization that compromises or undermines the Park Authority's mission will be avoided.
- ✓ **Operating Expense Management:** Delivering high-quality service and providing well-maintained facilities is of paramount importance. Historically, the Park Authority has operated in a highly efficient and cost-effective manner, and is committed to securing the resources required to meet its standards, but is not comfortable being overly reliant on raising fees in regard to budget vs. quality reconciliation.
- ✓ **Financing / Risk Tolerance:** In terms of risk tolerance, FCPA maintains an extremely supportive stance with respect to meeting the needs of Fairfax County's residents. As an independent authority, the FCPA has limited capacity to absorb operating deficits that result from unrealized revenue projections or unanticipated cost increases.

- ✓ **Generation of Direct and Indirect Tax Revenues / Economic Impact:** Generation of direct and indirect tax revenues is a goal for FCPA. Direct FCPA programming will be targeted toward introductory or developmental programs that prepare participants for more rigorous levels of competition. These programs are mission central and could be performed well internally because highly skilled staff or special facilities are not required.

PRIORITIZATION OF STRATEGIC OUTCOMES

To prioritize the vision-based objectives of Fairfax County and provide a criteria for the System-wide Sustainability Plan for the RECenter system, B&D completed a gap analysis between the BOS' average target aspiration and existing condition of the RECenter system. The following outcome categories with the highest gap are identified as key priorities that are to be addressed by the Sustainability Plan for the RECenter system.

1. Generation of Direct and Indirect Tax Revenues / Economic Impact
2. Equitable Access
3. Household Management Assistance
4. Stress Mitigation through Active Lifestyles
5. Common Social Experience and Community Engagement

A summary of the gap analysis and key priorities are shown in Figure 4.2 below.

Outcome Categories	Sub Categories	Existing Conditions	BOS - Average Target Aspiration	Gap
Financial Performance	Generation of Direct and Indirect Tax Revenues / Economic Impact	2	5	3
Community Building	Equitable Access	4	7	3
Quality of Life	Household Management Assistance	2	4	2
Quality of Life	Stress Mitigation through Active Lifestyles	6	7	1
Community Building	Common Social Experience / Community Engagement	5	6	1
Financial Performance	Operating Expense Management	4	5	1
Community Building	Participant Diversity and Balance	6	7	1
Recruitment & Retention	Retention of Families (Households)	6	7	1
Recruitment & Retention	Recruitment of Families (Households)	6	7	1
Financial Performance	Financing / Risk Tolerance	5	5	0
Recruitment & Retention	Recruitment of a Skilled Workforce (Employers)	6	6	0
Financial Performance	Revenue Generation	5	5	0
Quality of Life	Responsiveness to Depth of Community Interest	7	7	0
Quality of Life	Responsiveness to Breadth of Community Interest	7	7	0
Quality of Life	Character Development for Youth	6	6	0

FIGURE 4.2: SAV Gap Analysis Summary

5.0 – MARKET ANALYSIS

INTRODUCTION

The Market Analysis provides an in-depth examination of demographic and socioeconomic characteristics unique to Fairfax County. It contains a detailed analysis of each RECenter's primary service area and the alternative consumer options within each. The analysis also provides the initial framework for developing programmatic recommendations for each of the nine RECenters. This section relies on a series of tasks that include:

- ✓ An analysis of the **demographic makeup of Fairfax County**;
- ✓ The **identification of primary service areas** for passholders and programs for each RECenter;
- ✓ A comparative **demographic analysis** of each RECenter's primary service areas;
- ✓ The analysis of **alternative consumer options analysis** in each service area;
- ✓ Creation of **market profiles** for each of the RECenter primary service areas that include a demographic overview, maps examining primary service area footprints and population density, and an analysis of each RECenter's alternative consumer options.

COUNTY DEMOGRAPHIC ANALYSIS

OBJECTIVES

The county demographic analysis is designed to measure and evaluate current and potential market support levels for the RECenter system. The analysis considers standard indicators including current and future population characteristics, market wealth, age, race, and consumer spending. The analysis begins with a comparison of county-level characteristics in relation to those measured at the Metropolitan Statistical Area, state, and nation levels. Demographic characteristics are then further evaluated for each ZIP Code in the county; this approach is essential as ZIP Codes are subsequently grouped into primary service areas. The method by which ZIP Codes are included in various primary service areas is explained throughout this document. The grouping of these ZIP Codes allows for detailed demographic comparisons of each RECenter's primary service areas and successive analyses necessary to develop market-responsive concepts and recommendations.

METHODOLOGY

B&D utilized data provided by SitesUSA (SitesUSA) to develop all demographic comparisons and analyses. The software program combines geographic information systems (GIS) technology with extensive demographic, consumer, and business information to generate a detailed statistical profile for specific areas. Data were collected for each ZIP Code within Fairfax County and those on its periphery that, according to data provided by FCPA, provide a substantial number of users. Note that B&D's demographic content provider often utilizes block group data in visual figures such as the maps included in this section.

Market Definition

Fairfax County is located in the state of Virginia and encompasses 406 square miles. The county is located to the west of the District of Columbia and Arlington County; to the southwest of Montgomery County, Maryland; to the southeast of Loudon County; and to the northeast of Prince William County. The county encompasses all or parts of 46 separate ZIP Codes and is part of the Washington-Arlington-Alexandria Metropolitan Statistical Area (MSA). Defined by the federal government's Office of Management and Budget, an MSA is a region with a densely populated core surrounded by less populated communities that possess a high degree of economic and social integration.

Population and Market Size

Fairfax County has a population of 1.15 million people. The county is projected to grow by four percent over the next five years, a rate consistent with the state average. In comparison, the nation is expected to grow by 3.5% while the MSA is projected to expand by 5.5%. The county experienced population growth of nearly 180% from 1950 to 1960 and has declined since (66% in the 60s, 31% in the 70s, 37% in the 80s, 19% in the 90s, and 11.5% from 2000 to 2010). Fairfax County has an average of nearly 2.9 persons per household, a figure that is larger than the three other jurisdictions considered. This measurement suggests that, on average, Fairfax County households are made up of a comparatively high percentage of families. Median age levels are consistent with state and national averages and slightly above the MSA.

Population Growth by Age

Figure 5.2 to the right shows population growth by age bracket in Fairfax County over the next 20 years. From 2016 to 2020, child (10-14) and senior (65 and over) population is expected to grow at a comparatively higher rate than any other age group at 11.6% and 12.5%, respectively. Population growth by age group impacts future programming dynamics due to changes in demand for age-specific programs (for example, Camps).

Category	Fairfax County	MSA	Virginia	U.S.
Population (2016)	1,148,553	6,141,769	8,449,265	32,270,000
Cumulative Growth (2016 to 2021)	4.0%	5.5%	4.0%	3.5%
Households	401,103	2,252,762	3,244,785	12,390,000
Persons per Household	2.86	2.73	2.60	2.60
Median Age	36.9	35.9	37.0	37.0

Source: SitesUSA

FIGURE 5.1: General Demographics Comparison

	Fairfax County Population Growth Rate by Age			
	2016-2020	2020-2025	2025-2030	2030-2035
Under 5	-0.1%	3.5%	5.9%	5.2%
5 to 9	-1.5%	2.9%	4.1%	5.2%
10 to 14	11.6%	3.6%	3.6%	4.0%
15 to 19	0.8%	4.7%	4.3%	3.6%
20 to 24	2.4%	6.2%	5.3%	3.9%
25 to 34	1.5%	6.1%	5.8%	4.4%
35 to 44	-0.4%	2.3%	4.7%	5.1%
45 to 54	-4.4%	0.9%	2.9%	3.3%
55 to 64	3.4%	-2.2%	-1.5%	1.9%
65 and over	12.5%	13.2%	8.5%	4.0%
Total	2.2%	4.1%	4.4%	4.0%

Source: Fairfax County Demographic Reports 2016

FIGURE 5.2: Projected Population Growth by Age Group

Wealth and Income

Figure 5.3 examines wealth characteristics for each of the four jurisdictions analyzed. The county has the highest average and median household income levels of any jurisdiction analyzed at \$150,743 and \$117,646, respectively. The county's per capita income level, which measures wealth in consideration of the number of persons per household, is more than double the national per capita income figure (\$62,844 vs. \$30,207). However, the cost of living in both Fairfax County and the MSA is no less than 40% higher than the national average. When the median household income figure is adjusted for this the county still is nearly 50% greater than the national average, 32% greater than Virginia, and 22% higher than the MSA. Average household net worth, which is measured as assets minus liabilities on a per household basis and also accounts for other means of wealth such as inheritance is nearly double the national and state averages and is 25% above those elsewhere in the MSA.

Category	Fairfax County	MSA	Virginia	U.S.
Average Household Income (2016)	\$150,743	\$124,505	\$92,975	\$78,087
Median Household Income (2016)	\$117,646	\$96,052	\$68,227	\$56,105
Per Capita Income (2016)	\$62,844	\$45,801	\$35,952	\$30,207
Cost of Living Index	1.41	1.40	1.08	1.00
Adjusted Median Household Income	\$83,437	\$68,609	\$63,173	\$56,105
Average Household Net Worth (2016)	\$1,222,303	\$984,848	\$662,695	\$619,695

Source: SitesUSA, AreaVibes.Net

FIGURE 5.3: Wealth Characteristics Comparison

Household Income Stratification

Households in each jurisdiction are divided into six possible income brackets which are shown in Figure 5.4's legend. The darkest blue represents the percentage of households with income below \$49,999 while the light yellow represents the percentage of households with incomes of \$200,000 or more. The county ranks first in terms of percentage of households with an income over \$200,000 and \$150,000 to \$199,999 and last by percentage of households with income under \$49,999 when compared to MSA, State, and national levels. While this analysis does not account for the region's comparatively high cost of living, it further speaks to the entire market's considerable wealth and high concentration of high-wealth households.

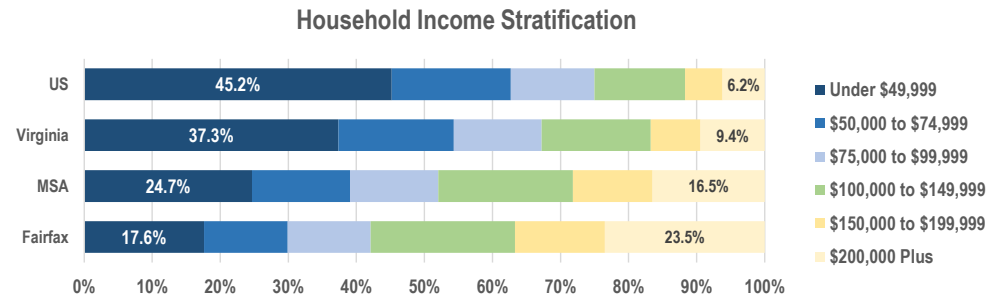


FIGURE 5.4: Wealth Characteristics Comparison

Age

As previously discussed in Figure 5.5, Fairfax County’s median age is similar to regional, state, and national levels. Accordingly, the county’s age distribution across the seven age brackets utilized in the analysis is remarkably consistent with the three other jurisdictions. The most noticeable variance is in the age 65 or older bracket, with Fairfax County having 12.4% of residents in this age group while the three other jurisdictions have an average of 14%.

Category	Fairfax County	Average	MSA	Virginia	U.S.
Under Age 14	19.6%	18.9%	19.4%	18.5%	18.9%
15 to 24 Years Old	12.6%	13.4%	12.9%	13.6%	13.7%
25 to 34 Years Old	13.7%	14.2%	15.0%	14.0%	13.6%
35 to 44 Years Old	14.4%	13.3%	14.4%	13.0%	12.6%
45 to 54 Years Old	14.6%	13.7%	14.2%	13.7%	13.2%
55 to 64 Years Old	12.7%	12.4%	12.0%	12.7%	12.6%
65 Years Old or Greater	12.4%	14.0%	12.1%	14.5%	15.3%

Source: SitesUSA

FIGURE 5.5: Median Age Comparison

Racial Composition

Racial composition an important consideration when determining the range of programs and offerings that are of most interest to various communities. Figure 5.6 examines racial composition across each jurisdiction. The two local market areas – Fairfax County and the Washington D.C. MSA – exhibit more racially diverse profiles in relation to the state and national profiles, which have a heavier composition of Caucasians. Fairfax County is primarily composed of Caucasians (60%), Asians (20%), and African-Americans (10%). The heavy concentration of Asians is more than triple the national and state measurements and nearly double the MSA level.

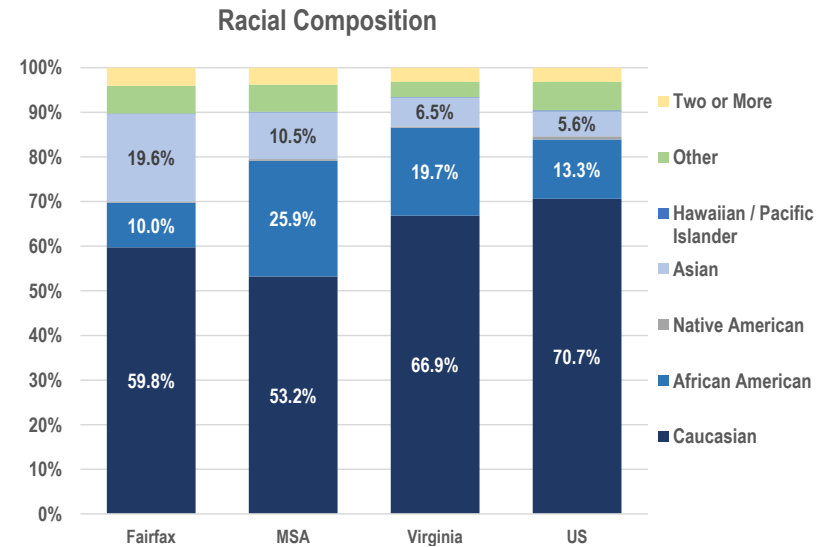


FIGURE 5.6: Racial Composition

Educational Attainment

Educational attainment levels are an important indicator of demand for recreational activities for two reasons: (1) persons with higher levels of education typically have greater levels of discretionary income for purchases of goods and services, and (2) national recreation participation statistics have shown those with higher levels of attainment are more likely to be active participants. As seen in Figure 5.7, approximately 60% of Fairfax County’s population possesses a Bachelor degree or higher, while the average among the state, MSA, and nation is just under 40%. The county’s wealth and educational attainment statistics are positive indicators of demand for recreational activity at RECenters and, in B&D’s professional experience, rarely seen in other markets nationwide.

Category	Fairfax County	Average	MSA	Virginia	U.S.
Elementary	5.3%	5.1%	4.9%	4.8%	5.6%
Some High School	3.3%	6.2%	4.6%	6.7%	7.4%
High School Graduate	12.8%	23.7%	18.8%	24.5%	27.7%
Some College	13.3%	19.2%	16.6%	19.9%	21.0%
Associate Degree	5.4%	7.1%	5.7%	7.3%	8.2%
Bachelor Degree	30.1%	21.6%	25.3%	20.9%	18.7%
Graduate Degree	29.8%	17.2%	24.1%	16.0%	11.4%

Source: SitesUSA

FIGURE 5.7: Educational Attainment

Retail Expenditures

Figure 5.8 to the right shows retail expenditures per household across the four market areas examined. Fairfax County households spend an average of nearly \$3,600 on retail goods each month, with approximately \$455 being devoted towards entertainment. Each figure is higher than those observed at the MSA, state, and nation and is reflective of the market’s comparatively greater levels of wealth in households.

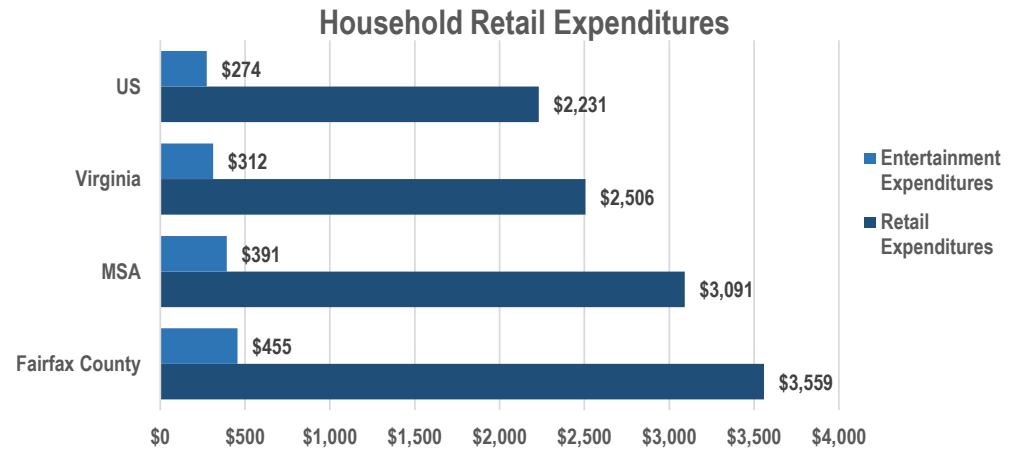


FIGURE 5.8: Household Retail Expenditures

Population Density

Figure 5.9 to the right shows population density throughout Fairfax County. Areas that are shaded green are areas that are more densely populated, while those that are yellow are less densely populated. Population density is greatest near Tysons Corner, Burke, Springfield, and communities on the county’s eastern periphery that border Alexandria and Arlington. In contrast, western portions of the county which include Herndon, Reston and Centreville are comparatively less dense. The areas with lowest population density are located adjacent to the northern and southern-most boundaries of the county. Low-density areas include Clifton, Great Falls, Fort Belvoir and Mason Neck.

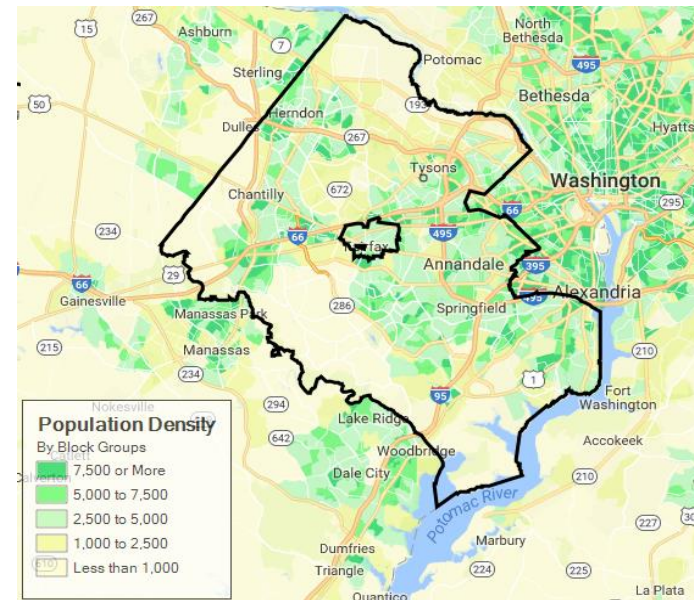


FIGURE 5.9: Population Density Map

Five-Year Population Growth

Figure 5.10 to the right provides a depiction of projected population growth in the county over the next five years (2016 – 2021). Areas shaded green are projected to have the highest growth rates. The City of Fairfax has the highest estimated five-year population growth of 5% or more. Population centers in eastern Fairfax County, as well as Reston/Herndon and Centreville have an estimated five-year growth between 2% and 5%, consistent with state and national averages. In contrast to population density discussed previously, Mason Neck and Great Falls have higher expected growth rates than the other low-density areas to the west, such as Clifton.

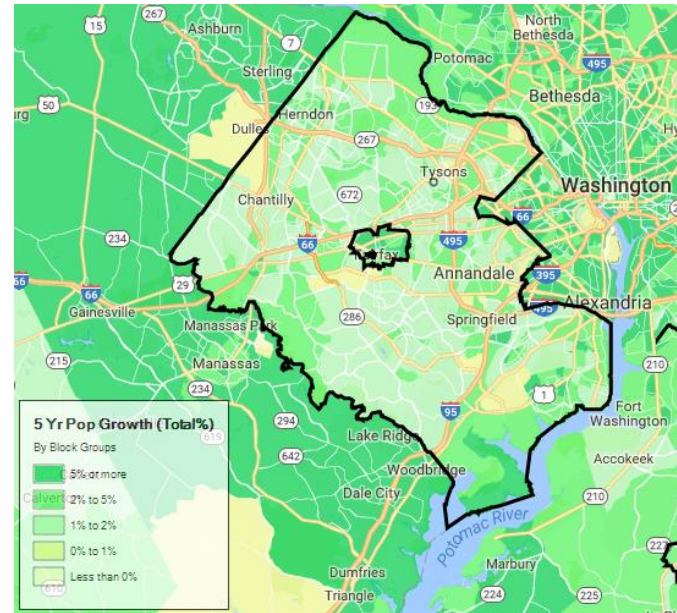


FIGURE 5.10: Five-Year Population Growth Map

Median Age

Figure 5.11 to the right provides an illustration of median age levels throughout the county. Areas that have dark green shading have greater median age levels. The greatest concentration of households with elevated median age levels are in communities such as Clifton and Great Falls in southwest and northern portions of the county. Median age levels observed in other ZIP Codes within the county vary, though B&D observed these levels are lower along major Interstate corridors.

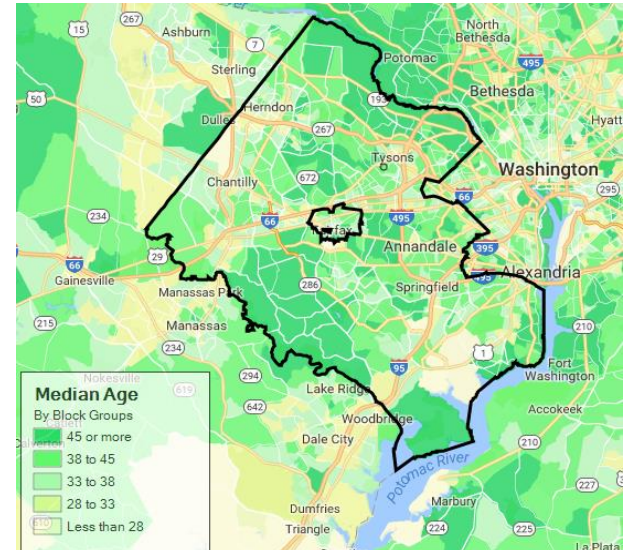


FIGURE 5.11: Median Age Map

Average Household Income

Figure 5.12 to the right shows Fairfax County's average household income by ZIP Code. Nearly all ZIP Codes are shaded dark green, which is indicative of an average household income level of \$75,000 or more. The lighter green area along Richmond Highway in the southeast portion of the county indicates an average household income of \$60,000 - \$75,000, which is slightly lower than the majority of the county. The consistent distribution of households with such significant incomes is yet another county characteristic seldom observed by B&D.

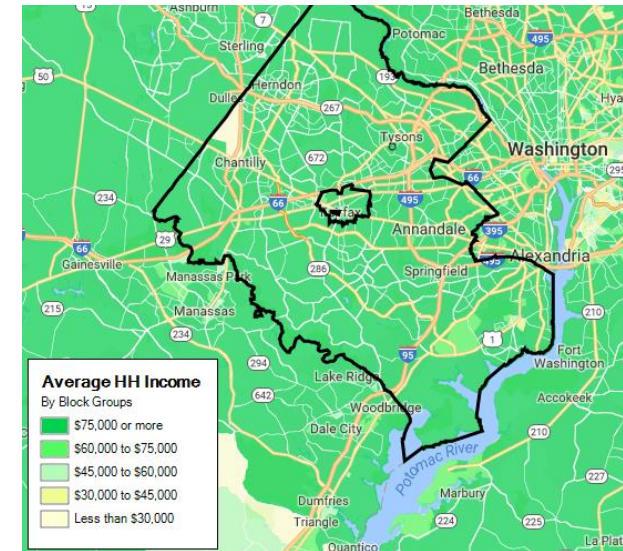


FIGURE 5.12: Average Household Income Map

PRIMARY SERVICE AREA IDENTIFICATION

OBJECTIVES

The goal of the Primary Service Area Analysis is to establish primary service areas for each of the RECenters. B&D defines a primary service area as the market base(s) that provide the majority of patrons or customers who purchase goods or services from a vendor. In this instance, identification of these service areas is a critical facet of the entire analysis. First, the establishment of these areas allows for comparative analyses of demographic characteristics for each RECenter and then evaluation of the level of competition from alternative consumer options. Second, the RECenter system contains nine facilities that, to varying extents, compete with one another for pass enrollment and program demand. Understanding these market dynamics is critical to implementing site-specific recommendations that maximize operational outcomes. Additionally, these relationships are utilized by B&D to assist with explaining financial performance of each facility and developing market-responsive thematic decisions.

METHODOLOGY

Primary service areas were determined by analyzing passholder and program enrollment statistics provided by the Park Authority from its *ParkNet* database. For all RECenters, service areas are a collection of several ZIP Codes. In this analysis, B&D considers a ZIP Code as a primary service area if it represents four percent (4%) of overall pass or program demand at a site. All data is based on 2015 figures provided by the Park Authority.

Figure 5.13 to the right provides a depiction of the process by which B&D determined service areas. For instance, fictional Site A has program enrollment of 120,000 and 15,000 total passholders. ZIP Codes A through D are included in the primary service area as each provides no less than 4% of that site’s overall program demand. In contrast, ZIP Codes A through C represent primary service areas for pass enrollment. Though ZIP Code D is part of the primary service area for program demand, the ZIP Code falls below the 4% threshold for pass demand and is not included in Site A’s primary service area for pass demand. B&D acknowledges this methodology is subjective, though service areas align closely with those previously identified by the Park Authority, lending credence to the selection of 4% as the service area cutoff.

	Program Enrollment	Pass Enrollment	Site A	
			Program %	Pass %
Site A	120,000	15,000		
Zip Code A	60,000	8,000	50%	53%
Zip Code B	22,500	4,250	19%	28%
Zip Code C	15,000	950	13%	6%
Zip Code D	7,800	500	7%	3%
Zip Code E	2,200	400	2%	3%
Zip Code F	1,200	300	1%	2%

FIGURE 5.13: Enrollment PSA Example

Primary Service Area Definitions

The primary service areas for passes and programs at each of the nine RECenters are shown in Figure 5.14 to the right. All ZIP Codes that are not highlighted are primary service areas for both passes and programs. Those highlighted in blue indicate that the ZIP Code is part of the primary service area for programs only, while green indicates that the ZIP Code is part of the pass service area. Key findings follow below:

#	Cub Run	Oak Marr	Spring Hill	Providence	Audrey Moore	South Run	Lee District	Mt. Vernon	GW
1	20151	22030	22101	22003	22151	22039	22315	22308	22308
2	20120	22124	22102	22042	22003	22153	22310	22307	22309
3	22033	22181	22182	22031	22015	22015	22306	22306	22306
4	20152	22180	22043	22043	22032	22152	22303	22309	22079
5	20171	22031	22066	22046	22312	22079	22150	22303	
6	20121	22033	22180	22180	22150	22032	22079	22314	
7		22182		22044	22152	22150	22309	22315	
8				22041				22310	



 Blue shading indicates the ZIP Code is part of the program service area only
 Green shading indicates the ZIP Code is part of the pass service area only

FIGURE 5.14: Primary Service Area Definitions

- ✓ Those possessing a pass utilize their preferred facility more frequently, which results in more centralized service areas for passes as opposed to programs.
- ✓ Mt. Vernon has two ZIP Codes, 22315 and 22310, that represent additional program service areas. These two ZIP Codes contributed 491 and 395 program registrants in FY 2015. Nearly 50% of registrants from these two ZIP Codes were enrolled in ice skating programs. The ice sheet is clearly a unique amenity in the market and therefore extends the service area.
- ✓ South Run is the only RECenter with a passholder service area larger than that of the program area. This is primarily due to limited alternative options in this market, as discussed in later portions of this document. The competitive landscape proximate to South Run is discussed in the Alternative Consumer Options Analysis.

PRIMARY SERVICE AREA ANALYSIS

The Primary service Area Demographic Analysis builds upon the primary service area analysis. The demographic analysis consists of comparative evaluations of the size and economic conditions of each RECenter’s primary service area. Considerations include population, growth, household size, household income, household type, educational attainment, and race.

METHODOLOGY

B&D utilized data provided by SitesUSA to conduct the Primary Service Area Demographic Analysis. The current placement of the RECenters creates a dynamic by which there is significant overlap between service areas. As such, normalizing each RECenter’s market population to account for this overlap is critical to accurately estimate market demand for each RECenter. Figure 5.15 to the right provides an example of this approach.

Adjusting the population first entails identifying which ZIP Codes are included in primary service areas for more than one RECenter. Providence’s primary service area is shown to the right. The combined population among the eight ZIP Codes is over 240,000, though four of the ZIP Codes (22003, 22031, 22043, and 22180) are shared with other RECenter primary service areas. As such, the service area population for each ZIP Code in Providence’s primary service area is divided by the number of shared ZIP Codes. This method, while imperfect, provides an estimate of each RECenter’s catchment area size in consideration of market overlap. A comparison of demographic characteristics across the RECenter system is provided on the following pages.

Zip Code	Population	Shared Zip Codes	Adjusted Population	Weighted Average
22003	58,344	2	29,172	18%
22042	36,536	1	36,536	22%
22031	35,710	2	17,855	11%
22043	25,463	2	12,732	8%
22046	17,305	1	17,305	10%
22180	24,842	3	8,281	5%
22044	14,795	1	14,795	9%
22041	29,839	1	29,839	18%
Total	242,834	13	166,514	

FIGURE 5.15: Population Adjustment Example – Providence

Population and Growth Measurements

Figure 5.16 below examines market population, adjusted population, and population growth for each of the nine RECenters. Before adjusting for overlap, Cub Run, Providence, and Audrey Moore each have over 240,000 persons in each primary service area, which is significantly larger than the next larger market area at South Run (218,623). Other key findings are listed below:

- ✓ Once these populations are adjusted for market overlap, Cub Run is still the largest market at nearly 217,000, while Providence is the second largest at over 166,000, and Audrey Moore is third at nearly 142,000.
- ✓ Average annual population growth for the next five years (2016 – 2021) across all nine RECenter markets is 0.68%.
- ✓ All ZIP Codes in George Washington’s primary service area fall within either Mt. Vernon’s or Lee District’s primary service area, thereby reducing its effective market population to 42,000. The adjusted population of the other five markets falls between 125,000 and 73,000 persons.
- ✓ Growth levels are greatest in the northwest quadrant of the county, with Cub Run and Oak Marr’s adjusted service area population projected to grow by over 1% annually from 2016 to 2021. Mt. Vernon, which is located in the southeast portion of the county, also represents an area of population growth, though the overall population is smaller. All nine PSAs have an average growth rate of 0.7%.

Characteristics	Cub Run	Oak Marr	Spring Hill	Providence	Audrey Moore	South Run	Lee District	Mt. Vernon	GW
Unadjusted Population (2016)	262,630	211,914	151,979	242,834	242,257	218,623	177,699	140,576	117,785
Adjusted Population	216,972	118,745	109,592	166,514	141,715	124,536	72,577	79,914	41,480
Avg. Annual Growth	1.31%	1.00%	0.44%	0.44%	0.50%	0.37%	0.41%	1.22%	0.43%
Market Overlap Factor	17%	44%	28%	31%	42%	43%	59%	43%	65%
Overlap Rank ^k	9th / 9	3rd / 9	8th / 9	7th / 9	6th / 9	4th / 9	2nd / 9	4th / 9	1st / 9

Source: SitesUSA

FIGURE 5.16: Population and Growth Measurements

Household Characteristics

Figure 5.17 below examines household incomes, median age, average household size, and the percentage of households that are owner occupied for each of the nine RECenters. Across the nine RECenters, the unweighted average household income is \$122,000, the average age is 38.8, the average household size is 2.8, and two-thirds of homes are owner occupied. Key findings specific to service areas for individual RECenters are cited below:

- ✓ Service areas for Spring Hill, South Run, and Oak Marr are made up of households with the highest income levels. Spring Hill, in particular, has a household income level (\$180,000) that is 26% greater than the next wealthiest area. In contrast, wealth levels are lowest in the service areas for Providence, Lee District, and George Washington, all of which are located in the eastern half of the county.
- ✓ Unsurprisingly, age levels are highest in the areas with higher income levels. As the median age levels rise, so do household incomes as household members command greater earning power. The primary outlier is Cub Run, which has the lowest median age of any primary service area, yet the fourth highest household income level.
- ✓ The highest percentage of owner-occupied homes is in South Run’s PSA at over 83%. In contrast, George Washington, Mt. Vernon, and Lee District have the lowest home ownership rate at a collective average of nearly 57%.

Characteristics	Cub Run	Oak Marr	Spring Hill	Providence	Audrey Moore	South Run	Lee District	Mt. Vernon	GW	Average
Median HH Income	\$136,886	\$142,803	\$180,442	\$106,408	\$109,816	\$143,683	\$98,020	\$117,115	\$95,351	\$121,554
Difference from Average	13%	17%	48%	-12%	-10%	18%	-19%	-4%	-22%	-
Median Age	34.4	38.0	42.1	37.4	39.0	40.5	36.6	39.2	36.8	38.2
HH Size	3.0	2.8	2.8	2.8	3.0	3.1	2.8	2.3	2.6	2.8
Owner Occupied	72.4%	69.1%	74.6%	59.0%	71.2%	83.2%	58.6%	56.1%	55.3%	66.6%
Renter Housing	27.6%	30.9%	25.4%	41.0%	28.8%	16.8%	41.4%	44.7%	44.7%	34.7%

Source: SitesUSA

FIGURE 5.17: Household Characteristics

Age Characteristics

Figure 5.18 below distributes age characteristics into eight brackets for each of the RECenters. The average distribution within each age bracket is shown in the column farthest to the right. Age distribution is largely consistent throughout the county with two exceptions. First, Spring Hill contains a heavy concentration of those age 65 and older, with 17.9% of all residents located in this bracket in comparison to 11.4% for other RECenters. In contrast, Cub Run contains a greater percentage of young families, with the second greatest concentration of those between the ages of 25 to 34 and the greater percentage of those under 13 years old.

Age	Cub Run	Oak Marr	Spring Hill	Providence	Audrey Moore	South Run	Lee District	Mt. Vernon	GW	Average
<13	22.1%	19.3%	19.1%	18.7%	19.8%	20.0%	20.6%	15.7%	22.1%	19.7%
13-17	6.7%	7.8%	6.6%	5.3%	6.6%	7.7%	6.0%	3.4%	6.5%	6.3%
18-24	6.0%	8.3%	4.3%	6.6%	6.4%	5.8%	6.3%	4.2%	5.9%	6.0%
25-34	16.3%	14.7%	9.8%	15.8%	14.0%	10.0%	14.8%	18.6%	12.9%	14.1%
35-44	16.0%	14.0%	12.7%	14.8%	15.0%	13.3%	15.1%	17.3%	14.8%	14.8%
45-54	15.0%	14.3%	15.1%	13.5%	15.6%	16.6%	13.9%	14.5%	14.5%	14.8%
55-64	10.8%	12.6%	14.5%	12.1%	13.9%	16.1%	11.6%	14.0%	11.6%	13.0%
65+	7.2%	9.0%	17.9%	13.2%	8.9%	10.4%	11.7%	12.8%	11.8%	11.4%

Source: SitesUSA

FIGURE 5.18: Age Characteristics

RECenter Traffic Counts

Figure 5.19 to the right shows the average daily traffic counts for the transportation artery providing the primary means of access to each RECenter. If multiple transportation arteries exist adjacent to the RECenter, an average is utilized. Traffic counts are utilized to provide insight into a RECenter’s visibility. Audrey Moore has the highest average daily traffic count of any RECenter at 70,000, which is largely a function of its siting on Braddock Road. In contrast, Cub Run has the lowest daily traffic count with an average of just 1,000 vehicles per day. Average daily traffic count for all RECenters is nearly 21,000.

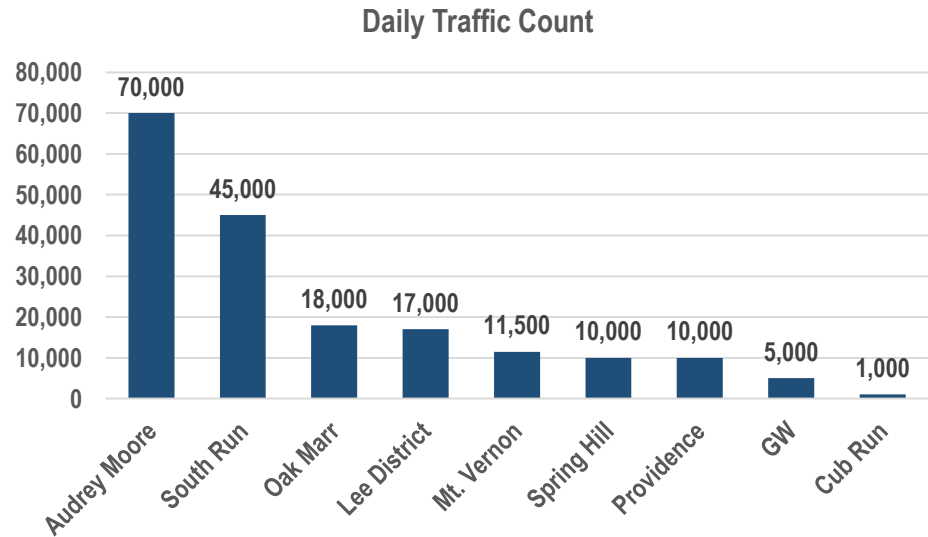


FIGURE 5.19: Daily Traffic Count
Source: SitesUSA

ALTERNATIVE CONSUMER OPTIONS ANALYSIS

B&D performed an analysis of public and private recreation facilities within Fairfax County and its periphery to gain an understanding of comparative levels of alternative options in each RECenter’s primary service area. Information was gathered on each alternative option’s facility’s square footage, building program, location, and amenities to understand the composition of alternative consumer options. The full list of facilities analyzed can be found in Exhibit C. On the basis of each RECenter’s alternative consumer option square footage, a “fair share of demand” analysis is performed to evaluate the extent to which the RECenters are capitalizing on market demand for pass sales. The fair share of demand analysis is contained in Section 6.0, Demand Analysis.

METHODOLOGY

B&D inventoried all options that fall within or on the periphery of county borders. Alternative consumer options were identified on the basis of their operational mission; for instance, a gymnasium specifically targeted towards youth and infants is considered an option while a gymnasium in a church is not. Facilities were then classified according to ownership (public, private, municipal, or non-profit), and type of facility (for example, fitness center, racquet club, yoga studio).

The square footage for each alternative option’s facility was ascertained via secondary research or approximated based on B&D’s observations on the facility’s physical configuration. Similar to before, if an alternative option is located within a ZIP Code that falls within multiple primary service areas, then the square footage is divided by that factor and allocated to the respective service area. The example to the right (Figure 5.20) shows that, if a 25,000 square foot facility was located within a ZIP Code that falls within Oak Marr, Spring Hill and Providence’s primary service area, then 8,333 square feet are allocated to each service area.

	SQ FT	Service Area?	SQ FT Allocation
Alternative Option A	25,000		
Cub Run	-	N	0
Oak Marr	-	Y	8,333
Spring Hill	-	Y	8,333
Providence	-	Y	8,333
Audrey Moore	-	N	0
South Run	-	N	0
Lee District	-	N	0
Mt Vernon	-	N	0
GW	-	N	0

FIGURE 5.20: Alternative Consumer Options SQ FT Allocation

Alternative Consumer Option Square Footage

Figure 5.21 to the right shows the amount of square footage (SQ FT) that falls within each RECenter’s primary service area. Oak Marr has the greatest amount of square footage with over 725,000 SQ FT; in comparison, no other facility has more than 500,000 square feet. Spring Hill, Cub Run, and Providence have similar competitive landscapes with between 425,000 and 480,000 square feet of alternative consumer options within each service area. The three facilities in the southeastern portion of the county – Lee District, Mount Vernon, and GW – all have less than 300,000 square feet of alternative options.

Figure 5.22 to the right examines the relationship between each RECenter’s adjusted market population and alternative option square footage. As seen in the table, Oak Marr has the highest ratio, with over six square feet of alternative option space offered per person. This is in contrast with South Run, George Washington, and Audrey Moore, each of which has less than 1.8 square feet per adjusted population. South Run has posted the highest cost recovery in the RECenter system each of the past ten years and heavily benefits from a lack of alternative options in its market.

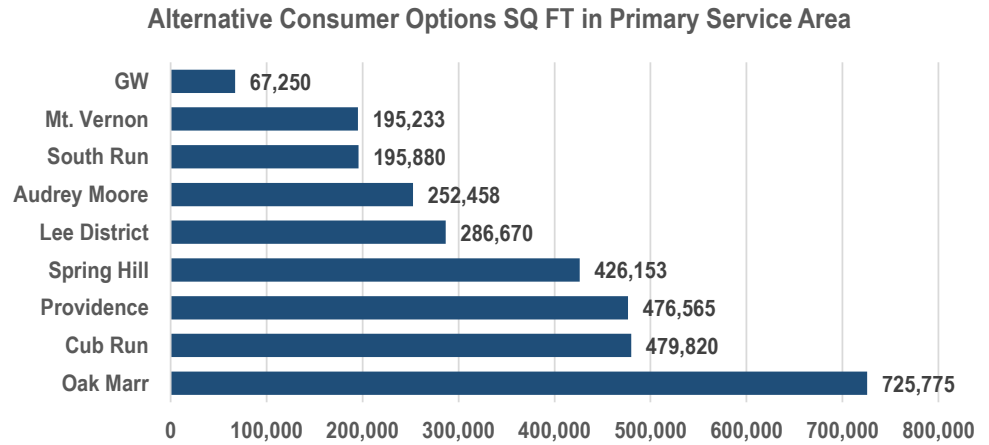


FIGURE 5.21: Alternative Consumer Options SQ FT in PSA

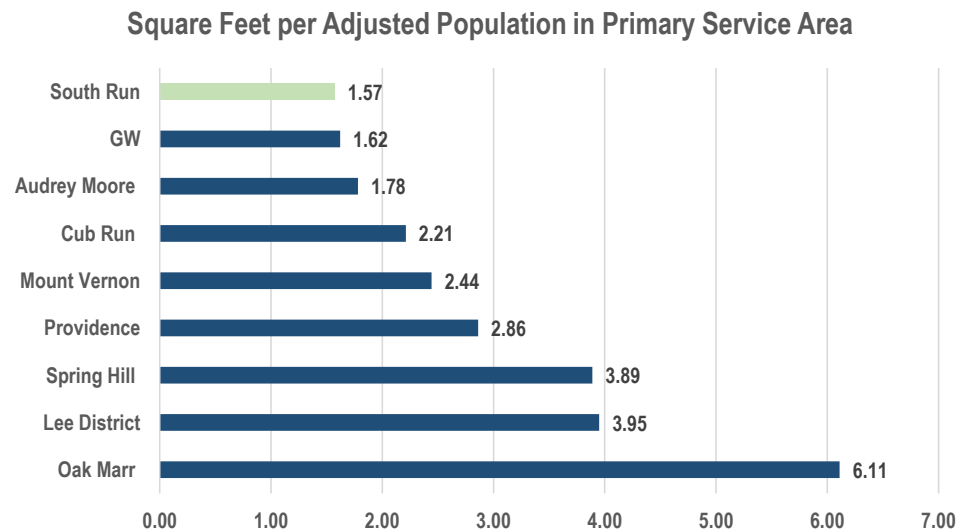


FIGURE 5.22: SQ FT per Adjusted Pop.

Figure 5.23 shows the composition of each RECenter's competitive landscape. Alternative consumer options are classified by type, then the square footage is allocated across each of the 16 types based on their ZIP Code. Oak Marr has the greatest number of facilities within its service areas with 86; the second greatest figure is at Providence with 54. Fitness centers comprise the greatest amount of square footage within each RECenter's primary service area. South Run has the least amount with 84,000, while Oak Marr has the most with nearly 378,000. The average facility size is greatest in Cub Run's service area at 17,000, followed by Spring Hill with an average alternative option size of 10,400. Remaining service areas have average alternative option sizes ranging from a low of 6,500 at South Run to 8,800 at Providence. Just one fieldhouse, Fairfax Sportsplex, falls within a primary service area (Audrey Moore).

RECenter	Cub Run	Oak Marr	Spring Hill	Providence	Audrey Moore	South Run	Lee District	Mount Vernon	GW
Allocated SQ FT	479,820	725,775	426,153	476,565	252,458	195,880	286,670	195,233	67,250
Rank by SQ FT	2	1	4	3	6	7	5	8	9
Alternative Options in Service Area	28	86	41	54	35	30	40	29	10
Average Facility SQ FT	17,100	8,400	10,400	8,800	7,200	6,500	7,200	6,700	6,700
Type									
Fitness Center	308,520	377,578	239,521	338,520	90,408	84,130	159,683	140,667	59,583
Swim and Racquet Club	0	0	110,000	0	53,000	53,000	0	0	0
Yoga	1,000	5,625	3,000	1,125	4,500	750	6,250	1,500	0
Pilates	1,000	6,200	5,850	4,520	4,600	1,600	3,500	1,000	500
CrossFit	9,000	35,250	19,000	11,250	8,800	22,250	6,500	11,500	1,500
Boxing / Martial Arts	23,500	24,750	15,000	28,300	19,650	11,150	14,250	8,400	500
Children's Center	6,000	5,750	0	10,750	1,000	0	3,287	7,667	667
Recreation Center	83,000	177,340	0	0	0	0	75,000	0	0
Gymnastics	21,600	4,000	0	4,000	0	0	0	0	0
Dance Studio	2,000	2,500	1,000	500	1,500	500	2,500	0	2,500
Personal Training	3,000	6,000	5,500	9,100	5,000	0	15,700	2,000	2,000
Aquatics Facility	0	7,283	7,283	0	0	0	0	0	0
Performance Center	19,200	0	20,000	0	0	22,500	0	22,500	0
Fieldhouse	0	0	0	0	70,000	0	0	0	0
Ice Complex	0	68,500	0	68,500	0	0	0	0	0

FIGURE 5.23: Alternative Option SQ FT Type

The type of facilities that make up each RECenter’s competitive landscape are shown in Figure 5.24 below. As can be seen in the chart, Oak Marr has the greatest number of alternative consumer options within its marketplace across all but four of the 16 categories.

RECenter	Cub Run	Oak Marr	Spring Hill	Providence	Audrey Moore	South Run	Lee District	Mount Vernon	GW
Allocated SQ FT	479,820	725,775	426,153	476,565	252,458	195,880	286,670	195,233	67,250
Rank by SQ FT	2	1	4	3	6	7	5	8	9
Alternative Options in Service Area	28	86	41	54	35	30	40	29	10
Average Facility SQ FT	17,100	8,400	10,400	8,800	7,200	6,500	7,200	6,700	6,700
Type									
Fitness Center	9	18	8	15	8	8	9	10	3
Swim and Racquet Club	1	4	9	3	3	2	1	1	1
Yoga	1	8	5	2	3	2	8	2	0
Pilates	1	7	6	4	2	2	4	1	1
CrossFit	1	9	3	5	2	4	3	2	1
Boxing / Martial Arts	4	15	2	8	10	9	5	8	1
Children's Center	2	4	0	7	3	1	2	3	1
Recreation Center	1	3	0	0	0	0	2	0	0
Gymnastics	2	1	0	1	0	0	0	0	0
Dance Studio	2	3	1	1	2	1	1	0	1
Personal Training	2	6	4	4	1	0	5	1	1
Aquatics Facility	0	5	2	3	0	0	0	0	0
Performance Center	1	0	1	0	0	1	0	1	0
Fieldhouse	0	0	0	0	1	0	0	0	0
Ice Complex	0	1	0	1	0	0	0	0	0

FIGURE 5.24: Alternative Option SQ FT Type Count

MARKET PROFILES

The market profiles provide a summary-level overview of each RECenter’s financial performance, demographic profile, enrollment statistics, and levels of alternative consumer options. The profiles serve as a “roll-up” of key statistics that are intended to provide an overview of market conditions impacting each RECenter’s performance. Maps depicting primary service area footprints, population density, competitive landscape, and direct alternative options are provided for each RECenter to assist with developing an understanding of unique market dynamics.

METHODOLOGY

The Providence market profile is shown as an example to the right in Figure 5.25. The table is divided into four distinct sections:

- ✓ **Performance:** Categories include cost recovery, along with revenue and expenses measured as a function of square footage for each RECenter for years 2014 to 2016 (Average). This section provides a high-level understanding of each facility’s current financial performance in relation to other facilities in the RECenter system.
- ✓ **Demographics:** Key demographic measurements for each RECenter’s primary service area are examined in relation to the system.
- ✓ **Enrollment:** Passholder and program enrollment figures are published for each RECenter. Square feet per passholder is utilized as a broad metric to understand overall building adequacy in terms of square footage per pass holder. Statistics are shown for Aqua Flex Pass, Discount Fast Pass, and Leisure Fitness Pass sales. The lower the amount of square footage per pass, the more capacity becomes a consideration.
- ✓ **Market:** Metrics in this section build upon the alternative consumer options analysis. Direct alternative options are subjectively defined by B&D as those that closely compete with the RECenter based on facility size, location in relation to the RECenter, and the population density in the neighborhood surrounding the RECenter. It should be noted that square footage for each such alternative option **is not** apportioned according to the number of primary service area ZIP Codes it is located in. The purpose, instead, is to understand the type of direct alternative options from the standpoint of size.

Providence Market Profile		Total	Rank
Performance	Facility Size (SQ FT)	48,655	7th / 9
	Three-Year Avg. Cost Recovery	110%	7th / 9
	Revenue Per Square Foot	\$42.01	8th / 9
	Expense Per Square Foot	\$38.21	7th / 9
Demographics	Population (2016)	242,834	2nd / 9
	Adjusted Population (2016)	166,514	2nd / 9
	Overlap Factor	31%	3rd / 9
	Average HH Income (2016)	\$106,408	7th / 9
	Median Age (2016)	37.4	6th / 9
Enrollment	Pass Enrollment (2015)	3,397	7th / 9
	Square Feet per Passholder	14.3	6th / 9
	Program Enrollment (2015)	11,560	6th / 9
Market	Alternative Consumer Options SQ FT	476,565	3rd / 9
	Number of Alternative Options	54	2nd / 9
	Direct Alternative Options SQ FT	202,720	7th / 9
	Number of Direct Alternative Options	12	3rd / 9
	Avg. Distance of Alternative Options	2.3	6th / 9

Source: SitesUSA, Internet research, Fairfax County, HGA

FIGURE 5.25: Market Profile Statistics Example – Providence

Alternative Consumer Options

Figure 5.26 to the right shows alternative options by size both inside and outside of the RECenter’s primary service area (shaded in blue). The RECenter is shown in each map as a red dot near the center of the image. Each market profile on the subsequent pages has its own maps outlining the competitive landscape. Different colored circles indicate differences in sizes listed below:

- **Studio** (<2,500 SQ FT): Yellow
- **Micro** (2,500 – 9,000 SQ FT): Purple
- **Small** (10,000 – 24,999 SQ FT): Green
- **Medium** (25,000 – 49,000 SQ FT): Orange
- **Large** (50,000 – 99,999 SQ FT): Blue
- **Mega** (100,000 + SQ FT): Red

Direct Alternative Consumer Options

Figure 5.27 to the right is an example map that shows the location of direct alternative options to RECenters, as they are presented in the subsequent text. Direct alternative options were chosen subjectively by B&D and took into account factors such as proximity, transportation infrastructure, and type of establishment. Nearly all establishments contain a fitness component, however, childcare centers, dance studios, and specialty gyms were also included.

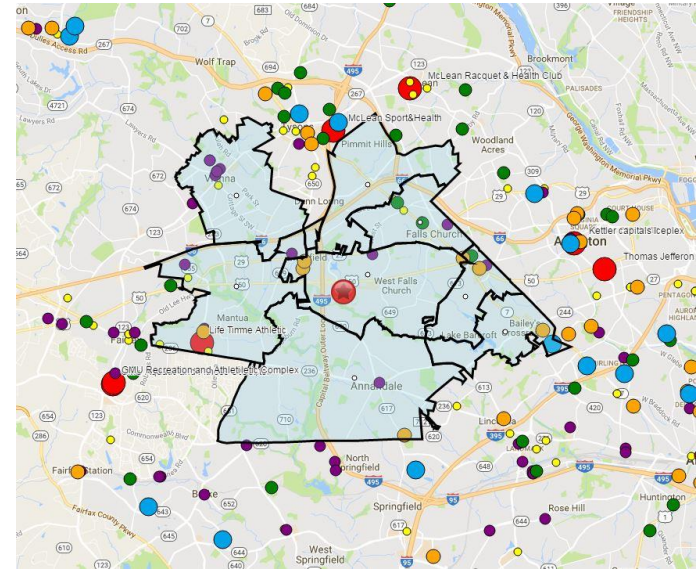


FIGURE 5.26: Alternative Consumer Options Map Example

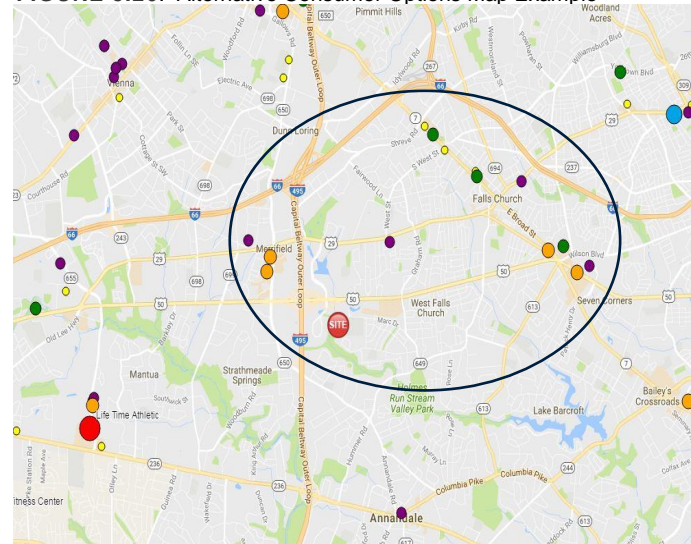


FIGURE 5.27: Direct Alternative Consumer Option Map Example

Cub Run

Figure 5.28 to the right summarizes Cub Run’s primary service area key demographic statistics, pass and program enrollment statistics from 2015, the alternative consumer option square footage within its primary service area, and the number of direct alternative consumer options identified by B&D. Key findings with regard to Cub Run’s market dynamics are provided below:

- ✓ As previously mentioned, Cub Run’s large primary service area population has the least amount of overlap with other RECenters. Accordingly, population for Cub Run’s service area ranks first in the RECenter system, as does its adjusted population, which accounts for market overlap. Median age and average household income levels are also conducive to program participation and membership enrollment. The relationship between median age (34.4), which is the youngest of any primary service area, and income, which ranks fourth, suggests the service area is populated with a comparatively greater percentage of families with young children.
- ✓ In 2015, Cub Run had the fourth greatest number of passholders in the system, fifth highest number of passholders when measured on a per square foot basis, and the seventh greatest number of program enrollees. Cub Run’s cost recovery, which ranks eighth in the system from 2013 to 2015, is largely influenced by its limited program enrollment. As mentioned in the facility assessment, Cub Run possesses a limited amount of programmatic space devoted for land programs and camps.
- ✓ As seen in Figure 5.29, ZIP Codes 20120 and 20151 combined to make up nearly 50% of Cub Run’s total 2015 pass enrollment. ZIP Code 20120, which is located immediately south of Cub Run, provided 33% of passholders at Cub Run. The high concentration of passholders being extracted from just two areas is a function of Cub Run’s positioning near the western border of the county and its isolated location. As indicated in the survey, passholders value convenience most when electing to purchase a pass or membership.

Cub Run Market Profile		Total	Rank
Performance	Facility Size (SQ FT)	66,479	4th / 9
	Three-Year Avg. Cost Recovery	101%	8th / 9
	Revenue Per Square Foot	\$42.74	6th / 9
	Expense Per Square Foot	\$42.53	3rd / 9
Demographics	Population (2016)	262,630	1st / 9
	Adjusted Population (2016)	216,972	1st / 9
	Overlap Factor	17%	1st / 9
	Average HH Income (2016)	\$136,886	4th / 9
	Median Age (2016)	34.4	9th / 9
Enrollment	Pass Enrollment (2015)	4,600	4th / 9
	Square Feet per Passholder	14.5	5th / 9
	Program Enrollment (2015)	9,951	7th / 9
Market	Alternative Consumer Options SQ FT	479,820	2nd / 9
	Number of Alternative Options	28	8th / 9
	Direct Alternative Options SQ FT	217,800	5th / 9
	Number of Direct Alternative Options	10	5th / 9
	Avg. Distance of Alternative Options	1.7	8th / 9

Source: SitesUSA, Internet research, Fairfax County, HGA

FIGURE 5.28: Cub Run Market Profile Statistics

- ✓ In relation to the primary service area for passholders, Cub Run’s primary service area for program registrants has a larger footprint with eight ZIP Codes in comparison to six. Cub Run captures a comparatively lower percentage of system-wide demand for program enrollees, with ZIP Codes in the program’s primary service area capturing 64% of system-wide demand as opposed to 83%.
- ✓ In relation to other RECenters, Cub Run faces the fifth greatest amount of direct alternative consumer options with 220,000 SQ FT. The alternative options are, on average, located 1.7 miles from Cub Run and are primarily situated along Lee Jackson Memorial highway and Walney Road near the Chantilly Shopping Center. These alternative options are beneficiaries of siting that is closer to major transportation arteries, whereas Cub Run is nestled in what is primarily an industrial neighborhood.
- ✓ Cub Run is situated to the southwest of several alternative options, perhaps most notably the 83,000 sq. ft. “nZone” and two Gold’s Gym facilities, all of which are located within three miles of the facility. The nZone offers three synthetic indoor surfaces, a fitness center, two indoor basketball courts, and a juice bar. Between the three facilities, Cub Run is placed in a very difficult competitive environment.
- ✓ B&D reviewed the county’s land use plan to understand the dynamics and potential resulting from possible future development. Two major goals exist in this plan: (1) Preservation of the Occoquan Reservoir watershed and (2) establishing Centreville as the focus of development in western Fairfax County. The area directly south of Dulles International Airport is planned for industrial and office development; as such, B&D does not expect the market area to change in a dynamic fashion.

#	Zip Code	RECenter System Passes	Cub Run Passes	Site Capture	Site Composition	#	Zip Code	RECenter Program Reg.	Cub Run Registrants	Site Capture	Site Composition
1	20120	1,621	1,501	93%	33%	1	20120	2,726	2,078	76%	21%
2	20151	856	755	88%	16%	2	22033	3,540	1,378	39%	14%
3	22033	1,050	504	48%	11%	3	20121	1,537	1,049	68%	11%
4	20152	463	447	97%	10%	4	20151	1,341	988	74%	10%
5	20171	540	306	57%	7%	5	20171	1,748	921	53%	9%
6	20121	375	304	81%	7%	6	20152	923	854	93%	9%
7	-					7	22030	4,870	621	13%	6%
8	-					8	20105	376	363	97%	4%
Total Passes			4,600			Total Registrants			9,951		
Weighted Average				83%	14%	Average				64%	12%

Source: Fairfax County

FIGURE 5.29: Cub Run Pass and Program Capture

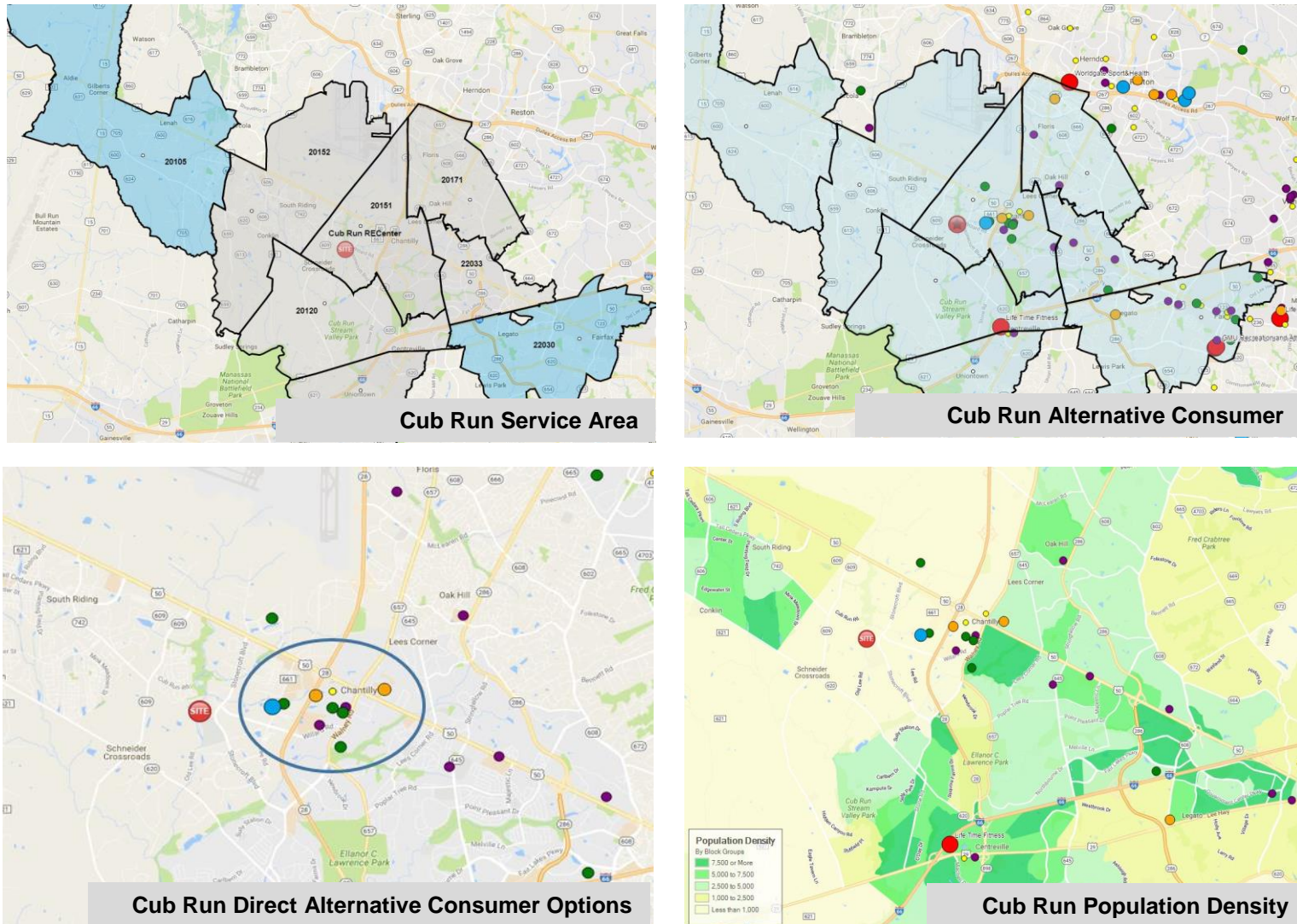


FIGURE 5.30: Cub Run Competitive Landscape
 Note: Green shading in **service area map** indicates ZIP Code is part of the pass service area only. Blue shading indicates program service area only. Grey shading represents both pass and program service area.

Oak Marr

Figure 5.31 to the right summarizes Oak Marr’s primary service area key demographic statistics, pass and program enrollment statistics from 2015, the alternative option square footage within its primary service area, and the number of direct alternative options identified by B&D. Key findings with regard to Oak Marr’s market dynamics are provided below:

- ✓ Oak Marr measures over 65,000 square feet and ranks fourth in terms of cost recovery.
- ✓ Oak Marr is sited in a market with an average population size when compared to other RECenters. After adjusting for overlap, which is the third highest in the system at 44%, the Oak Marr market has an adjusted population of nearly 120,000. Oak Marr market has a population that ranks fifth in the system both after and before adjustments. However, its central location within the county and robust aquatics program clearly expand its service area.
- ✓ Oak Marr’s primary service area ranks third in average household income. Oak Marr captures the most passholders from ZIP Code 22124 (24%) followed by 22030 and 22181, both of which comprise 16% of Oak Marr’s passholders. A possible explanation for the significant drawing from 22124 is the lack of alternative consumer options located in this area, as shown on the Oak Marr Alternative Consumer Options map. Ninety-five percent of FCPA passholders in 22124 hold a pass to Oak Marr rather than another FCPA RECenter.

Oak Marr Market Profile		Total	Rank
Performance	Facility Size (SQ FT)	65,513	5th / 9
	Three-Year Avg. Cost Recovery [1]	118%	4th / 9
	Revenue Per Square Foot	\$63.52	2nd / 9
	Expense Per Square Foot	\$54.01	2nd / 9
Demographics	Population (2016)	211,914	5th / 9
	Adjusted Population (2016)	118,745	5th / 9
	Overlap Factor	44%	6th / 9
	Average HH Income (2016)	\$142,803	3rd / 9
	Median Age (2016)	38.0	5th / 9
Enrollment	Pass Enrollment (2015)	6,823	1st / 9
	Square Feet per Passholder	9.6	8th / 9
	Program Enrollment (2015)	16,527	1st / 9
Market	Alternative Consumer Options SQ FT	725,775	1st / 9
	Number of Alternative Options	86	1st / 9
	Direct Alternative Options SQ FT	366,178	2nd / 9
	Number of Direct Alternative Options	13	2nd / 9
	Avg. Distance of Alternative Options	2.4	5th / 9

Source: SitesUSA, Internet research, Fairfax County, HGA

[1] Excludes FY14 drop in revenue due to renovation.

[2] Accounts for SQ FT before and after renovation

FIGURE 5.31: Oak Marr Market Profile Statistics

- ✓ B&D identified 13 primary alternative options that are sited directly south of Oak Marr in 22030 and 22031. These facilities combine to offer approximately 366,000 square feet of alternative options space. The facilities are located, on average, 2.4 miles away from Oak Marr and are primarily south of I-66 on highway 236. Examples of primary alternative options include 24 Hour Fitness, Life Time Athletic, and George Mason Recreation and Athletic Complex.
- ✓ The ZIP Code which provides the greatest number of program registrants for Oak Marr is 22030, with over 3,200. Oak Marr’s aquatics facilities resulted in over 2,100 enrollments from this ZIP Code. Although 22030 contains an abundance of alternative options, Oak Marr captures the largest amount of program enrollees from this area, suggesting strong overall loyalty to the RECenter brand.

#	Zip Code	RECenter System Passes	Oak Marr Passes	Site Capture	Site Composition	#	Zip Code	RECenter Program Reg.	Oak Marr Registrants	Site Capture	Site Composition
1	22124	1,710	1,628	95%	24%	1	22030	4,870	3,209	66%	19%
2	22030	1,417	1,107	78%	16%	2	22124	2,743	2,281	83%	14%
3	22181	1,161	1,076	93%	16%	3	22033	3,540	1,682	48%	10%
4	22180	979	685	70%	10%	4	22181	2,168	1,609	74%	10%
5	22031	9,210	507	6%	7%	5	22031	3,275	1,480	45%	9%
6	22033	1,050	490	47%	7%	6	22180	2,815	1,315	47%	8%
7	22,182	946	280	30%	4%	7	22182	3,508	666	19%	4%
Total Passes			6,823			Total Registrants			16,527		
Average				73%	12%	Average				61%	11%

Source: Fairfax County

FIGURE 5.32: Oak Marr Pass and Program Capture

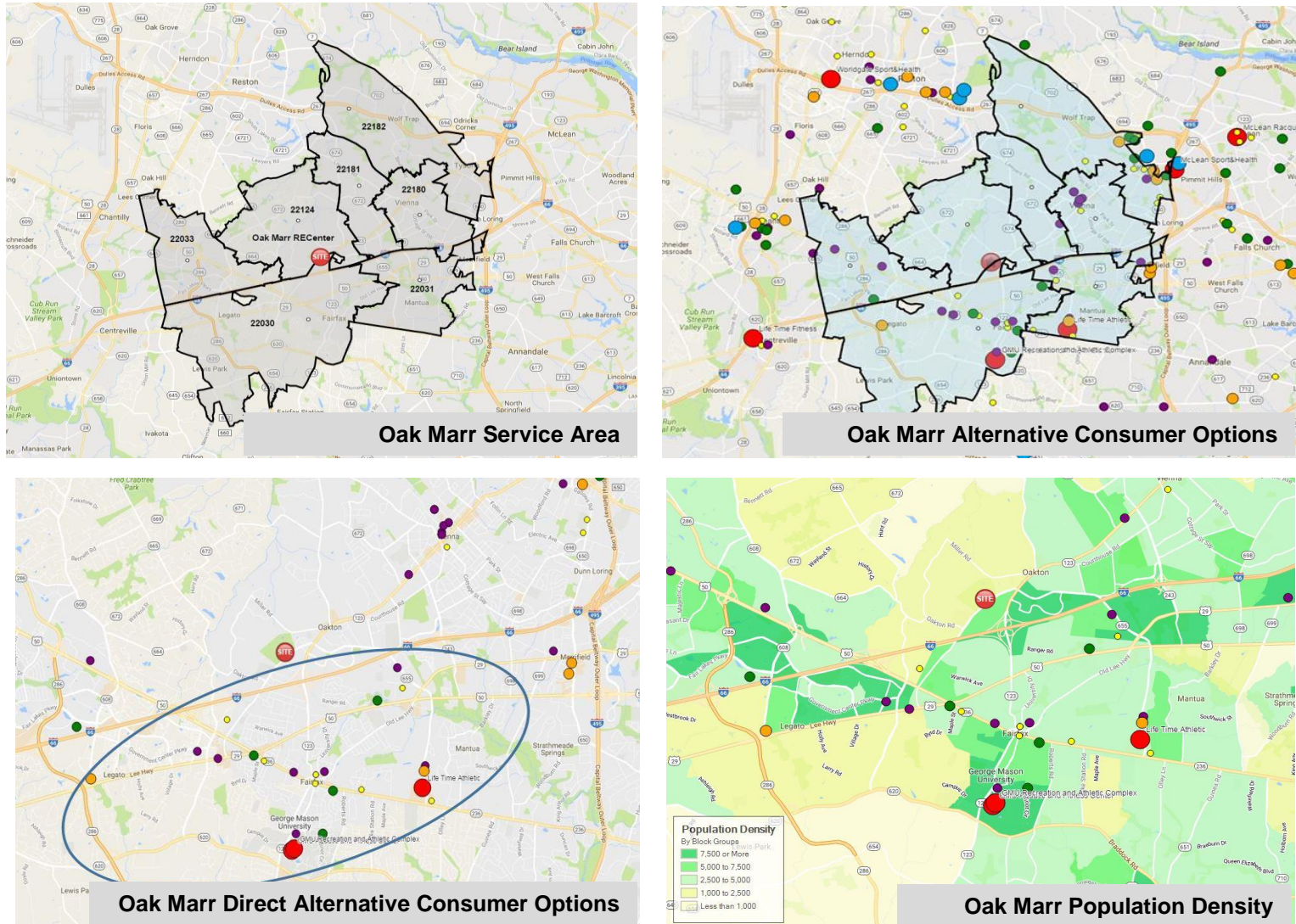


FIGURE 5.33: Oak Marr Competitive Landscape

Note: Green shading in **service area map** indicates ZIP Code is part of the pass service area only. Blue shading indicates program service area only. Grey shading represents both pass and program service area.

Spring Hill

Figure 5.34 to the right summarizes Spring Hill’s primary service area key demographic statistics, pass and program enrollment statistics from 2015, the alternative option square footage within its primary service area, and the number of direct alternative options identified by B&D. Key findings with regard to Providence’s market dynamics are provided below:

- ✓ Spring Hill RECenter is the second largest facility in the system, measuring nearly 84,000 SQ FT. The facility serves an adjusted population of approximately 110,000 which ranks sixth in the system. Although the population in Spring Hill’s primary service area is smaller on average than other RECenters, the service area has the highest average household income at over \$180,000.
- ✓ Spring Hill’s market has the highest median age of 42.1 which is a corollary of the high household income figure. As household age levels increase, household earning potential generally does as well.
- ✓ ZIP Codes 22102, 22101, and 22182 are Spring Hill’s main source for both program registrants and passholders. These three ZIP Codes combine to provide 76% of Spring Hill’s total passholders and 57% of total program registrants.
- ✓ Spring Hill has the fourth greatest amount of alternative option square footage in its primary service area with over 425,000. However, Spring Hill faces perhaps the greatest amount of direct competition with 16 alternative consumer options and 493,000 square feet of space. This figure is greater than the alternative option square feet in the marketplace as defined in the Alternative Consumer Options Analysis since much of the square footage is allocated to other service areas such as Providence and Oak Marr.

Spring Hill Market Profile		Total	Rank
Performance	Facility Size (SQ FT)	83,932	2nd / 9
	Three-Year Avg. Cost Recovery [1]	123%	2nd / 9
	Revenue Per Square Foot	\$47.10	4th / 9
	Expense Per Square Foot	\$38.30	6th / 9
Demographics	Population (2016)	151,979	7th / 9
	Adjusted Population (2016)	109,592	6th / 9
	Overlap Factor	28%	2nd / 9
	Average HH Income (2016)	\$180,442	1st / 9
	Median Age (2016)	42.1	1st / 9
Enrollment	Pass Enrollment (2015)	4,494	5th / 9
	Square Feet per Passholder	18.7	4th / 9
	Program Enrollment (2015)	13,948	4th / 9
Market	Alternative Consumer Options SQ FT	426,153	4th / 9
	Number of Alternative Options	41	3rd / 9
	Direct Alternative Options SQ FT	492,749	1st / 9
	Number of Direct Alternative Options	16	1st / 9
	Avg. Distance of Alternative Options	1.6	9th / 9

Source: SitesUSA, Internet research, Fairfax County, HGA

[1] Excludes FY14 drop revenue due to renovation.

[2] Accounts for SQ FT before and after renovation

FIGURE 5.34: Spring Hill Market Profile Statistics

- ✓ Direct alternative consumer options are located primarily south of Spring Hill in ZIP Codes 22102 and 22182. These facilities are located an average distance of 1.6 miles away. Despite this level of alternative option, Spring Hill has achieved a three-year cost recovery average of 123%, which is the second highest in the system behind South Run (145%). This is likely a function of limited market overlap with other RECenters and the market’s strong demographic profile, despite the significant volume of alternative options.
- ✓ Spring Hill’s direct alternative consumer options are primarily comprised of fitness centers. Among the direct alternative options, three facilities comprise 62% of direct alternative option square footage: Tyson’s Sport and Health (75,000), McLean Racquet & Health (110,000), and McLean Sport and Health (120,000). These three facilities are very large in scale and offer a wide range of activities. Spring Hill’s recent additions have assisted the facility in retaining its competitive positioning despite this competition.

#	Zip Code	RECenter System Passes	Spring Hill Passes	Capture	Composition	#	Zip Code	RECenter Program Reg.	Spring Hill Registrants	Capture	Composition
1	22102	1,561	1,496	96%	33%	1	22102	3,196	2,846	89%	20%
2	22101	1,429	1,307	91%	29%	2	22101	3,342	2,832	85%	20%
3	22182	946	609	64%	14%	3	22182	3,508	2,346	67%	17%
4	22043	629	326	52%	7%	4	22043	2,781	1,524	55%	11%
5	22066	338	290	86%	6%	5	22066	929	794	85%	6%
6						6	22180	2,815	617	22%	4%
Total Passes			4,494			Total Passes			13,948		
Average				85%	18%	Average				74%	13%

Source: Fairfax County

FIGURE 5.35: Spring Hill Pass and Program Capture

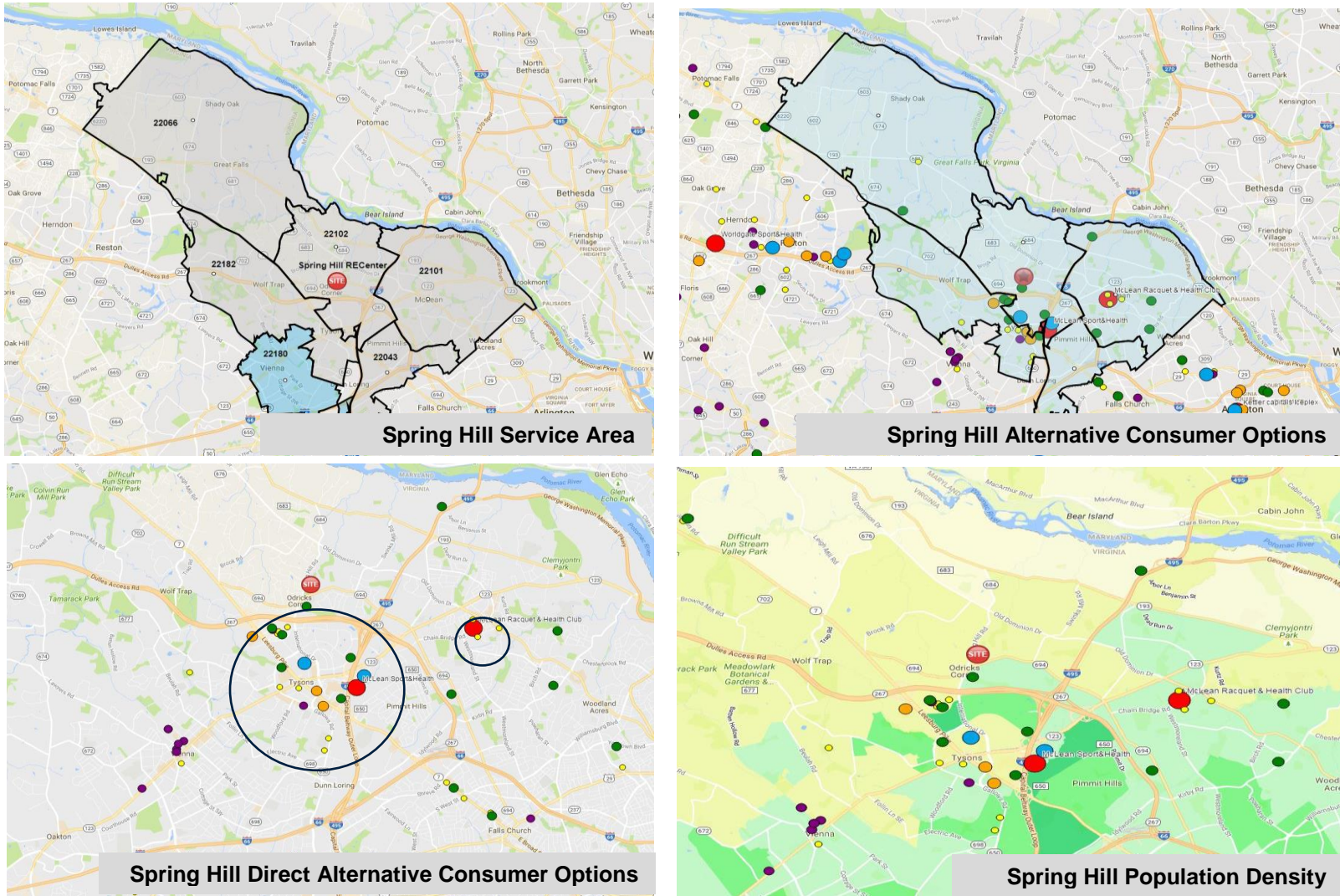


FIGURE 5.36: Spring Hill Competitive Landscape
 Note: Green shading in **service area map** indicates ZIP Code is part of the pass service area only. Blue shading indicates program service area only. Grey shading represents both pass and program service area.

Providence

Figure 5.37 to the right summarizes Providence's primary service area key demographic statistics, pass and program enrollment statistics from 2015, the alternative option square footage within its primary service area, and the number of direct alternative options identified by B&D. Key findings with regard to Providence's market dynamics are provided below:

- ✓ Providence RECenter is located in the second most populated market with a population of over 242,000. When adjusted for market overlap, the population decreases to 166,000, which is second in the set. This degree of overlap is due largely to placement near Audrey Moore RECenter as both rely on ZIP Code 22003 for pass and program enrollment.
- ✓ Providence's cost recovery of 110% ranks seventh in the system. This figure is consistent with pass and program enrollment which rank 7th and 6th, respectively.
- ✓ The Providence primary service area average household income is \$106,000; this ranks seventh in the system. In contrast to Cub Run, which possesses a comparatively lower median age level and strong household income measurements, Providence is an older market with modest household income measurements.
- ✓ In addition to the total alternative facilities within the primary service area, B&D identified 12 direct alternative options to Providence that are primarily located to the northeast and northwest of the facility. These facilities are located an average distance of 2.3 miles from Providence. The largest facilities are fitness centers and include two Gold's Gyms (30,000 and 31,000 SQ FT), an Xsport Fitness (43,000 SQ FT), and a 24 Hour Fitness (48,000 SQ FT). This stands in stark contrast to Spring Hill's competitive landscape which features two facilities with 100,000 SQ FT or more and is indicative of a market that possesses a weaker demographic profile for the purpose of program and pass enrollment.

Providence Market Profile		Total	Rank
Performance	Facility Size (SQ FT)	48,655	7th / 9
	Three-Year Avg. Cost Recovery	110%	7th / 9
	Revenue Per Square Foot	\$42.01	8th / 9
	Expense Per Square Foot	\$38.21	7th / 9
Demographics	Population (2016)	242,834	2nd / 9
	Adjusted Population (2016)	166,514	2nd / 9
	Overlap Factor	31%	3rd / 9
	Average HH Income (2016)	\$106,408	7th / 9
	Median Age (2016)	37.4	6th / 9
Enrollment	Pass Enrollment (2015)	3,397	7th / 9
	Square Feet per Passholder	14.3	6th / 9
	Program Enrollment (2015)	11,560	6th / 9
Market	Alternative Consumer Options SQ FT	476,565	3rd / 9
	Number of Alternative Options	54	2nd / 9
	Direct Alternative Options SQ FT	202,720	7th / 9
	Number of Direct Alternative Options	12	3rd / 9
	Avg. Distance of Alternative Options	2.3	6th / 9

Source: SitesUSA, Internet research, Fairfax County, HGA

FIGURE 5.37: Providence Market Profile Statistics

#	Zip Code	RECenter System Passes	Providence Passes	Capture	Composition	#	Zip Code	RECenter Program Reg.	Providence Registrants	Capture	Composition
1	22042	1,198	1,059	88%	31%	1	22042	3,528	2,661	75%	23%
2	22003	2,510	535	21%	16%	2	22003	5,412	1,546	29%	13%
3	22031	921	248	27%	7%	3	22031	3,275	957	29%	8%
4	22043	629	237	38%	7%	4	22043	2,781	775	28%	7%
5	22046	315	237	75%	7%	5	22041	1,246	678	54%	6%
6	22180	979	156	16%	5%	6	22180	2,815	597	21%	5%
7	22044	176	151	86%	4%	7	22046	1,106	548	50%	5%
8	22041	238	135	57%	4%	8	22044	690	532	77%	5%
Total Passes			3,397			Total Passes			11,560		
Average				59%	11%	Average				50%	10%

Source: Fairfax County

FIGURE 5.38: Providence Pass and Program Capture

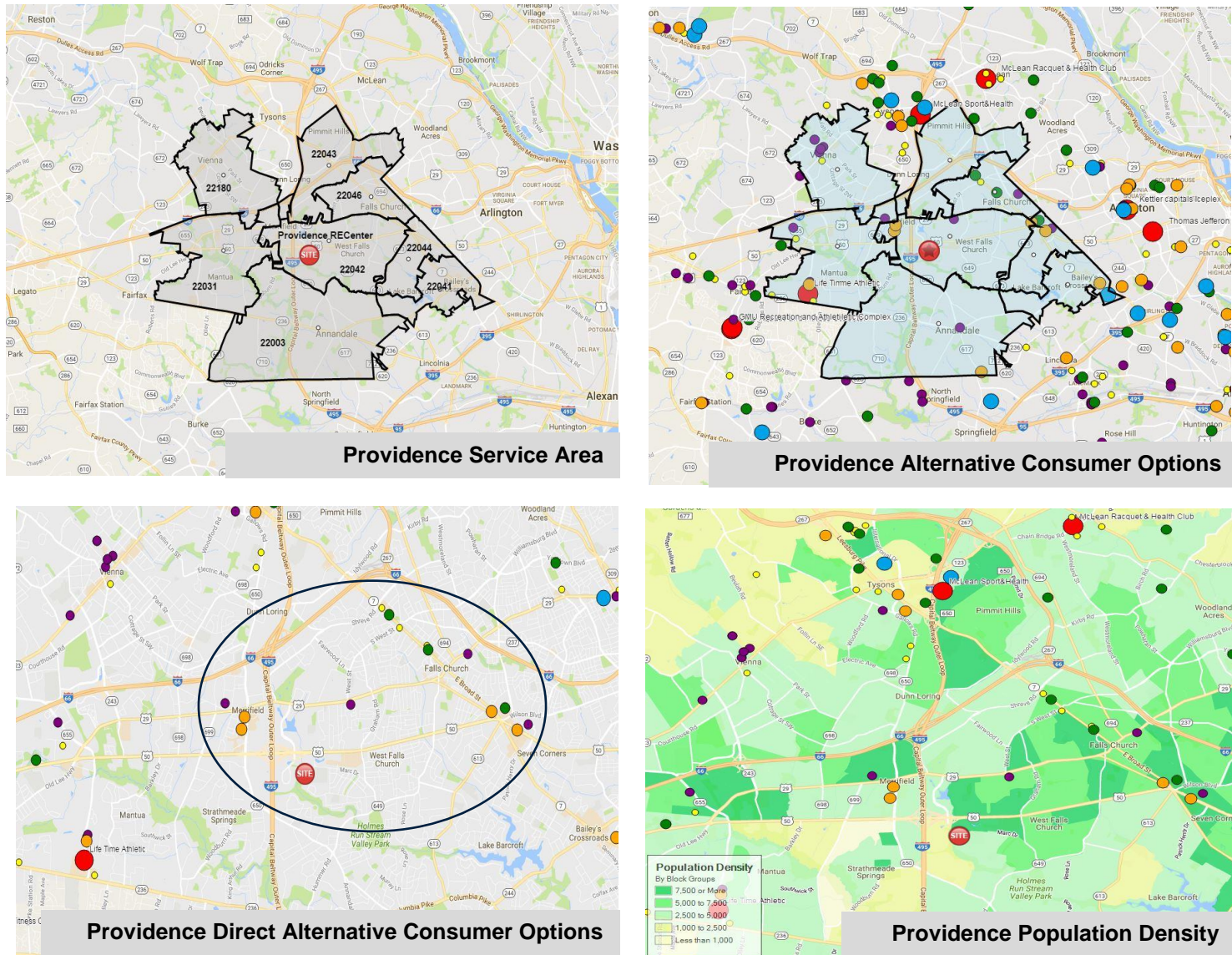


FIGURE 5.39: Providence Competitive Landscape

Note: Green shading in **service area map** indicates ZIP Code is part of the pass service area only. Blue shading indicates program service area only. Grey shading represents both pass and program service area.

Audrey Moore

Figure 5.40 to the right summarizes Audrey Moore’s primary service area key demographic statistics, pass and program enrollment statistics from 2015, the alternative consumer options square footage within its primary service area, and the number of direct alternative consumer options identified by B&D. Key findings with regard to Audrey Moore’s market dynamics are provided below:

- ✓ Audrey Moore has the third-largest primary service area behind Cub Run and Providence with a population of over 242,000. After adjustment for overlap, the service area population decreases to nearly 142,000 and still ranks third. As previously mentioned, Audrey Moore’s market overlap is partially attributed to shared reliance with Providence for pass and program enrollment in ZIP Code 22003.
- ✓ Audrey Moore’s primary service area average household income is sixth highest in the system at nearly \$110,000 (4% greater than Providence). Despite Audrey Moore’s service area’s significant overlap with Providence, Audrey Moore cost recovery ranks third in the system at 120%. This is primarily a function of camp revenue driven by its two-court gymnasium.
- ✓ There is a total of 250,000 alternative consumer option square feet and 35 alternative consumer options in Audrey Moore’s primary service area. Additionally, B&D identified 11 direct alternative consumer options located primarily south of Audrey Moore that combine to offer over 253,000 SQ FT of space, ranking third in the system. Again, it is important to note that direct alternative option square footage can be greater than alternative option square footage due to allocation of square footage across primary service areas.

Audrey Moore Market Profile		Total	Rank
Performance	Facility Size (SQ FT)	72,629	3rd / 9
	Three-Year Avg. Cost Recovery	120%	3rd / 9
	Revenue Per Square Foot	\$48.69	3rd / 9
	Expense Per Square Foot	\$40.54	4th / 9
Demographics	Population (2016)	242,257	3rd / 9
	Adjusted Population (2016)	141,715	3rd / 9
	Overlap Factor	42%	4th / 9
	Average HH Income (2016)	\$109,816	6th / 9
	Median Age (2016)	39.0	4th / 9
Enrollment	Pass Enrollment (2015)	5,427	3rd / 9
	Square Feet per Passholder	13.4	7th / 9
	Program Enrollment (2015)	13,377	5th / 9
Market	Alternative Consumer Options SQ FT	252,458	6th / 9
	Number of Alternative Options	35	5th / 9
	Direct Alternative Options SQ FT	253,050	3rd / 9
	Number of Direct Alternative Options	11	4th / 9
	Avg. Distance of Alternative Options	2.6	4th / 9

Source: SitesUSA, Internet research, Fairfax County, HGA

FIGURE 5.40: Audrey Moore Market Profile Statistics

- ✓ Fairfax Sportsplex is Audrey Moore’s largest direct alternative option at 70,000 SQ FT and is one of only three facilities with a fieldhouse that falls within a primary service area (South Run RECenter, The nZone). Fairfax Sportsplex is a large facility that offers indoor soccer and volleyball programming.

#	Zip Code	RECenter System Passes	Audrey Moore Passes	Capture	Composition	#	Zip Code	RECenter Program Reg.	Audrey Moore Registrants	Capture	Composition
1	22003	2,510	1,845	74%	34%	1	22003	3,528	2,992	85%	22%
2	22151	1,069	971	91%	18%	2	22015	5,412	1,458	27%	11%
3	22015	1,599	494	31%	9%	3	22151	3,275	1,332	41%	10%
4	22032	925	469	51%	9%	4	22032	2,781	1,069	38%	8%
5	22312	406	293	72%	5%	5	22152	1,246	803	64%	6%
6	22150	698	247	35%	5%	6	22312	2,815	737	26%	6%
7	22152	1,174	229	20%	4%	7	22150	1,106	528	48%	4%
Total Passes			5,427			Total Passes			13,377		
Average				65%	12%	Average				54%	10%

Source: Fairfax County

FIGURE 5.41: Audrey Moore Pass and Program Capture

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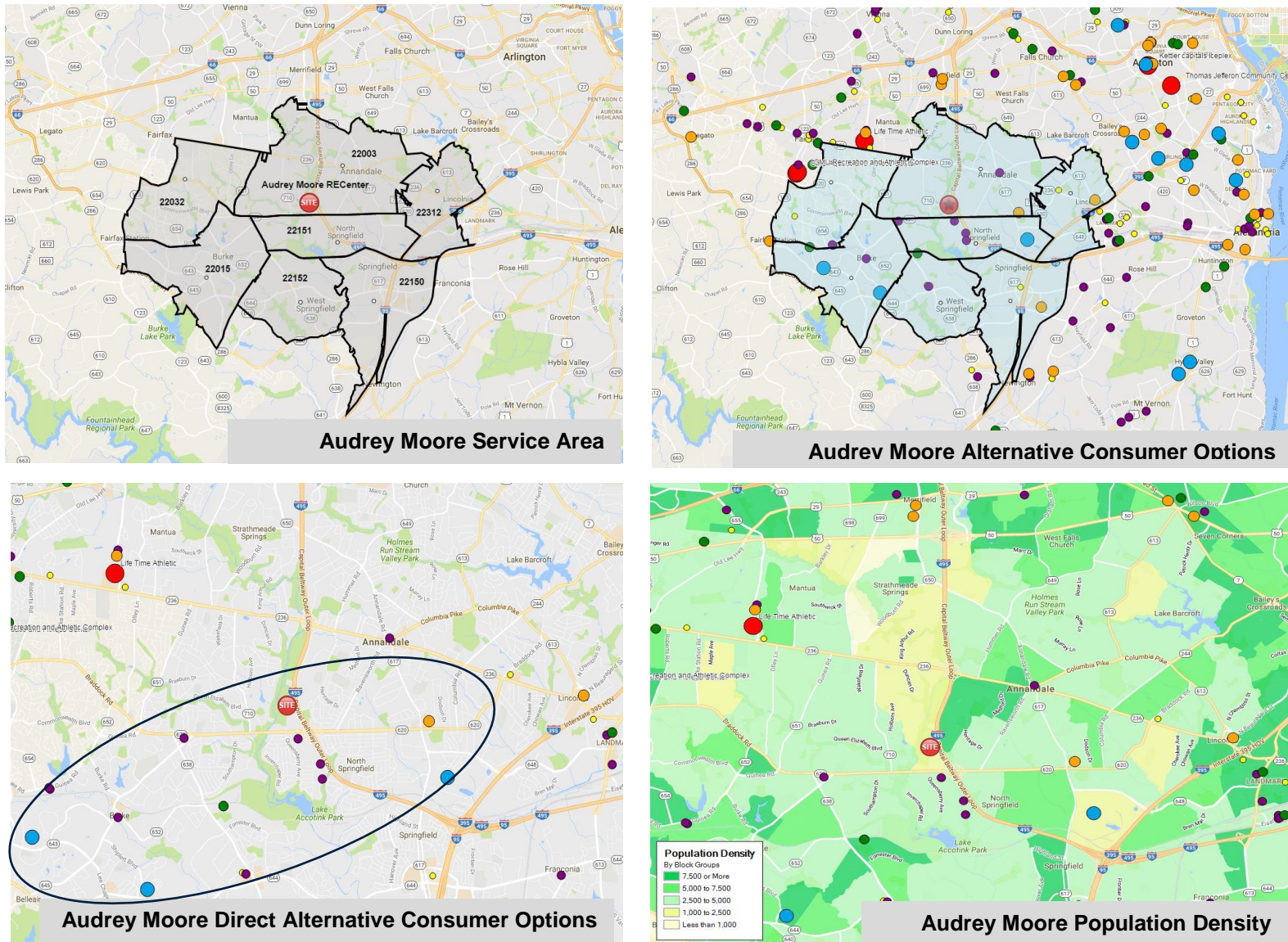


FIGURE 5.42: Audrey Moore Competitive Landscape
 Note: Green shading in **service area map** indicates ZIP Code is part of the pass service area only. Blue shading indicates program service area only. Grey shading represents both pass and program service area.

South Run

Figure 5.43 to the right summarizes South Run’s primary service area key demographic statistics, pass and program enrollment statistics from 2015, the alternative option square footage within its primary service area, and the number of direct alternative consumer options identified by B&D. Key findings with regard to South Run’s market dynamics are provided below:

- ✓ South Run’s primary service area has the fourth greatest unadjusted and adjusted population at 219,000 and 125,000, respectively. The primary service area has an average household income of over \$143,000, which ranks second among other primary service areas. South Run’s strong income profile is likely a corollary of its median age, which is second highest in the system at 40.5.
- ✓ South Run has the highest cost recovery percentage in the system at 145%; this is due to strong pass and program enrollment, which rank second and third in the system, respectively. South Run’s 6.5 square feet per passholder is lowest in the system, indicating additional space is likely required to accommodate existing market demand.
- ✓ Approximately 33% of South Run passholders reside in ZIP Code 22153, which is directly east of the facility. The majority of program enrollees come from one of three ZIP Codes located north and northeast of South Run (22153, 22015, and 22152). Unsurprisingly, population density is highest to the north, northeast, and east of the RECenter.

South Run Market Profile		Total	Rank
Performance	Facility Size (SQ FT)	43,351	8th / 9
	Three-Year Avg. Cost Recovery	145%	1st / 9
	Revenue Per Square Foot	\$95.84	1st / 9
	Expense Per Square Foot	\$66.08	1st / 9
Demographics	Population (2016)	218,623	4th / 9
	Adjusted Population (2016)	124,536	4th / 9
	Overlap Factor	43%	6th / 9
	Average HH Income (2016)	\$143,683	2nd / 9
	Median Age (2016)	40.5	2nd / 9
Enrollment	Pass Enrollment (2015)	6,365	2nd / 9
	Square Feet per Passholder	6.8	9th / 9
	Program Enrollment (2015)	14,230	3rd / 9
Market	Alternative Consumer Options SQ FT	195,880	7th / 9
	Number of Alternative Options	30	6th / 9
	Direct Alternative Options SQ FT	182,647	8th / 9
	Number of Direct Alternative Options	8	6th / 9
	Avg. Distance of Alternative Options	3.6	1st / 9

Source: SitesUSA, Internet research, Fairfax County, HGA

FIGURE 5.43: South Run Market Profile Statistics

- ✓ South Run’s alternative option SQ FT ranks seventh at nearly 200,000 SQ FT and eighth in direct alternative options SQ FT at over 180,000. South Run’s limited amount of alternative consumer options is likely a function of its siting in a residential neighborhood away from major commercial centers. Direct alternative options are located an average of 3.6 miles from South Run, which is the greatest average distance and reflective of the limited market.
- ✓ South Run’s direct alternative options all contain a significant fitness facility component. The largest alternative options are OneLife Fitness (60,000 SQ FT) and Burke Racquet & Swim Club (56,000 SQ FT). OneLife Fitness offers the most amenities of any alternative facility: a fitness center, childcare, lap pool, indoor basketball court, and a juice bar.

#	Zip Code	RECenter System Passes	South Run Passes	Capture	Composition	#	Zip Code	RECenter Program Reg.	South Run Registrants	Capture	Composition
1	22153	2,267	2,094	92%	33%	1	22153	4,243	3,057	72%	21%
2	22039	1,140	1,037	91%	16%	2	22015	4,577	2,444	53%	17%
3	22015	1,599	997	62%	16%	3	22152	3,691	2,025	55%	14%
4	22152	1,174	863	74%	14%	4	22079	2,692	1,512	56%	11%
5	22079	678	472	70%	7%	5	22039	1,994	1,506	76%	11%
6	22032	925	265	29%	4%	6	22032	2,566	644	25%	5%
7	22150	698	224	32%	4%						
Total Passes			6,365			Total Passes			14,230		
Average				78%	13%	Average				60%	13%

Source: Fairfax County

FIGURE 5.44: South Run Pass and Program Capture

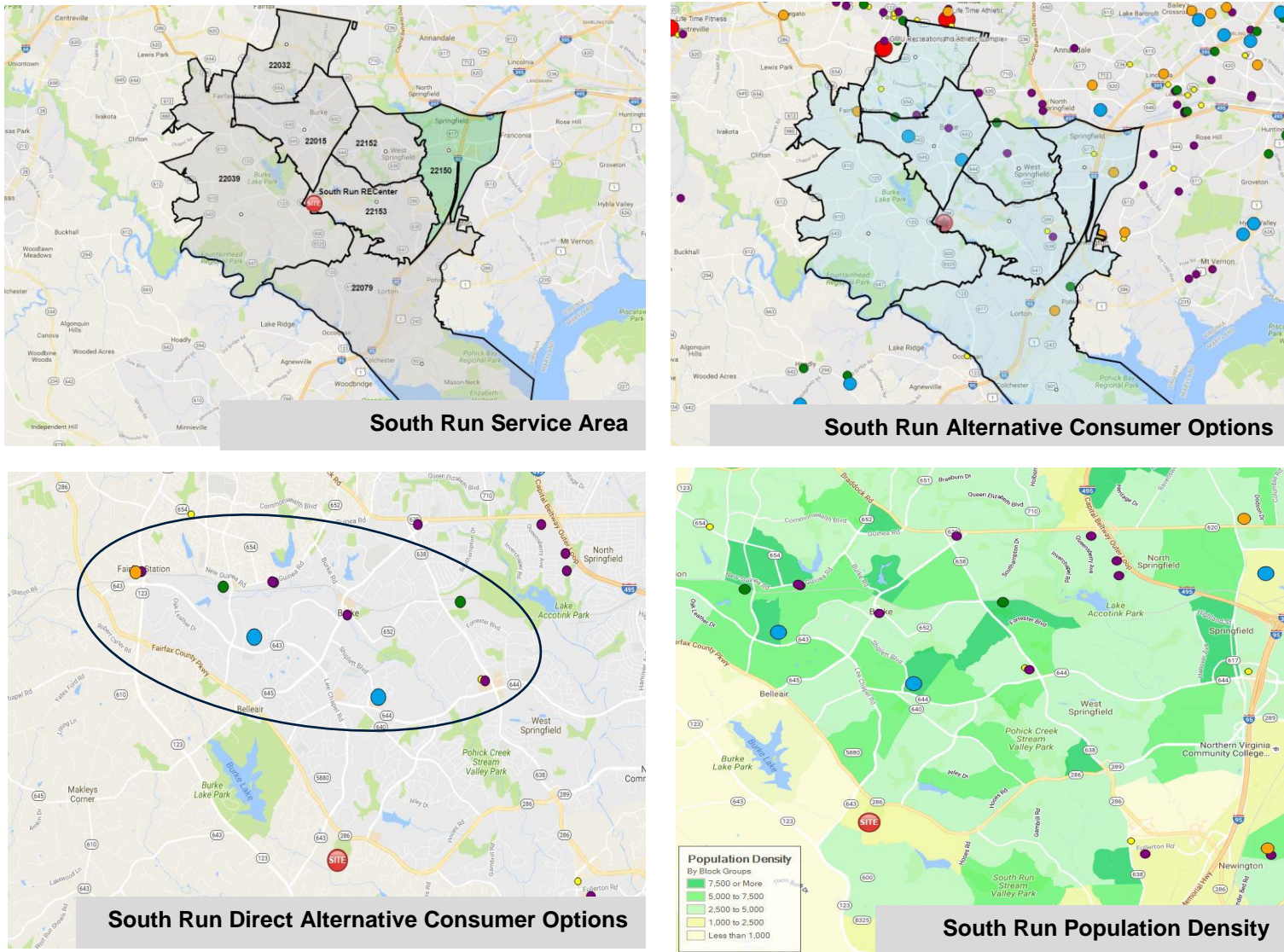


FIGURE 5.45: South Run Competitive Landscape
 Note: Green shading in **service area map** indicates ZIP Code is part of the pass service area only. Blue shading indicates program service area only. Grey shading represents both pass and program service area.

Lee District

Figure 5.46 to the right summarizes Lee District’s primary service area key demographic statistics, pass and program enrollment statistics from 2015, the alternative option square footage within its primary service area, and the number of direct alternative consumer options identified by B&D. Key findings with regard to Lee District’s market dynamics are provided below:

- ✓ Lee District’s primary service area has a population of over 177,000, ranking sixth in the system. When adjusted for market overlap, population decreases by over 100,000 to 73,000. The market overlap factor is 59%, ranking eighth in the system. Lee district’s overlap factor is a result of siting near Mount Vernon and George Washington.
- ✓ Lee District’s primary service area has an average household income of \$98,000 which ranks eighth in the system ahead of only George Washington (ranking ninth). Despite the income level, program enrollment is second highest in the system, largely due to the facility’s robust TOTS program. Pass enrollment, in contrast, ranks sixth in the system and is almost certainly suppressed by the facility’s limited fitness area, as described in the facility assessment memo.
- ✓ Facility size ranks first in the system at nearly 90,000 SQ FT. Square feet per passholder ranks third in the system at 21, indicating that Lee District’s existing configuration has ample capacity to support additional passholders.

Lee District Market Profile		Total	Rank
Performance	Facility Size (SQ FT)	87,824	1st / 9
	Three-Year Avg. Cost Recovery	115%	6th / 9
	Revenue Per Square Foot	\$43.58	6th / 9
	Expense Per Square Foot	\$37.94	8th / 9
Demographics	Population (2016)	177,699	6th / 9
	Adjusted Population (2016)	72,577	8th / 9
	Overlap Factor	59%	8th / 9
	Average HH Income (2016)	\$98,020	8th / 9
	Median Age (2016)	36.6	8th / 9
Enrollment	Pass Enrollment (2015)	4,208	6th / 9
	Square Feet per Passholder	20.9	3rd / 9
	Program Enrollment (2015)	16,339	2nd / 9
Market	Alternative Consumer Options SQ FT	286,670	5th / 9
	Number of Alternative Options	40	4th / 9
	Direct Alternative Options SQ FT	143,950	9th / 9
	Number of Direct Alternative Options	8	6th / 9
	Avg. Distance of Alternative Options	3.0	2nd / 9

Source: SitesUSA, Internet research, Fairfax County, HGA

FIGURE 5.46: Lee District Market Profile Statistics

- ✓ There is a total of approximately 286,000 SQ FT of alternative option space and 40 alternative options in Lee District’s primary service area; these totals rank fifth and fourth, respectively. Direct alternative option SQ FT is comparatively limited, ranking ninth in the system at 144,000 SQ FT. Additionally, alternative options are located, on average, three miles from the RECenter, which is the second greatest average distance in the system.
- ✓ Lee District’s primary alternative options are two LA Finesses that measure 41,200 and 35,000 SQ FT. Both are located three and a half miles from Lee District and have fitness centers and lap pools. Additionally, the larger of the two LA Fitness locations has an indoor basketball court.

#	Zip Code	RECenter System Passes	Lee District Passes	Capture	Composition	#	Zip Code	RECenter Program Reg.	Lee District Registrants	Capture	Composition
1	22310	1,776	1,617	91%	38%	1	22315	5,153	3,843	75%	24%
2	22315	935	814	87%	19%	2	22310	4,630	3,648	79%	22%
3	22306	1,004	483	48%	11%	3	22306	2,702	1,293	48%	8%
4	22303	465	276	59%	7%	4	22150	2,083	916	44%	6%
5	22150	698	198	28%	5%	5	22079	2,692	771	29%	5%
6	22079	678	151	22%	4%	6	22303	1,090	657	60%	4%
						7	22309	2,113	614	29%	4%
Total Passes			4,208			Total Passes			16,339		
Average				75%	14%	Average				64%	10%

Source: Fairfax County

FIGURE 5.47: Lee District Pass and Program Capture

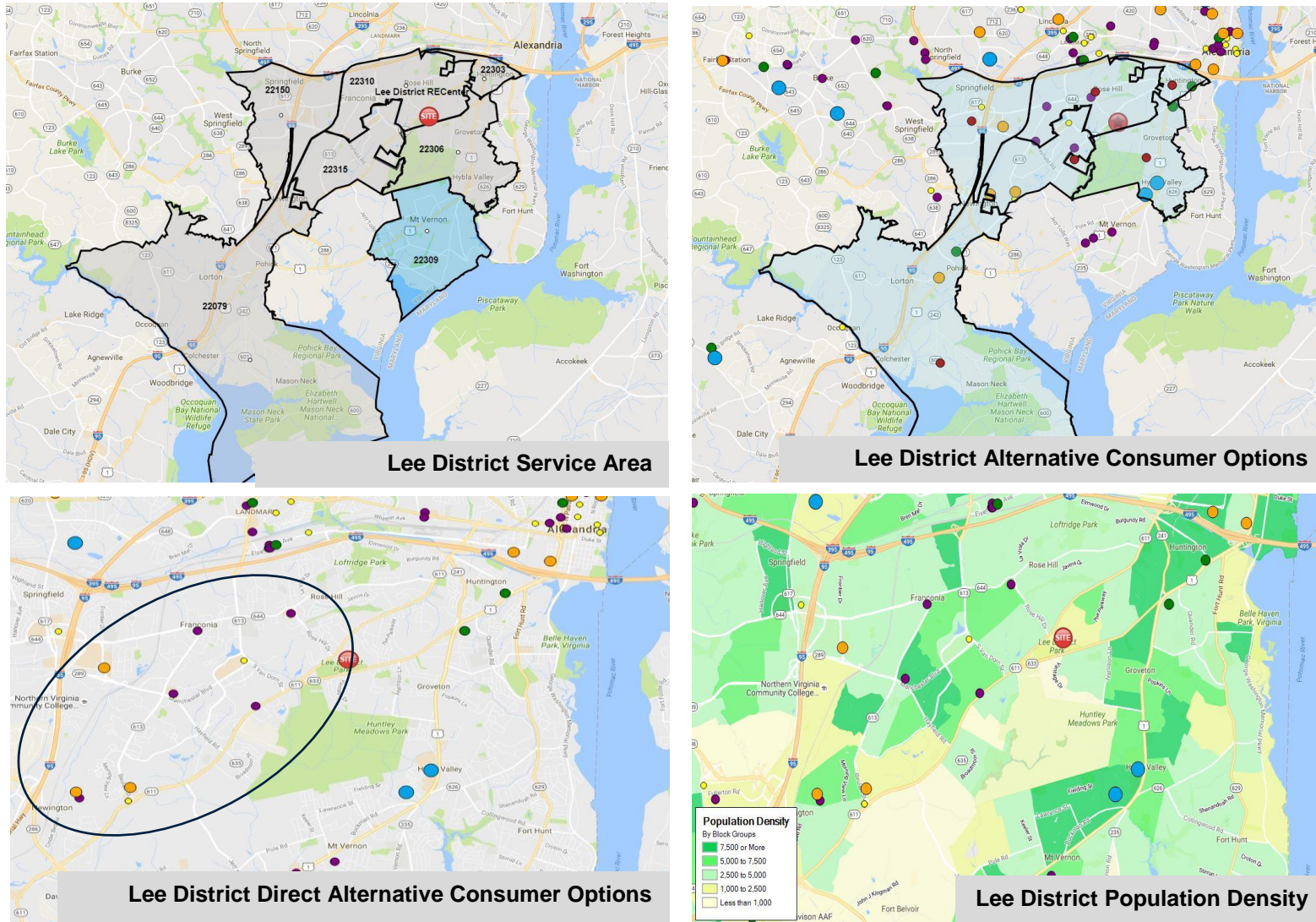


FIGURE 5.48: Lee District Competitive Landscape

Note: Green shading in **service area map** indicates ZIP Code is part of the pass service area only. Blue shading indicates program service area only. Grey shading represents both pass and program service area.

Mount Vernon

Figure 5.49 to the right summarizes Mount Vernon’s primary service area key demographic statistics, pass and program enrollment statistics from 2015, the alternative option square footage within its primary service area, and the number of direct alternative consumer options identified by B&D. Key findings with regard to Mount Vernon’s market dynamics are provided below:

- ✓ Mount Vernon’s primary service area has a population of over 140,000, ranking eighth in the system. When adjusted for market overlap, population decreases to 80,000, ranking seventh in the system. Market overlap is significant in this instance with George Washington. However, because George Washington is primarily comprised of a 25-meter pool, Mt. Vernon only competes for aquatics passholders and registrants. Despite close proximity to Lee District, the north-south orientation of Mount Vernon’s service area presents less overlap with this market than may otherwise be expected.
- ✓ Average household income in Mount Vernon’s primary service area ranks fifth at \$117,000. Median age is 39.2, which ranks third in the system.
- ✓ Pass and program enrollment both rank eighth in the system ahead of George Washington (ranking ninth). Mount Vernon’s SQ FT per passholder ranks second at approximately 23, which indicates there is likely capacity for additional passholders. Mount Vernon’s comparatively low pass and program enrollment can possibly be attributed to the facility’s limited programmatic space aside from the single ice sheet.
- ✓ There is a total of 195,000 alternative option SQ FT and 29 alternative options in Mount Vernon’s primary service area, ranking eighth in the system. Additionally, B&D identified only six direct alternative options located north and south of Mount Vernon that combine to offer 212,000 SQ FT of space, which ranks ninth in the system.

Mount Vernon Market Profile		Total	Rank
Overall	Facility Size (SQ FT)	64,090	6th / 9
	Three-Year Cost Recovery	118%	4th / 9
	Revenue Per Square Foot	\$45.29	5th / 9
	Expense Per Square Foot	\$38.30	5th / 9
Demographics	Population	140,576	8th / 9
	Adjusted Population	79,914	7th / 9
	Overlap Factor	43%	6th / 9
	Average HH Income	\$117,155	5th / 9
	Median Age	39.2	3rd / 9
Enrollment	Pass Enrollment (2015)	2,758	8th / 9
	Square Feet per Passholder	23.2	2nd / 9
	Program Enrollment (2015)	7,772	8th / 9
Market	Alternative Consumer Options SQ FT	195,233	8th / 9
	Number of Alternative Options	29	7th / 9
	Direct Alternative Options SQ FT	212,000	6th / 9
	Number of Direct Alternative Options	6	9th / 9
	Avg. Distance of Alternative Options	2.1	7th / 9

Source: SitesUSA, Internet research, Fairfax County, HGA

FIGURE 5.49: Mount Vernon Market Profile Statistics

- ✓ Mount Vernon's largest alternative consumer options, as well as those offering the most amenities, are Mount Vernon Athletic Club (50,000 SQ FT) and Gold's Gym (52,000 SQ FT). Mount Vernon Athletic Club includes a fitness center, tennis courts, racquetball courts, childcare, martial arts studio, and a pro shop. The Gold's Gym has a fitness center, childcare, lap pool, and juice bar.
- ✓ Although not considered direct alternative consumer options due to differences in facility and program offerings, the Mount Vernon PSA has several low-cost providers such as Snap Fitness and Planet Fitness. These low-cost providers, likely place downward pressure on Mount Vernon in terms of price expectations.

#	Zip Code	RECenter System Passes	Mt. Vernon Passes	Capture	Composition	#	Zip Code	RECenter Program Reg.	Mt. Vernon Registrants	Capture	Composition
1	22307	877	800	91%	29%	1	22308	1,939	1,287	66%	17%
2	22308	824	641	78%	23%	2	22306	2,702	1,142	42%	15%
3	22306	1,004	449	45%	16%	3	22307	1,606	1,077	67%	14%
4	22309	827	263	32%	10%	4	22309	2,113	852	40%	11%
5	22303	465	158	34%	6%	5	22315	5,153	491	10%	6%
6	22314	151	110	73%	4%	6	22310	4,630	395	9%	5%
						7	22303	1,090	326	30%	4%
						7	22314	472	293	62%	4%
Total Passes			2,758			Total Passes			7,772		
Average				68%	15%	Average				47%	10%

Source: Fairfax County

FIGURE 5.50: Mount Vernon Pass and Program Capture

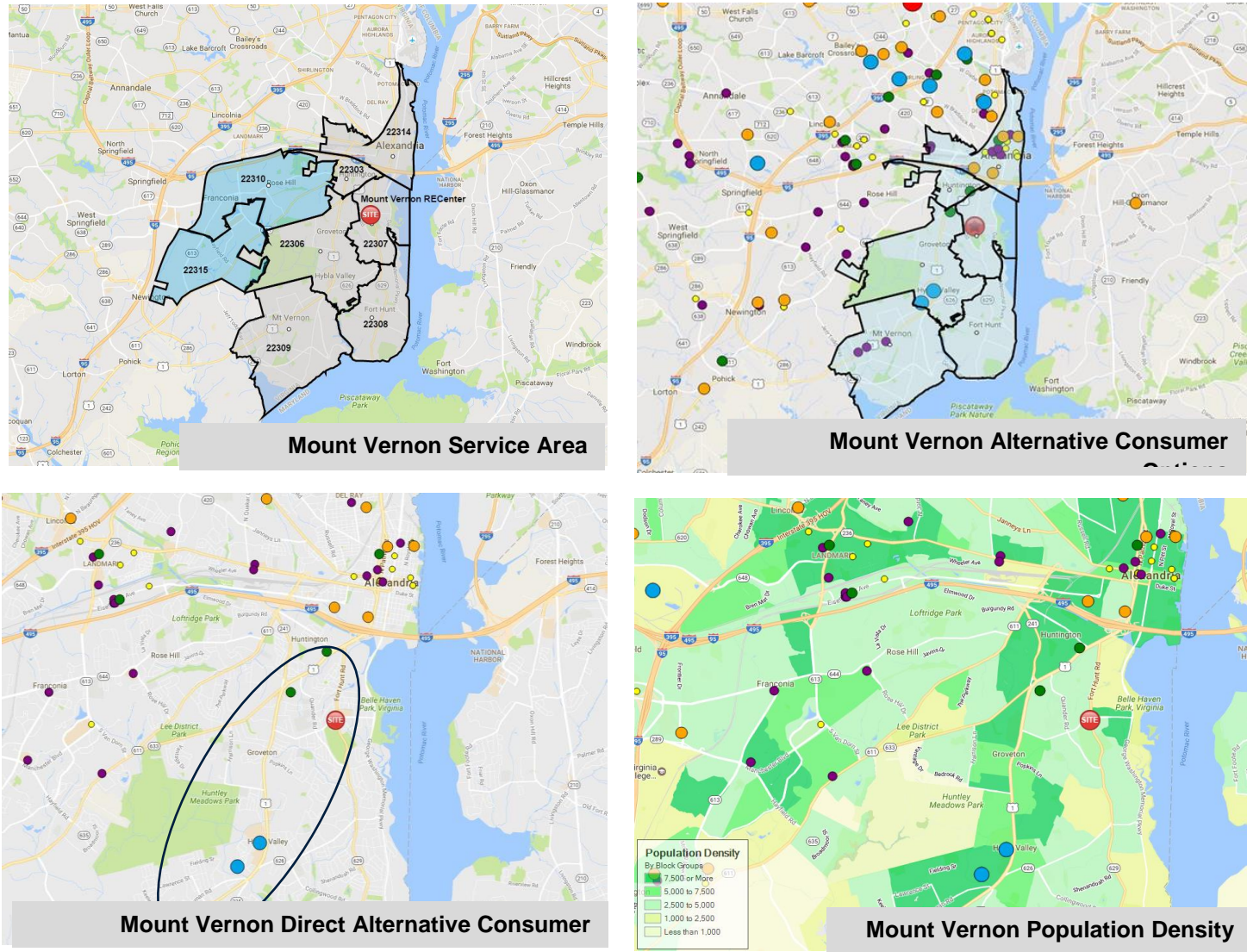


FIGURE 5.51: Mount Vernon Competitive Landscape

Note: Green shading in **service area map** indicates ZIP Code is part of the pass service area only. Blue shading indicates program service area only. Grey shading represents both pass and program service area.

George Washington

Figure 5.52 to the right summarizes George Washington’s primary service area key demographic statistics, pass and program enrollment statistics from 2015, the alternative option square footage within its primary service area, and the number of direct alternative options identified by B&D. Key findings with regard to George Washington’s market dynamics are provided below:

- ✓ George Washington is the smallest facility in the system, measuring just over 18,000 SQ FT. Additionally, the primary service area population ranks ninth both before and after adjusting for market overlap. The unadjusted population is 118,000, though after accounting for overlap with Mount Vernon this figure drops to 42,000.
- ✓ George Washington’s three-year cost recovery figure is the lowest in the system at 75%, making it the only RECenter that has not met operating expenses over the same timeframe. Unsurprisingly, George Washington’s pass and program enrollment is the lowest in the system, at 714 passholders and 1,065 program enrollees.
- ✓ After adjusting for market overlap, alternative option SQ FT within the primary service area ranks ninth at just over 67,000 SQ FT. However, B&D identified eight direct alternative options with a combined space of 230,500 SQ FT.
- ✓ George Washington’s largest alternative options, and those offering the most amenities, are the same two facilities identified in Mount Vernon’s profile: Mount Vernon Athletic Club and Gold’s Gym. These two facilities are located north of George Washington and south of Mount Vernon.

George Washington Market Profile		Total	Rank
Performance	Facility Size (SQ FT)	18,249	9th / 9
	Three-Year Avg. Cost Recovery	75%	9th / 9
	Revenue Per Square Foot	\$23.41	9th / 9
	Expense Per Square Foot	\$31.29	9th / 9
Demographics	Population (2016)	117,785	9th / 9
	Adjusted Population (2016)	41,480	9th / 9
	Overlap Factor	65%	9th / 9
	Average HH Income (2016)	\$95,351	9th / 9
	Median Age (2016)	36.8	7th / 9
Enrollment	Pass Enrollment (2015)	714	9th / 9
	Square Feet per Passholder	25.6	1st / 9
	Program Enrollment (2015)	1,065	9th / 9
Market	Alternative Consumer Options SQ FT	67,250	9th / 9
	Number of Alternative Options	10	9th / 9
	Direct Alternative Options SQ FT	230,500	4th / 9
	Number of Direct Alternative Options	8	6th / 9
	Avg. Distance of Alternative Options	2.7	3rd / 9

Source: SitesUSA, Internet research, Fairfax County, HGA

FIGURE 5.52: George Washington Market Profile

#	Zip Code	RECenter System Passes	GW Passes	Capture	Composition	#	Zip Code	RECenter Program Reg.	GW Registrants	Capture	Composition
1	22309	827	450	54%	63%	1	22309	2,113	492	23%	46%
2	22308	824	134	16%	19%	2	22306	2,702	144	5%	14%
3	22306	1,004	53	5%	7%	3	22308	1,939	120	6%	11%
						4	22079	2,692	42	2%	4%
Total Passes			714			Total Passes			1,065		
Average				42%	30%	Average				16%	19%

Source: Fairfax County

FIGURE 5.53: George Washington Pass and Program Capture

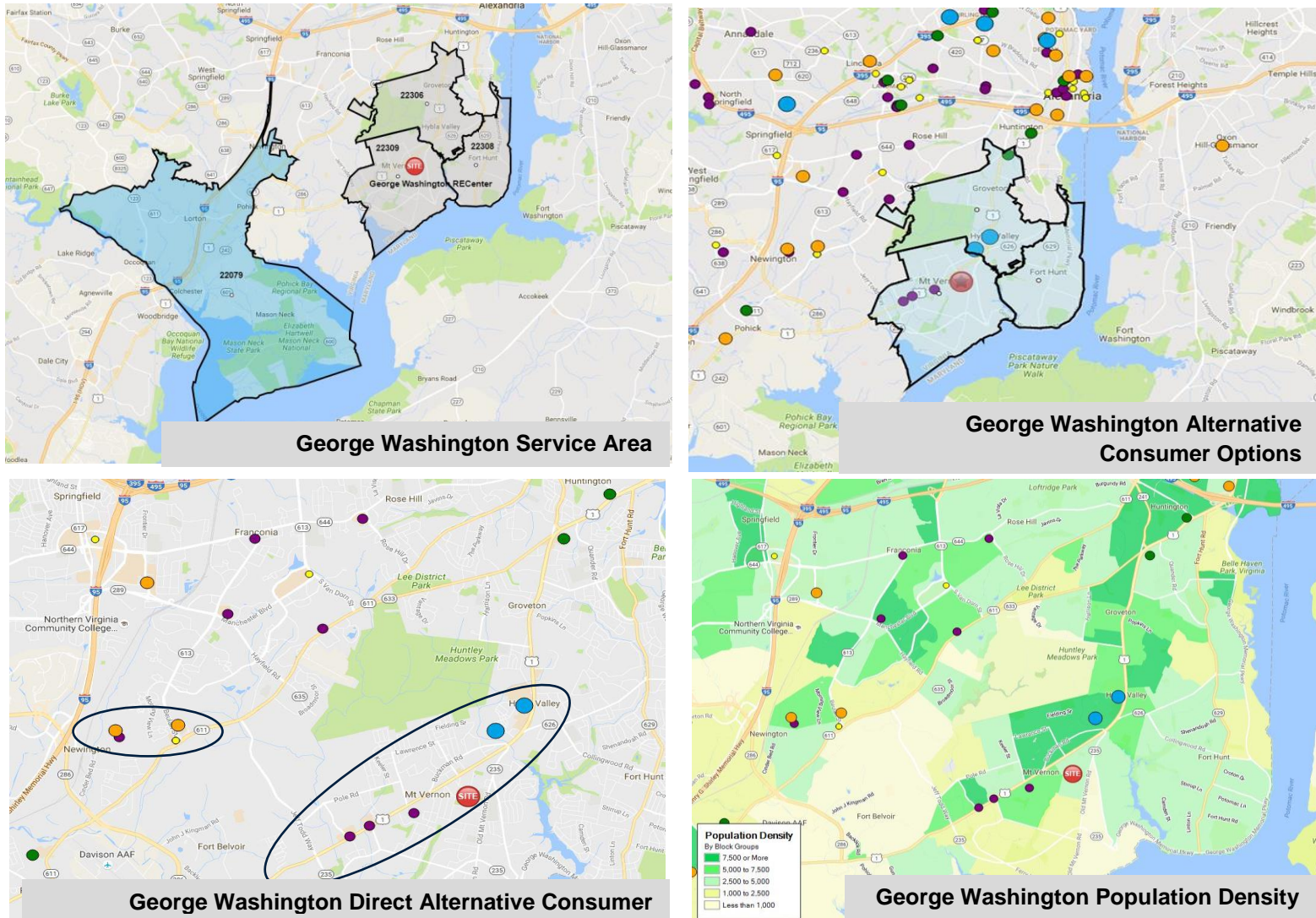


FIGURE 5.54: George Washington Competitive Landscape
 Note: Green shading in **service area map** indicates ZIP Code is part of the pass service area only. Blue shading indicates program service area only. Grey shading represents both pass and program service area.

6.0 – DEMAND ANALYSIS

INTRODUCTION

The demand analysis measures market support and incremental demand for passes and programs, which are the RECenter system’s two primary revenue drivers. A series of interrelated exercises are utilized to gauge demand for each. In contrast to typical demand analyses that extrapolate national participation statistics into demand estimates, B&D has utilized historical visitation, utilization, and revenue patterns observed within the RECenter system to estimate demand. This approach is a result of having nine RECenters – three of which have recently undergone significant upgrades – and over 15 years of reliable operating histories that provide pertinent benchmarks. National participation data are presented at the beginning of this section and are only utilized to understand macro-level demand trends for program enrollment. Key exercises contained within this section are listed below, with the first pertaining to pass demand and the second relating to program demand.

Pass Demand

- ✓ An **introduction of the pass types** offered and **price structure** in relation to private alternative consumer options;
- ✓ Conducting a “**fair share**” of **demand analysis** based on the alternative consumer options analysis and national participation statistics;
- ✓ An **evaluation of building program adequacy** to accommodate existing pass demand; and
- ✓ Development of **estimates for incremental passholder demand** that inform building program recommendations and the Financial Analysis.

Program Demand

- ✓ An **introduction of the different types of programs** offered at each RECenter.
- ✓ The introduction and **overview of the depth and breadth of programs offered** at each RECenter;
- ✓ An analysis of **program revenues** at each RECenter and the entire system;
- ✓ An **analysis of building adequacy and utilization** by number of passholders and program registrants; and
- ✓ Development of **estimates for incremental program registrants** that inform building program recommendations and the Financial Analysis.

INDUSTRY TRENDS

OBJECTIVES

Prior to conducting the demand analysis, B&D reviewed data provided by the International Health, Racquet & Sportsclub Association (IHRSA) to understand macro-level demand affecting health clubs and recreation centers. The association publishes two annual reports, IHRSA Industry Data Survey and Fitness Industry Trend Report, which analyze national trends based on a survey and industry data. The 2015 Industry Data Survey report, utilized by B&D, provided survey results from 123 firms that represent nearly 6,000 health clubs.

Membership Trends

Figure 6.1 to the right shows total health club members from 2010 to 2014. Total membership ranges from 50.2 million in 2012 to 54.1 million in 2014 (the reports most recent year). This modest compound growth rate of 2% suggests stability, yet somewhat modest membership growth. Figure 6.2 shows membership allocation by type of health club in the U.S. Market share by type of health club ranges from 3% with sports-specific facilities to 29% with Fitness-Only Facilities. Average market share among listed health club types is 13%. B&D further analyzes fitness membership prices in relation to membership offerings in the subsequent text (Figure 6.12).

Number of U.S. Health Club Members (In Millions)

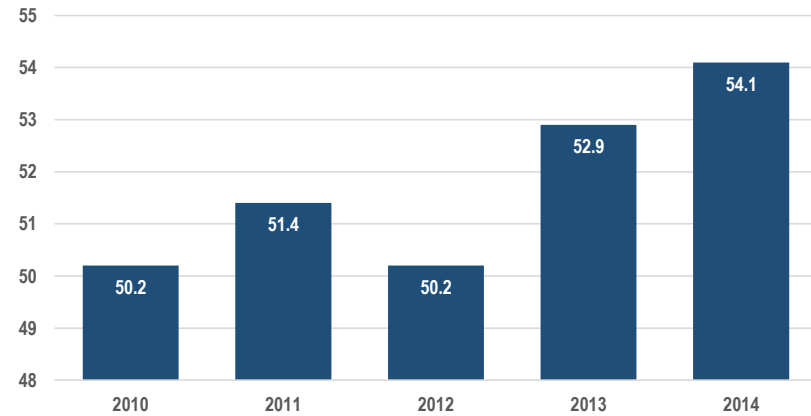


FIGURE 6.1: U.S. Health Club Members

Source: IHRSA

U.S. Health Club Member Market Share

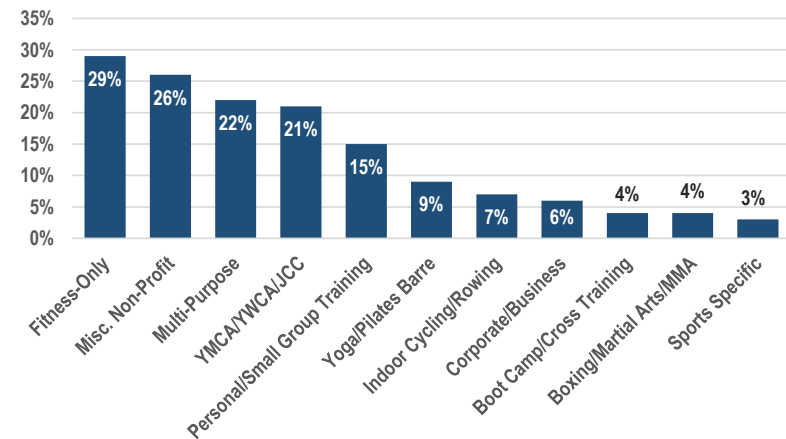


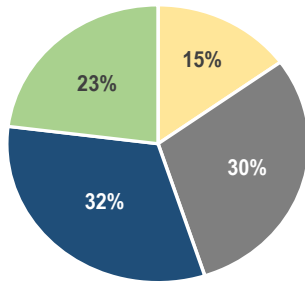
FIGURE 6.2: U.S. Health Club Member Market Share

Source: IHRSA

Membership Share by Age & Income

Figure 6.3 below shows the breakdown of membership holders by age bracket. Membership holders who are 35-54 and 18-34 comprise nearly two-thirds of total membership holders (62%). In contrast, those under 18 and over 55 make up only 15% and 23%, respectively. Figure 6.4 below shows health club membership by annual household income. Nearly 40% of membership holders earn \$100,000+ per year and are the most represented group by over 20 percentage points. As discussed in Section 5.0, Fairfax County’s average household income is over \$150,000, which is a positive indicator towards pass demand. Although not shown below, males and females both comprise equal shares of total membership holders.

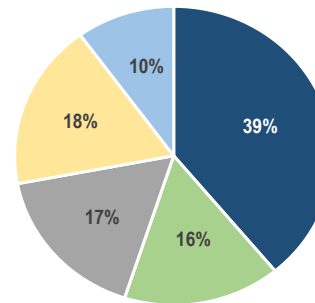
Health Club Membership by Age



■ Under 18 ■ 18 - 34 ■ 35 - 54 ■ 55+

FIGURE 6.3: Health Club Membership by Age Source: IHRSA

Health Club Membership by Annual Household Income



■ \$100,000+ ■ \$75,000 - \$99,999 ■ \$50,000 - \$74,000 ■ \$25,000 - \$49,000 ■ <\$25,000

FIGURE 6.4: Health Club Membership by Household Income Source: IHRSA

Club Consumer Participation

Figure 6.5 below shows the national club consumer participation by activity between 2010 and 2014. Published consumer participation levels range from 22.8 million (Treadmill) to 1.8 million (Tai Chi – not pictured). Average participation for all categories listed by IHRSA is 9.7 million. Between 2010 and 2014, the top three categories were treadmill, weight/resistance machines, and free weights (hand weights).

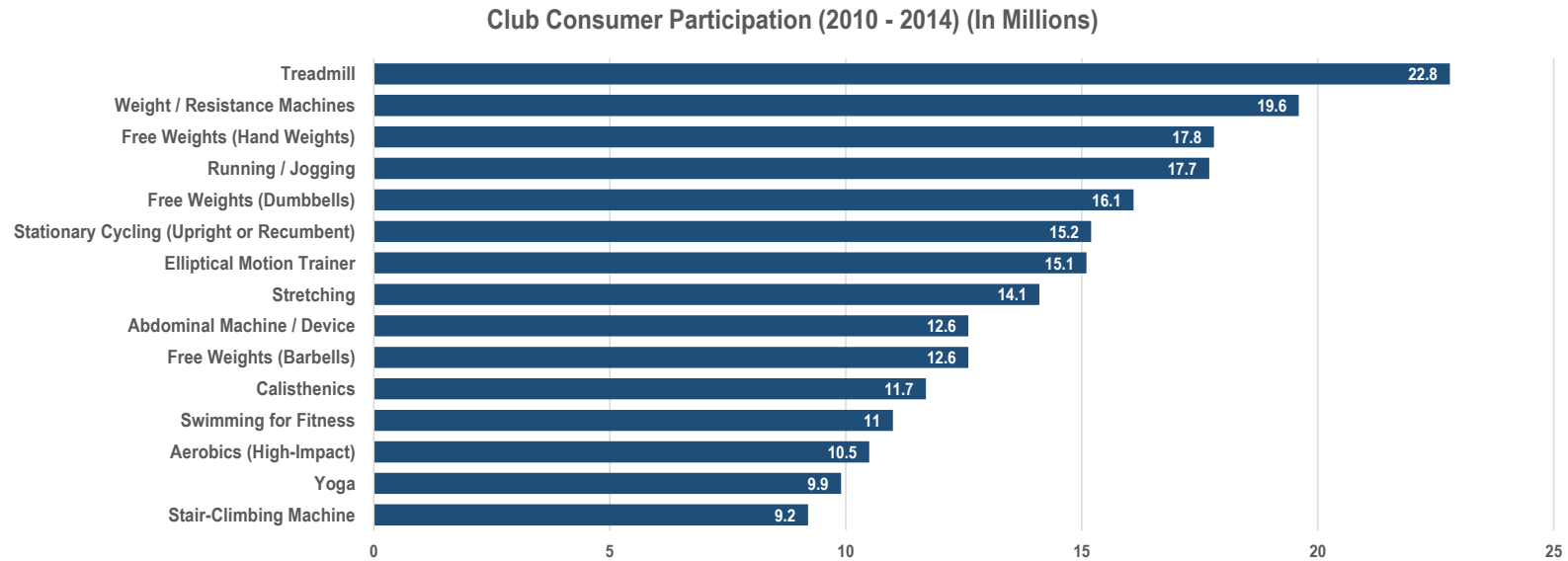
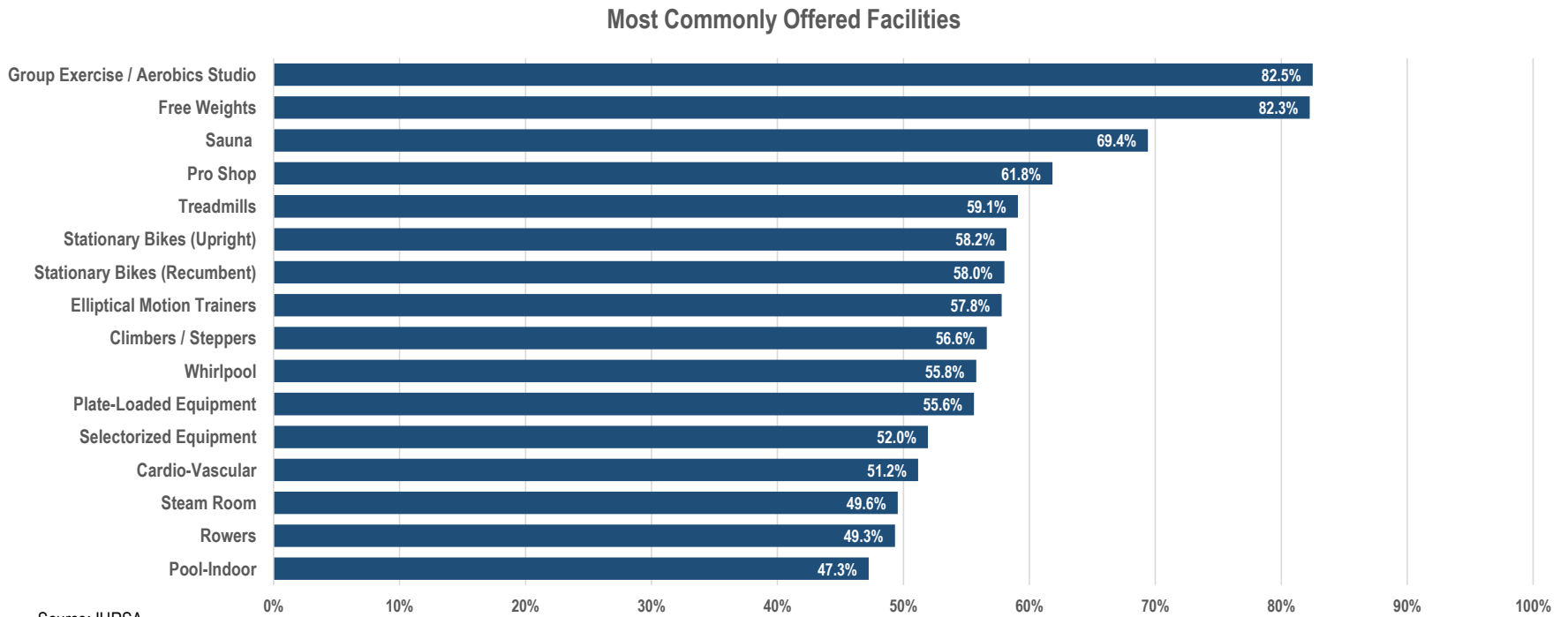


FIGURE 6.5: Club Consumer Participation

Source: IHRSA

Most Commonly Offered Facilities

Figure 6.6 below shows the most commonly offered facilities at national health clubs. Group exercise / aerobics studio and free weights are the most commonly offered facilities at 82.5% and 82.3%, respectively. While all nine FCPA RECenters offer indoor aquatics facilities, less than half of national health clubs have indoor pools.



Source: IHRSA

FIGURE 6.6: Most Commonly Offered Facilities

Most Commonly Offered Programs

IHRSA identified the most commonly offered programs based on survey response percentage. Personal training, at 93%, is the most commonly offered program among the 68 listed below. The top 13 programs, from personal training to exercise prescriptions are offered by the majority of surveyed firms. Group rowing classes, at two percent, is the least common program offered.

Most Commonly Offered Programs							
Personal Training	93%	Group Strength Training	46%	Boxing	24%	Tennis League	9%
Step/Bench Aerobics	86%	Pilates	44%	Internet Access For Members	21%	Wellness-Smoking Cessation	9%
Fitness Evaluation	85%	Health Education Programs	44%	Basketball League	20%	Group Running Classes	8%
Strength Training	82%	Cpr Training Classes	43%	Racquetball League	20%	Diabetes Programs	8%
Yoga	79%	Aquatic Exercise	43%	Tai Chi	20%	Handicap Programming	7%
Child Care	69%	Dance	40%	Wellness-Stress Reduction	19%	Osteoporosis Programs	7%
Group Cycling Classes	67%	Summer Camp Programming	39%	Walleyball	17%	Subsidized Memberships	7%
Low Impact Aerobics	60%	Boot Camp - Outdoor	38%	Prenatal	17%	Lateral Motion Trainers	7%
Cardio Kickboxing Or Similar	60%	Towel Service	34%	Lower Back Programs	15%	Chiropractic Services	6%
Nutritional Counseling/Classes	60%	Senior's Programming (62+)	31%	Spa Treatments	14%	Treadmill Classes	6%
Weight Management	58%	Vitamin/Supplement Sales	30%	Post Natal	14%	Squash League	6%
Corporate Programming	57%	Social Programs	28%	Arthritis Programs	12%	Gymnastics	6%
Hi Impact Aerobics	56%	Competitive Sports	27%	Hospital Affiliation	12%	Soccer	5%
Exercise Prescriptions	54%	Junior's Programming (13-18)	27%	Self Defense	11%	Physician Affiliation	5%
Cross Training	49%	Children's Programming (0-12)	27%	Walking Classes	11%	Hmo/Insurance Affiliation	5%
Kickboxing	47%	Martial Arts	27%	High Blood Pressure Programs	11%	Sell Home Fitness Equipment	3%
Massage	47%	Volleyball	25%	Cardiac Rehab	10%	Group Rowing Classes	2%

FIGURE 6.7: Most Commonly Offered Programs

Adoption Matrix

The adoption matrix, shown in Figure 6.8 is a tool used by IHRSA, and developed by ClubIntel, that helps “identify emerging and sustainable trends, or exploit a gap in the health and fitness industry”. IHRSA defines the following four elements in the Adoption Matrix as:

- ✓ **Emerging:** “The emergence stage is the phase in a trend’s life cycle when it first arises and demonstrates market share growth that exceeds the average growth rate for other products and services in its industry segment and has yet to achieve a reasonable level of market penetration. In this report, above-average growth is represented by the absolute percentage growth above the average for the industry segment. A reasonable level of market penetration for purposes of this study was defined as 50%.”
- ✓ **Growth:** “The growth stage is the phase in a trend’s life cycle when it has achieved a reasonably high level of market penetration but is also experiencing growth that exceeds the average growth rate for other products and services in its industry segment. In this report, above average growth is represented by the absolute percentage growth above the average for the industry segment. A reasonable level of market penetration for purposes of this study was defined as 50%.”
- ✓ **Niche:** “The niche stage, while not a traditional stage in a trend’s life cycle, is a phase representing when a product’s market penetration is low and its growth rate falls below the average growth rate for other products and services in its industry segment. In this report, below-average growth is represented by the absolute percentage growth below the average for the industry segment. A reasonable level of market penetration for purposes of this study was defined as 50%.”
- ✓ **Maturity:** “The maturity stage is the phase in a trend’s life cycle when it has achieved a high level of market penetration and is experiencing growth that is less than the average for other products and services in its industry segment. In this report, below-average growth is represented by the absolute percentage growth below the average for the industry segment. A reasonable level of market penetration for purposes of this study was defined as 50%.”

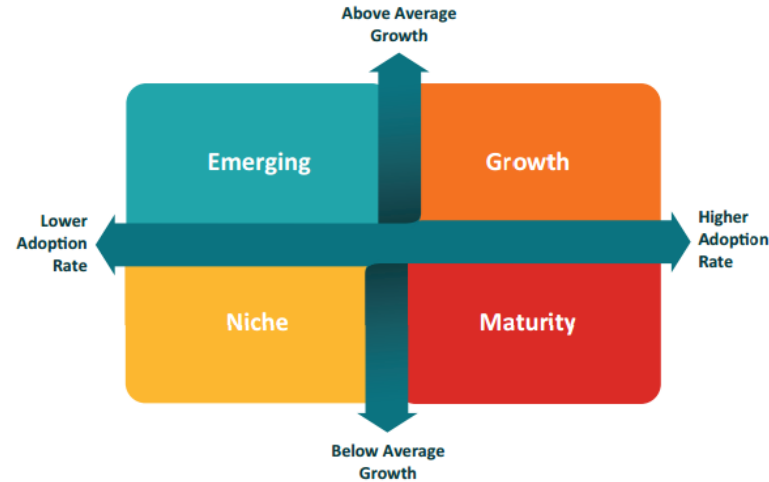


FIGURE 6.8: Adoption Matrix
Courtesy: IHRSA

Adoption Matrix – Equipment

Figure 6.9 to the right lists emerging, growth, niche, and mature trends in health / fitness equipment as published by IHRSA. Growth and niche equipment categories encompass the most equipment in the market. As defined above, equipment in the niche phase has lower market penetration and below-average growth when compared to other market products. This category includes products such as selectorized resistance equipment, upper-body ergometers, therapeutic exercise pool, and other products that are frequently used but do not experience above-average growth.

In contrast to emerging, growth, and niche products, the recumbent bicycle is the only product that IHRSA includes as a mature product.



Adoption Matrix – Technology

Figure 6.10 to the right lists emerging, growth, niche, and mature trends in health / fitness technology as published by IHRSA. Eight of the 13 technologies are considered emerging trends. IHRSA expects that, while many emerging trends can become niche or mature, technology trends in the health and fitness industry are heading towards growth. Smaller boutique fitness clubs heavily adopt on-line pricing, purchasing, and reservation services, while larger commercial facilities utilize social media, mobile applications, and on-line member portals.

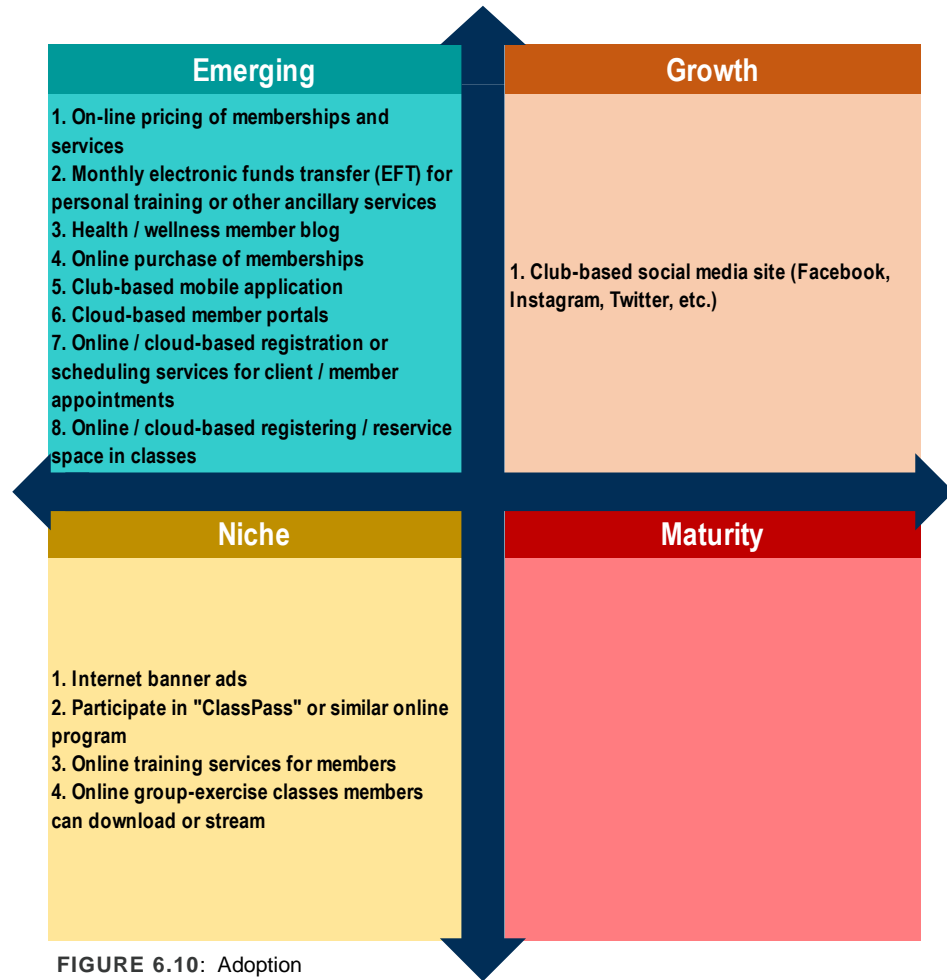


FIGURE 6.10: Adoption Matrix - Technology

PASS DEMAND ANALYSIS

OBJECTIVES

The purpose of the pass demand analysis is to examine how RECenters in their existing configuration capitalize on market demand for sales. The crux of this section relies on the “fair share of demand” analysis, which applies IHRSA’s national health club membership statistics to the county’s demographic profile. This provides the basis to examine which RECenters are capitalizing on demand in consideration of its competitive landscape. As a supplement, B&D analyzed the relationship that existing pass sales have with each RECenter’s total square footage and its weight and fitness space. In B&D’s experience, the quality and quantity of weight and fitness space is one of the greatest factors influencing propensity to purchase a pass or membership. Detailed analyses are contained on the following pages and, at the conclusion of this analysis, qualitative estimates for incremental pass sales are presented.

Pass Type Overview

Figure 6.11 on the following page examines the pass types offered at RECenters. There are five primary types – the Leisure Fitness Pass, Discount Fast Pass, Racquetball Court Pass, Aqua Exercise Flex Pass, and Ice Skating Pass. Descriptions of the passes, pricing by type, amenities included, and the location at which the pass is offered are also shown in Figure 6.11 below. In B&D’s professional opinion, the pass offerings are heavily diversified and tailored to reach nearly all potential target market audiences throughout the county. The price structure offers up to eight different price points depending on household classification and age. The survey analysis, presented in Section 7.2, reveals nearly universal high satisfaction rates for the various pass types, further speaking to B&D’s assertion that the existing structures “offer something for everyone.”

FCPA SYSTEM-WIDE SUSTAINABILITY PLAN FOR RECENTERS | DEMAND ANALYSIS

FCPA RECenter Pass Options										
Pass Type	RECenter Leisure Fitness Pass		RECenter 25 Discount Fast Pass	Racquetball Court Pass - 10 Hour Usage	Aqua Exercise Flex Pass			Mt. Vernon Ice Skating Pass		
Pass Description	Provides unlimited access for the number of months purchased to any of the nine RECenters. Includes access to swimming pool, fitness facilities, locker room, spa, sauna and other facilities where available. There is an additional fee for racquetball, handball, wallyball and squash court rental where available.		Discount Fast Pass fees include use of swimming pool, fitness room, locker rooms, gymnasium, racquetball court rental and daily public ice skating session fees, where available. (25 admissions, expires 24 months from date of sale)	Racquetball Court Pass waives ten racquetball court rental fees. Does not include admission fee to the RECenter. Racquetball court rental fees are not required for active Leisure Fitness Pass and Discount Fast Pass holders. However, court reservations are still required.	The Aqua Exercise Flex Pass provides access to any coded water exercise class listed in the Water Exercise section of Parktakes. The pass also includes the use of the fitness room, pool, spa, locker rooms, sauna, and group fitness drop-in classes.			Freestyle skating admissions require at least at Free skate level I, unless under the supervision of a coach or approval from the skating director.	Ten public skating sessions.	Program Practice/Moves and Stroking/Power Skating sessions are open to all USFS & ISI Freestyle level tested skaters.
[1] Pass Duration / Admissions	1 Month	12 Months	25 Passes	10 Passes	10 Visits	20 Visits	30 Visits	Freestyle 20-Visit	Public Skate 10-Visit	Program Moves/Stroking Power 10-Visit
List Price										
Adult Single	\$104 / \$74	\$957 / \$669	\$159 / \$227	\$35	\$124 / \$139	\$247 / \$262	\$369 / \$384	\$183	\$62.70	\$69 / \$87.50
Adult Two-Person	\$164 / \$115	\$1,504 / \$1,052	-	\$35	-	-	-	\$183	-	\$69 / \$87.50
Adult/Senior Combo	\$164 / \$111	\$1,504 / \$1,015	-	\$35	-	-	-	\$183	-	\$69 / \$87.50
Dependent	\$27 / \$19	\$237 / \$166	-	\$35	-	-	-	\$183	-	\$69 / \$87.50
Family	\$195 / \$137	\$1,785 / \$1,249	-	\$35	-	-	-	\$183	-	\$69 / \$87.50
Senior	\$105 / \$69	\$957 / 622	\$147 / \$227	\$35	\$81 / \$139	\$161 / \$262	\$239 / \$384	\$183	\$52.40	\$69 / \$87.50
Senior Two-Person	\$164 / \$107	\$1,504 / \$977	-	\$35	-	-	-	\$183	-	\$69 / \$87.50
Youth/Student	\$105 / \$69	\$957 / 622	\$147 / \$227	\$35	-	-	-	\$183	\$52.40	\$69 / \$87.50
Amenities Included										
Swimming Pool	X	X	X	-	-	X	-	-	-	-
Fitness Facilities	X	X	X	-	-	X	-	-	-	-
Locker Room	X	X	X	-	-	X	-	-	-	-
Spa	X	X	X	-	-	X	-	-	-	-
Sauna	X	X	X	-	-	X	-	-	-	-
Ice Rink	X	X	X	-	-	-	-	-	X	-
Racquetball	-	-	-	X	-	-	-	-	-	-
Other	X	X	X	-	-	-	-	-	-	-
Location										
Audrey Moore				X				-	-	-
Cub Run				-				-	-	-
George Washington				-				-	-	-
Lee District				X				-	-	-
Mount Vernon	All		All	-	All	All	All	X	X	X
Oak Marr				X				-	-	-
Providence				X				-	-	-
South Run				X				-	-	-
Spring Hill				X				-	-	-

Source: FCPA

[1] Slash between price points indicates difference between list price and discounted price with proof of County residency

FIGURE 6.11: Pass Overview

County-Wide Membership Comparison

Figure 6.12 to the right shows the FCPA Leisure Fitness Pass (LFP) pricing in comparison to alternative consumer options. For this analysis, B&D utilized the effective monthly rate of \$54.14 as provided by FCPA. B&D utilized FCPA's Leisure Fitness Pass due to its comparability with membership offerings elsewhere. Options for monthly memberships at alternative consumer options range from \$9.97 at Olympus Fitness Center to \$175.00 at Mclean Racquet & Health. FCPA's LFP ranks eighth at \$54.14 per month (effective rate), which is just below the average of \$54.67. B&D examined sites with multiple locations in the county and did not find a difference in price structure regardless of location. As discussed in the Survey Analysis, county residents are overwhelmingly satisfied with their nearly all aspects of their pass.

Fair Share of Demand Analysis

The fair share of demand analysis measures the extent to which RECenter's are generating pass sales at a level that is commensurate with what their market presence justifies in terms of square footage offered. For instance, if a RECenter represents 10% of the primary service area's overall square footage, then it should theoretically capture 10% of estimated pass capacity within that market. If the RECenter is capturing more than 10%, it is exceeding its fair share, while at less than 10% the RECenter would be generating pass sales at a rate lower than its fair share. The exercise contains a number of steps to estimate such sales, which are listed below.

Rank	[1] Facility	Monthly Membership
1	McLean Racquet & Health	\$175.00
2	Equinox	\$153.00
3	Sport and Health	\$89.99
4	Life Time Athletic	\$89.00
5	Mount Vernon Athletic Club	\$79.99
6	George Mason Recreation and Athletic Complex	\$75.00
7	Curves	\$59.00
8	[2] FCPA Leisure Fitness Pass	\$54.14
9	Fairfax Racquet Club & Fitness Center	\$47.00
10	Everybody Fitness Center	\$45.00
11	24 Hour fitness	\$44.99
12	Anytime Fitness	\$43.99
13	Gold's Gym	\$39.98
14	OneLife Fitness	\$32.00
15	Crunch Fitness	\$29.99
16	LA Fitness	\$24.99
17	Washington Sports Club	\$19.99
18	Xsport Fitness	\$14.95
19	Planet Fitness	\$10.00
20	World Gym	\$10.00
21	Olympus Fitness Center	\$9.97
FCPA Leisure Fitness Pass (County Resident)		\$54.14
Average		\$54.67
Median		\$44.99
Comparable Rank		8th / 22

[1] Some facilities have multiple locations in Fairfax County

[2] FCPA rate is the "effective monthly rate" for adults as provided by FCPA staff

FIGURE 6.12: Membership Price Comparison

1. The primary service area ZIP Codes must be identified to understand the size and characteristics of the market by which passes can be sold at each RECenter. The primary service areas presented earlier in the Market Analysis are utilized in this analysis. B&D asserts that demand patterns are, for the most part, dictated by a number of market influences that are not completely explainable through empirical data. As such, primary service areas are assumed to remain consistent in this analysis regardless of the improvement implemented.

- Population data for each ZIP Code are then distributed into the number of persons located in households with certain age and income demographic ranges. An example of seven ZIP Codes' population is allocated into various income ranges as shown below. Approximately three percent of ZIP Code 20105's nearly 18,000 residents are located in a household with an income of \$25,000 or less, leaving 458 residents in this group.
- According to participation statistics published by IHRSa, persons with different age and income backgrounds have different propensities to purchase health club memberships. As shown in the table below, 27% of residents residing in households with income of \$100,000 or more possess a health club membership while just 10% of persons residing in a household with an income of \$25,000 or less possess a membership. These statistics are then applied to each ZIP Code's unique demographic profile to estimate the number of potential members within each ZIP Code. According to these statistics, ZIP Code 20105 has an estimated market demand for 4,200 memberships. A similar exercise was performed with the data sorted by age.

Zip Code	Population	Income Range					Number of Persons in Each Bracket				
		<\$25k	\$25k-\$49k	\$50k-\$74k	\$75k-\$99k	\$100k +	<\$25k	\$25k-\$49k	\$50k-\$74k	\$75k-\$99k	\$100k +
20105	17,623	3%	7%	12%	6%	72%	458	1,251	2,097	1,110	12,706
22314	36,604	9%	7%	10%	11%	63%	3,368	2,599	3,551	4,100	22,914
22201	40,083	7%	8%	11%	14%	61%	2,605	3,207	4,449	5,411	24,451
22191	71,346	10%	16%	16%	17%	42%	6,921	11,273	11,701	11,772	29,609
20120	42,310	6%	9%	13%	13%	59%	2,327	3,893	5,543	5,500	25,005
20121	29,474	5%	10%	18%	18%	48%	1,592	3,036	5,364	5,217	14,236
20124	15,403	4%	5%	5%	7%	80%	678	709	709	1,017	12,292



Zip Code	Population	<\$25k	\$25k-\$49k	\$50k-\$74k	\$75k-\$99k	\$100k +	Zip Code Passes / Memberships
		10%	15%	18%	22%	27%	
20105	17,623	46	181	373	240	3,367	4,207
22314	36,531	337	377	632	886	6,072	8,303
22201	40,123	261	465	792	1,169	6,479	9,166
22191	71,275	692	1,635	2,083	2,543	7,846	14,798
20120	42,268	233	564	987	1,188	6,626	9,598
20121	29,445	159	440	955	1,127	3,773	6,454
20124	15,403	68	103	126	220	3,257	3,773

FIGURE 6.13: Fair Share of Demand Calculation Process

- The estimated market capacity for memberships within each ZIP Code is then totaled. The ZIP Code estimates for demand are then divided by the number of RECenter primary service areas in which the ZIP Code is located. For example, there is market demand for an estimated 8,300 passes in ZIP Code 22314. Since this ZIP Code only falls within Mt. Vernon’s primary service area, the RECenter is allocated an estimate of 8,300 passes to its market capacity. If this ZIP Code fell within two primary service areas, Mt. Vernon would be allocated 4,150 passes to its demand pool, while the other hypothetical RECenter with ZIP Code 22314 in its service area could also draw from an estimated 4,150 passes.
- Based on the steps listed above, capacity is estimated for each RECenter according to income and age. The estimated market capacity for each site is then derived by taking the average of the two estimates. B&D’s method for estimating pass capacity highlights the conceptual nature of the exercise; however, the approach is the only valid method by which estimates for pass capacity can be ascertained.

RECenter	Est. Capacity by Income	Est. Capacity by Age	Estimated Capacity
Cub Run	41,300	32,500	36,900
Oak Marr	31,400	24,800	28,100
Spring Hill	24,000	17,600	20,800
Providence	36,400	30,900	33,650
Audrey Moore	24,300	19,200	21,750
South Run	30,300	22,700	26,500
Lee District	16,600	16,400	16,500
Mt Vernon	19,500	13,800	16,650
George Washington	7,500	6,400	6,950
Estimate	231,300	184,300	207,800

Source: IHRSA, FCPA

FIGURE 6.14: FCPA Capacity Estimate

RECenter	Estimated Capacity	[1] FCPA Passes				FCPA Penetration	Rank
		DFP	AQFP	LFP	Total		
Cub Run	36,900	1,166	112	3,322	4,600	12%	7
Oak Marr	28,100	1,916	1,023	3,884	6,823	24%	3
Spring Hill	20,800	1,299	333	2,862	4,494	22%	5
Providence	33,650	943	606	1,849	3,398	10%	9
Audrey Moore	21,750	1,648	761	3,018	5,427	25%	2
South Run	26,500	1,539	746	4,080	6,365	24%	4
Lee District	16,500	220	946	3,042	4,208	26%	1
Mt Vernon	16,650	641	454	1,663	2,758	17%	6
George Washington	6,950	127	293	294	714	10%	8
Estimate	207,800	9,499	5,274	24,014	38,787	18.7%	

Source: IHRSA, FCPA

[1] 2015 pass sale data

Note: Abbreviations as follows: Discount Fast Passes (DFP), Aqua Exercise Flex Pass (AQFP), Leisure Fitness Pass (LFP)

FIGURE 6.15: FCPA Penetration

Once estimated market demand is understood, the fair share exercise can be performed by applying pass sale data supplied by FCPA. In this analysis, B&D has utilized AQFP, LFP, and DFP sales to perform the analysis; IHRSA participation data do not account for demand for personal training, racquetball, or ice skating passes that are offered as passes in the system. As such, the FCPA pass totals in the table below reflect data that most closely align with IHRSA statistics. Penetration ratios by RECenter are shown in the table below. The RECenter system captures nearly 19% of market capacity for passes. Lee District is greatest at 26%, followed closely by Audrey Moore (25%), South Run (24%), and Oak Marr (24%). Providence and George Washington, in contrast, capture 10% of market capacity. However, to understand the extent to which each RECenter is capitalizing on market demand, square footage at alternative consumer options must be factored in.

Figure 6.16 below examines penetration ratios in consideration of consumer options in each primary service area. Square footage identified in the alternative consumer options analysis allows for examining the RECenter’s square footage as a function of the marketplace’s overall total square footage. For instance, Cub Run’s 66,000 SQ FT building footprint composes 12% of 561,000 SQ FT of total space in its primary service area. Further, each primary service area’s square footage total is inflated by 3% to account for options that were not discovered in the consumer options analysis.

RECenter	Consumer Option SQ FT	Adj. SQ FT	RECenter SQ FT	Total SQ FT	FCPA Share of SQ FT	FCPA Penetration	Difference
Cub Run	479,820	14,395	66,479	561,000	11.9%	12.5%	1%
Oak Marr	755,992	22,680	63,586	842,000	7.6%	24.3%	17%
Spring Hill	418,870	12,566	83,932	515,000	16.3%	21.6%	5%
Providence	599,965	17,999	48,655	667,000	7.3%	10.1%	3%
Audrey Moore	253,458	7,604	72,629	334,000	21.7%	25.0%	3%
South Run	196,880	5,906	43,351	246,000	17.6%	24.0%	6%
Lee District	214,400	6,432	87,824	309,000	28.4%	25.5%	-3%
Mt Vernon	305,837	9,175	61,241	376,000	16.3%	16.6%	0%
George Washington	83,917	2,518	18,249	105,000	17.4%	10.3%	-7%
Overall	3,309,139	99,274	545,946	3,955,000	13.8%	18.7%	4.9%

Source: IHRSA, FCPA

FIGURE 6.16: FCPA Fair Share Difference

Seven of the nine RECenters capture a percentage of pass demand that exceeds what would otherwise be expected according to its market footprint. The Oak Marr pass penetration ratio of 24% (despite accounting for just 7% of its marketplace) is a clear outlier that is driven by its flagship aquatics facilities and recent fitness center expansion. Other key findings are provided below:

- ✓ The system is capturing 19% of market demand while representing 14% of the overall marketplace. These findings are consistent with survey results indicating an extremely high level of satisfaction with pass offerings and affinity associated with the RECenter brand.
- ✓ Six of the nine RECenter’s capture between one and six percent more passes than their market presence otherwise justifies. This relatively consistent distribution speaks to the validity of the approach utilized by B&D.
- ✓ Spring Hill and South Run capture five and six percent more passes than their market presence justifies, respectively. This is likely due to recent renovations and expansions to weight and fitness space at each facility.
- ✓ Lee District and George Washington are the only two sites that capture pass demand at a rate lower than its market presence justifies. Lee District’s pass sales are almost certainly suppressed by its small fitness center layout, shown in the table below, while George Washington lacks amenities that drive pass sales.

Program Adequacy for Pass Sales

Figure 6.17 below examines building adequacy and its relationship with pass sales. Pass totals for each RECenter are shown and measured as a function of each RECenter’s total square footage and weight and fitness space. When pass sales are measured as a function of total building square footage all but three facilities offer over 10 square feet per member / passholder. Ten square feet per member is a commonly utilized metric to evaluate if the building is over- or under-sized for its member base. Oak Marr and South Run each offer less than 10 square feet per member, suggesting each is under-sized to serve market demand. Mount Vernon also offers less than 10 square feet per person because of its compact footprint when the ice sheet is excluded from the program. The remaining facilities, in theory, offer sufficient square footage to avoid suppressing pass sales.

RECenter		Cub Run	Oak Marr	Spring Hill	Providence	Audrey Moore	South Run	Lee District	Mt. Vernon	GW
Overall	Primary Service Area	216,972	118,745	109,952	166,514	141,715	124,536	72,577	79,914	41,480
	RECenter SQ FT	66,479	65,513	83,932	48,655	72,629	43,351	87,824	34,000	18,249
	Passes	4,918	7,410	5,300	4,028	6,374	7,826	4,802	3,837	956
	Current Fair Share Capture	1%	17%	5%	3%	3%	6%	-3%	0%	-7%
	SQ FT per Passholder	13.5	8.8	15.8	12.1	11.4	5.5	18.3	8.9	19.1
Weight / Fitness	Weight and Fitness SQ FT	9,986	5,651	8,398	2,315	4,463	6,587	3,652	973	198
	DFP / LFP Sales	4,488	5,800	4,161	2,792	4,666	5,619	3,262	2,304	421
	Passes per SQ FT	0.4	1.0	0.5	1.2	1.0	0.9	0.9	2.4	2.1
	Rank	9	5	8	3	4	7	6	1	2

FIGURE 6.17: Program Adequacy for Pass Sales

As previously mentioned, the quality and quantity of weight and fitness offerings also have a direct impact on the purchase of memberships. Cub Run offers nearly 10,000 square feet of such space for just under 5,000 pass sales. This is in contrast to Mount Vernon at 1,000 SQ FT of space for 2,300 pass sales. Other key findings are outlined below:

- ✓ Lee District's pass sales, in particular, are almost certainly suppressed by a lack of weight and fitness space. The facility is also inundated with camp programming, thereby affecting pass sales. As such, Lee District's under-performance with regard to pass sales is primarily a function of the building program. Other sites that have pass sales suppressed by a lack of space include Providence and Audrey Moore.
- ✓ B&D considers South Run's 6,600 SQ FT weight and fitness space to be the primary driver of strong DFP / LFP sales that have been realized because of recent renovations. As such, the weight and fitness space is likely sufficient or slightly under-sized as presently positioned.
- ✓ Cub Run's ratio of five members for each square foot devoted to weight and fitness suggests the space could be reduced to match limited market demand.

Incremental Pass Demand Opportunity

Figure 6.18 to the right provides a qualitative evaluation of the possibility for incremental pass sales at each RECenter. In the financial analysis, estimates for incremental pass sales are partially based on the proposed program modifications, which are, in part, driven by estimates for potential increases in pass sales. Justification for each category is provided below:

RECenter	Estimated Capacity	[1] DFP / LFP / AQFT	Est. for Incremental Pass Sales
Cub Run	36,900	4,600	Low
[2] Oak Marr	28,100	6,823	-
[2] Spring Hill	20,800	4,494	-
Providence	33,650	3,398	High
Audrey Moore	21,750	5,427	High
South Run	26,500	6,365	Medium
Lee District	16,500	4,208	Highest
Mt. Vernon	16,650	2,758	High
George Washington	6,950	714	Low

Source: IHRSA, FCPA

[1] 2015 pass sale data

[2] Oak Marr and Spring Hill are each experiencing pass growth as a result of recent investments; estimates for incremental pass sales have not been performed due to unreliable

FIGURE 6.18: Incremental Pass Demand Opportunity

- 1. Low Potential (Cub Run, George Washington):** These two sites are limited from siting and programmatic constraints, respectively. Cub Run’s location in an industrial neighborhood and significant competition from nearby, more ideally located alternative options place it at a significant disadvantage. George Washington’s compact building program limits opportunity for incremental pass sales as well.
- 2. Medium Potential (South Run):** South Run captures 24% of market demand despite representing just 18% of the market footprint. South Run’s already robust pass enrollment and significant weight and fitness space suggest there is limited opportunity for incremental pass sales.
- 3. High Potential (Providence, Audrey Moore, Mount Vernon):** Pass sales at these sites are negatively impacted by poor or antiquated fitness space. Each achieves pass sales at a rate consistent with its market presence but all clearly have significant opportunity for incremental pass sales depending on how projects are prioritized.
- 4. Highest Potential (Lee District):** Lee District is one of two facilities that fails to generate pass sales at a rate commensurate with its market presence. This is almost certainly due to its compact and antiquated weight and fitness space. With improvements to this area, there is a very strong potential for incremental pass sales.
- 5. Not Estimated (Oak Marr, Spring Hill):** Estimates for Oak Marr and Spring Hill have not been developed. Each has received recent major investments that have positively affected pass sales over a multi-year process. As such, B&D does not consider 2015 sales data as reliable baseline years from which to estimate future increases. However, each is being utilized as an example for the relationship between facility investment and improved financial performance.

PROGRAM DEMAND ANALYSIS

OBJECTIVES

The purpose of the program demand analysis is to evaluate which program offerings are responding to market demand according to both site and program type. Similar to the pass analysis, B&D utilizes historical system-wide program registration data provided by FCPA as the primary basis for evaluating market demand. An overview of program offerings, demand trends, and associated revenue levels are presented at the beginning of this section. A detailed examination of program frequency, revenue, and fill rates with individual program types at individual sites follow. Similar to the pass analysis, an examination of program offerings as a function of each RECenter’s program is conducted to understand how existing building configurations influence offerings and performance.

The RECenter system offers 18 individual program categories that are listed in Figure 6.20 below. Brief descriptions of each are provided.

Adapted Programs: Assorted aquatics, adapted exercise, and sports programs for patrons with special needs
Aquatics: Lap swimming, aquatic fitness, and swim lessons among other pool-based programs
Boating: Kayaking and fishing
Camps: Multi-day camps primarily for children between the ages of 4 and 17
Dance: Ballet, hip hop, ballroom, cultural, social, and tap dancing
Exercise: Barre, BODYPUMP™, Pilates, yoga, and Zumba®, among other fitness-oriented programs
Fine Arts: Drawing, painting, photography, and pottery, among other programs
Ice Skating / Hockey: Learn to skate, figure skating, and hockey
Martial Arts: Karate, Jiu Jitsu, Tae Kwon Do, and other martial arts activities (not including boxing)
Nature Programs: Astronomy, Naturalist Explorers Club, and other nature/science related programs
Performing Arts: Music and drama
Pet Obedience and Agility Training: Obedience training sessions
Scouts: Merit badges and assorted scout programs
Sports: Lessons in a wide variety of sports
Stewardship: Education on natural and cultural resources
Technology / Science Programs: STEM programs
Tots / Children’s Corner: Programs and classes oriented toward infants and children under 5 years
XTRA: Games and genealogy and other special interest programs

FIGURE 6.20: Program Descriptions

Enrollment Trends

B&D analyzed RECenter program enrollment totals from FY 2011 to FY 2015 to understand enrollment trends by type of program. In 2011, system-wide enrollment was slightly over 104,000 and in 2015 enrollment grew to 116,000. Over this time, the system realized compound growth of 2.6%. However, the increases are almost entirely attributable to increases in camp and aquatics enrollment; the remainder of enrollment remained flat due to losses in exercise program enrollment. However, these losses are primarily a result of shifting coded programs to GroupX programs to improve passholder service. Perhaps most importantly, aquatics and camps represent nearly 65% of all enrollments, followed closely by the tots / children’s programs (12%), and exercise (9%).

Program Revenue Overview

The RECenter system generated \$13.3 million in program revenue in FY 2015. Revenue per category is shown on the following page; 2015 revenues are highlighted in blue while revenues from 2011 are highlighted in green. Key findings regarding program revenue totals are listed below:

- 6. **Camps:** Camp revenue was \$5.6 million in 2015 compared to \$3.5 million in 2011. In 2015, this figure represents 42% of overall program revenue. In contrast, camp revenue represented just 33% of revenue in 2011. Over the same duration, camp revenue realized fee growth of 3.3% per registrant annually. The increase in camp revenue represents over 80% of revenue growth from 2011 to 2015.
- 7. **Aquatics:** Aquatics ranks second in terms of program revenue. In 2015, aquatics program revenue was \$3.6 million, which is approximately \$300,000 greater than 2011 figures of \$3.3 million. In contrast to camps, which has realized 3.3% growth in revenue per registrant, aquatics registration has been stagnant at \$78.3 in 2011 and \$78.5 in 2015. Over the same period, revenue has gone from comprising 33% of revenue to 31% due to the emergence of camps.

Category	2011	2015	Change in Enrollment	Annualized Growth	Percentage
Adaptive	1,158	1,212	54	1.1%	1.0%
Aquatics	42,503	45,821	3,318	1.9%	39.6%
Boating	0	88	88	N/A	10.0%
Camp	20,862	28,941	8,079	8.5%	25.0%
Dance	2,451	2,127	(324)	-3.5%	1.8%
Exercise	11,939	9,925	(2,014)	-4.5%	8.6%
Fine Arts	1,432	1,373	(59)	-1.0%	1.2%
Ice	2,018	2,319	301	3.5%	2.0%
Martial Arts	2,773	3,016	243	2.1%	2.6%
Nature	60	422	362	62.9%	40.0%
Performing Arts	397	327	(70)	-4.7%	30.0%
Pet Obedience	606	464	(142)	-6.5%	40.0%
Scouts	658	722	64	2.3%	60.0%
Sports	3,787	4,411	624	3.9%	3.8%
Stewardship	193	233	40	4.8%	20.0%
Technology	-	-	-	-	-
Tots	12,818	13,580	762	1.5%	11.7%
Xtra	713	596	(117)	-4.4%	0.5%
Totals	104,368	115,577	11,209	2.6%	

Source: FCPA

FIGURE 6.21: Enrollment Trends

- 8. **Tots / Children’s Corner:** Revenue in this category has increased from \$1.2 million to \$1.5 million from 2011 to 2015. While enrollment has remained somewhat flat at 1.5%, revenue per registrant has escalated 3.6% annually.
- 9. **Exercise:** Exercise revenue has decreased from \$1.2 million in 2011 to \$1.0 million in 2015. Because of this decline, the program category now represents 8% of overall program revenue as opposed to 11% in 2011.

2011 / 2015 Program Revenue by Category

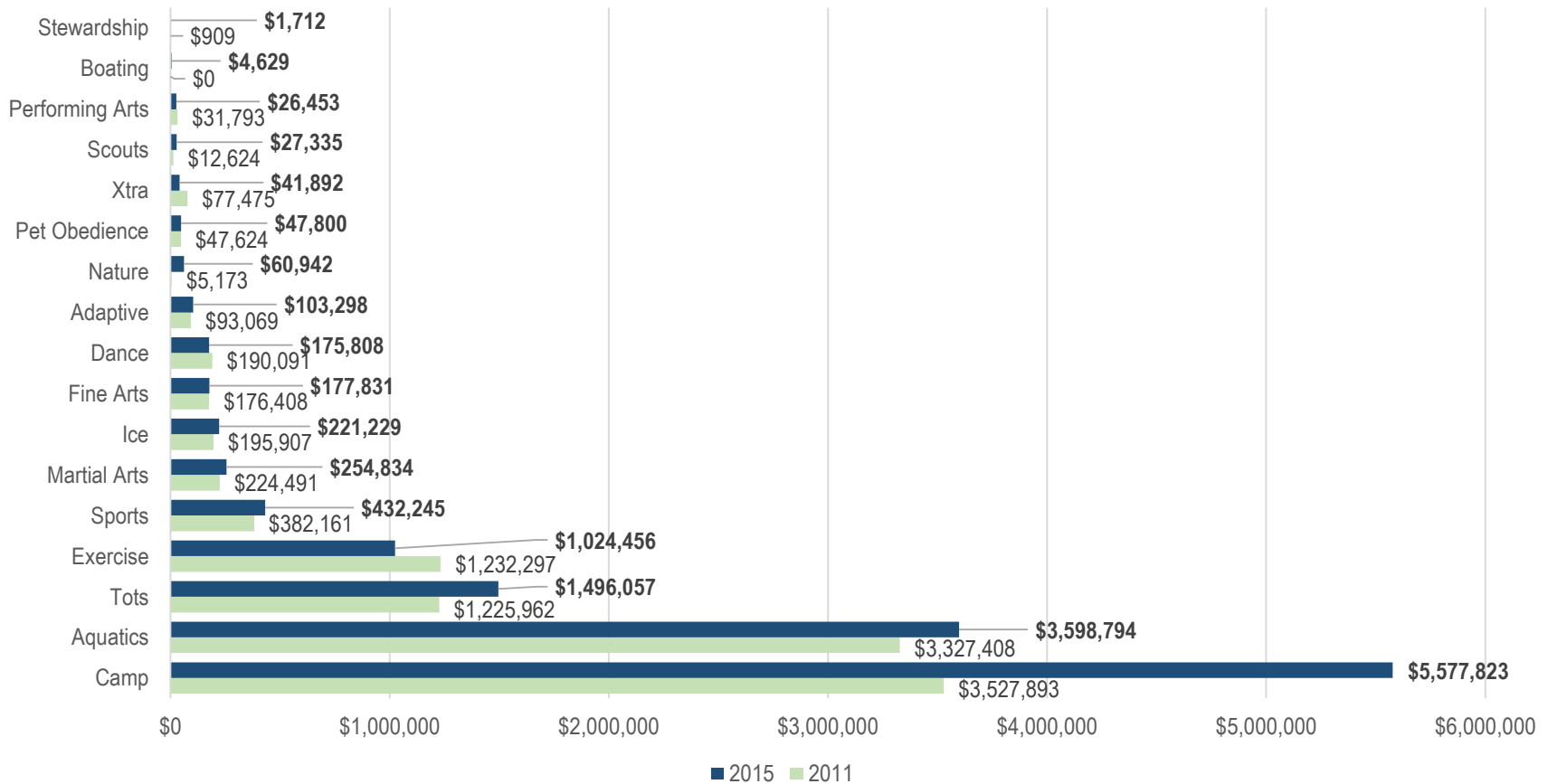


FIGURE 6.22: 2015 Program Revenue by Category

Site Program Revenue Overview

Figure 6.23 provides sorted program statistics by RECenter site. Categories examined include number of programs offered, registrant capacity, the number of registrants, and corresponding utilization levels. Key findings are listed below, with revenue breakdown for each site presented on the following pages. It should be noted that in any averages cited within this subsection that George Washington is excluded as an outlier.

RECenter	Facility SQ FT	Programs Offered	Capacity	Enrolled	Fill Rate	Program Revenue	Revenue Rank
Cub Run	66,479	1,337	17,657	10,160	58%	\$1,086,971	7
Oak Marr	63,586	2,066	24,990	16,768	67%	\$1,734,479	4
Spring Hill	83,932	1,626	25,027	15,126	60%	\$1,903,725	2
Providence	48,655	1,416	19,924	12,445	62%	\$1,376,133	6
Audrey Moore	72,629	1,602	23,405	14,263	61%	\$1,610,141	5
South Run	41,454	1,688	23,995	15,126	63%	\$1,752,258	3
Lee District	87,824	1,691	26,387	18,017	68%	\$2,298,004	1
Mt. Vernon	61,241	1,192	14,629	8,509	58%	\$893,854	8
GW	18,249	228	3,103	1,036	33%	\$86,745	9
Min	18,249	228	3,103	1,036	33%	\$86,745	-
[1] Adj. Average	65,725	1,577	22,002	13,802	62%	\$1,581,946	-
Max	87,824	2,066	26,387	18,017	68%	\$2,298,004	-

Source: FCPA

Note: All data is based on FY15

[1] Adjusted average does not include George Washington

FIGURE 6.23: Site Program Revenue Overview

10. The average RECenter measures approximately 66,000 square feet. An approximate average of 1,600 programs are offered, generating total average enrollment capacity of 22,000. On average, RECenters fill 62% of available program capacity.

11. Program revenue realized in FY 2015 ranges from \$2.3 million at Lee District to \$893,000 at Mt. Vernon. Fill rates at full-service facilities (excluding GW) range from a low of 58% at Cub Run and Mt. Vernon to a maximum of 68% at Lee District.

12. Program revenue is heavily driven by sites that include a fieldhouse or gymnasium. Lee District, Spring Hill, South Run, Oak Marr, and Audrey Moore rank first through fifth in terms of program revenue, respectively. Aside from Oak Marr, which offers robust aquatics programming, each of these facilities possesses one of these spaces. Accordingly, for the purpose of camp revenue, it is clear that space is a greater determinant of revenue than market circumstances.

13. Cub Run's program characteristics indicate tepid overall market demand despite being located in a comparatively larger marketplace. Cub Run offers 250 fewer programs in relation to the adjusted average benchmark. These program offerings are filled at just 58% in relation to 62% for the system. Despite being 1,000 square feet larger than the average facility, Cub Run's program offerings are likely limited by a comparative lack of multi-purpose room program space.

Building Program Adequacy - Programming

Figure 6.24 below examines enrollment, revenue, and square footage allocations for each RECenter in relation to program statistics. The purpose of this analysis is to examine how each RECenter’s current configuration capitalizes on its market opportunity. It should be noted that in any averages cited within this subsection that George Washington is excluded as an outlier. Key findings are listed below:

- ✓ **Primary Service Area Population per Available Program:** This metric examines programs offered as a function of adjusted primary service area population. This measurement ranges from 162 persons per available program at Cub Run to just 43 at Lee District. The average RECenter, when not including GW, offers 88 persons per program offered. Utilizing this logic, Lee District, Oak Marr, Spring Hill, and South Run are offering a greater number of programs for the population they serve.

RECenter	Cub Run	Oak Marr	Spring Hill	Providence	Audrey Moore	South Run	Lee District	Mt. Vernon	GW
Primary Service Area Population	216,972	118,745	109,952	166,514	141,715	124,536	72,577	79,914	41,480
[1] RECenter SQ FT	66,479	65,513	83,932	48,655	72,629	43,351	87,824	34,000	18,249
Programs Offered	1,337	2,066	1,626	1,416	1,602	1,688	1,691	830	228
[2] Registrants	10,160	16,768	15,126	12,445	14,263	15,126	18,017	5,299	1,036
PSAR per Available Program	162	57	68	118	88	74	43	96	182
SQ FT per Program Offered	49.7	31.7	51.6	34.4	45.3	25.7	51.9	41.0	80.0
Fill Rate	58%	67%	60%	62%	61%	63%	68%	58%	33%
SQ FT per Registrant	6.5	3.9	5.5	3.9	5.1	2.9	4.9	6.4	17.6
Program Revenue	\$1,086,971	\$1,734,479	\$1,903,725	\$1,376,133	\$1,610,141	\$1,752,258	\$2,298,004	\$672,625	\$86,745
Revenue / Registrant	\$107.0	\$103.4	\$125.9	\$110.6	\$112.9	\$115.8	\$127.5	\$126.9	\$83.7
Revenue / SQ FT	\$16.4	\$26.5	\$22.7	\$28.3	\$22.2	\$40.4	\$26.2	\$19.8	\$4.8

Source: IHRS, FCPA, HGA

[1] Does not include Mt. Vernon’s ice skating rink square footage

[2] All pass sales are shown excepts for ice skating; 2015 totals are shown

FIGURE 6.24: Programming Adequacy

- ✓ **Square Feet per Program Offered:** The average site contains 41 square feet per program offered. South Run and Oak Marr each offer just 26 and 27 square feet per program, which indicates strong market demand in consideration of their fill rates of 63 and 67%, respectively. Providence offers the third lowest amount of square feet per user at 34.4.
- ✓ **Fill Rate:** Fill rates are greatest at Lee District (68%) and Oak Marr (67%). These rates are in contrast to Mt. Vernon and Cub Run, which both have overall fill rates below 60%. Mt. Vernon's fill rate is heavily affected by poor enrollment in aquatics programming.
- ✓ **Revenue per Registrant:** Revenue per registrant averages \$116.30 across the system. All RECenters fall within the range of \$103.40 and \$127.50. Lee District's revenue per registrant figure is heavily driven by tots and camp revenue, while Mt. Vernon is buoyed by ice skating. Spring Hill ranks third in the system at \$126, which is driven by a heavy reliance on tots and camp revenue. In contrast, Oak Marr ranks last with \$103.40 per registrant, which is a function of its reliance on aquatics programming that historically generates lower yields on a per registrant basis.
- ✓ **Revenue per Square Feet:** The average site generates \$25.30 in program revenue per square foot offered. The South Run site generates \$40.40 per square foot, while Providence ranks a distant second at \$28.30. South Run's measurement is primarily a function of its limited building program, while Providence's overall revenue (\$1.4 million) is weighed down by a lack of space for camp programming. Cub Run ranks last at \$16.40 in revenue due to a fill rate of 58%.

Overall, it is clear that South Run's building program is under-sized to meet market demand for programs. South Run achieves the third greatest fill rate, offers the greatest number of programs on a per square foot basis, and achieves the greatest revenue on a per square foot basis by a measurable margin. Secondly, Providence's compact building program limits its opportunity to generate valuable camp program revenue. In contrast, Cub Run's fill rate of 58% and poor revenue per square foot metric suggest that overall demand for program activities are tepid, and that the mix of programs needs to be reduced or altered to improve performance. The remaining sites offer sufficient square feet in the building program to respond to market demand.

Figure 6.25 below examines program revenue sorted by type and RECenter. The purpose of the table is to understand which programs are offered at each RECenter and examine the impact on program revenue at that site. Boating and Ice programming are only offered at Lee District and Mt. Vernon RECenters, respectively. Scout programming is offered at four sites, while “Xtra” is offered at five sites. George Washington offers only five program types, however, 96% of program revenue is attributed to Aquatics and Camp programs. The remainder of RECenters offer no fewer than 12 different program offerings.

Program Category	Cub Run	Oak Marr	Spring Hill	Providence	Audrey Moore	South Run	Lee District	Mt. Vernon	GW	Total
Adaptive Exercise	\$9,668	\$19,979	\$15,978	\$6,716	\$29,792	\$13,284	\$2,249	\$5,630	-	\$103,298
Aquatics	\$432,043	\$736,732	\$531,138	\$368,729	\$357,342	\$535,307	\$366,181	\$211,410	\$59,911	\$3,598,794
Boating	-	-	-	-	-	-	\$4,629	-	-	\$4,629
Camp	\$436,629	\$537,141	\$852,388	\$616,853	\$728,268	\$715,518	\$1,065,535	\$337,442	\$23,345	\$5,313,117
Dance	\$4,016	\$37,528	\$26,314	\$12,658	\$45,123	\$21,041	\$19,728	\$7,343	-	\$173,751
Exercise	\$66,986	\$169,057	\$119,134	\$162,074	\$92,728	\$184,230	\$162,174	\$55,752	-	\$1,012,137
Fine Arts	\$1,197	\$21,560	\$6,368	\$25,075	\$110,338	\$3,809	\$4,458	\$382	-	\$173,187
Ice	-	-	-	-	-	-	-	\$221,229	-	\$221,229
Martial Arts	\$28,743	\$23,915	\$87,186	\$16,008	\$22,592	\$17,580	\$46,416	\$5,301	\$378	\$248,119
Nature	-	\$19,187	\$14,411	\$9,626	\$6,081	\$3,886	\$1,724	\$6,025	-	\$60,942
Performing Arts	\$5,199	\$2,816	\$5,935	\$2,715	\$5,439	\$3,083	\$356	\$909	-	\$26,453
Pets	-	\$3,669	\$2,001	\$2,272	\$13,861	\$24,354	-	\$1,643	-	\$47,800
Scouts	\$11,487	\$4,659	-	-	-	-	\$3,876	\$7,313	-	\$27,335
Sports	\$15,558	\$18,665	\$24,442	\$295	\$110,730	\$44,746	\$56,935	\$824	\$1,765	\$273,959
Tots	\$73,637	\$126,310	\$218,428	\$151,860	\$85,058	\$162,637	\$563,744	\$34,292	\$1,346	\$1,417,313
Xtra	\$1,808	\$13,260	-	\$1,252	\$2,790	\$22,783	-	-	-	\$41,892
Total	\$1,086,971	\$1,734,479	\$1,903,725	\$1,376,133	\$1,610,141	\$1,752,258	\$2,298,004	\$895,496	\$86,745	\$12,743,954

Source: FCPA

Note: All data is based on FY 15; Minor rounding / sum errors result due to reliance on multiple data sets

FIGURE 6.25: Program Revenue

Figure 6.26 below relies upon Figure 6.25 to rank each RECenter by volume of revenue generated for each program. The cells shaded green indicate the site ranks higher in terms of gross revenue in relation to other RECenters, while yellow shading indicates a lower rank. Spring Hill, Audrey Moore, and Oak Marr all possess a significant concentration of green cells, indicating above average program revenue. While Lee District has a lighter concentration of such cells, it ranks first in both Tots and Camp revenue – two of the system’s three largest program revenue drivers.

Program Category	Cub Run	Oak Marr	Spring Hill	Providence	Audrey Moore	South Run	Lee District	Mt. Vernon	GW
Adaptive Exercise	5	2	3	6	1	4	8	7	-
Aquatics	4	1	3	5	7	2	6	8	9
Boating	-	-	-	-	-	-	1	-	-
Camp	7	6	2	5	3	4	1	8	9
Dance	8	2	3	6	1	4	5	7	-
Exercise	7	2	5	4	6	1	3	8	-
Fine Arts	7	3	4	2	1	6	5	8	-
Ice	-	-	-	-	-	-	-	1	-
Martial Arts	3	4	1	7	5	6	2	8	9
Nature	-	1	2	3	4	6	7	5	-
Performing Arts	3	5	1	6	2	4	8	7	-
Pets	-	3	5	4	2	1	-	6	-
Scouts	1	3	-	-	-	-	4	2	-
Sports	6	5	4	9	1	3	2	8	7
Tots	7	5	2	4	6	3	1	8	9
Xtra	4	2	-	5	3	1	-	-	-
Average Rank	5.2	3.1	2.9	5.1	3.2	3.5	4.1	6.5	8.6

Source: FCPA

Note: All data is based on FY 15

FIGURE 6.26: Program Revenue Rank

Cub Run

The table below examines Cub Run’s program registration and associated revenue levels. The revenue mix for Cub Run is also compared and contrasted with that of the system to examine opportunities for growth or re-alignment. In relation to the system, Cub Run has a comparatively greater reliance on aquatics to generate programming revenue (40% in comparison to 27%, on average). This is likely due to Cub Run’s two-pool configuration and comparative lack of multi-purpose space. Cub Run is also lacking in tots revenue. The remainder of the revenue distribution is largely consistent with the distribution observed elsewhere in the system.

Program	Registered	Revenue	Revenue Mix	Average System Mix	Difference
Adaptive	145	\$ 9,668	0.9%	0.8%	0.1%
Aquatics	5,468	\$ 432,043	39.7%	27.1%	12.6%
Boating	-	-	-	0.0%	-
Camp	1,879	\$ 436,629	40.2%	42.0%	-1.9%
Dance	58	\$ 4,016	0.4%	1.3%	-1.0%
Fitness	613	\$ 66,986	6.2%	7.7%	-1.6%
Fine Arts	14	\$ 1,197	0.1%	1.3%	-1.2%
Ice	-	-	-	1.7%	-
Martial Arts	338	\$ 28,743	2.6%	1.9%	0.7%
Nature	-	-	-	0.5%	-
Performing Arts	76	\$ 5,199	0.5%	0.2%	0.3%
Pets	-	-	-	0.4%	-
Scouts	456	\$ 11,487	1.1%	0.2%	0.9%
Sports	172	\$ 15,558	1.4%	0.0%	1.4%
Tots	923	\$ 73,637	6.8%	11.3%	-4.5%
Xtra	18	\$ 1,808	0.2%	0.3%	-0.1%
Total	10,160	\$ 1,086,971	-	-	

Source: FCPA

FIGURE 6.27: Cub Run Program Revenue

Oak Marr

The table below examines Oak Marr’s program registration and associated revenue levels. The revenue mix for Oak Marr is also compared and contrasted with that of the system to examine opportunities for growth or re-alignment. In relation to the system, Oak Marr has a significantly greater reliance on aquatics to generate revenue. Camp revenue, in contrast, represents just 31% of overall revenue in comparison to the system average of 42%. Similar to Cub Run, the tots program is relied upon to generate less revenue than other RECenters. It should be noted that Oak Marr’s recent expansion has yet to take full effect.

Program	Registered	Revenue	Revenue Mix	Average System Mix	Difference
Adaptive	271	\$ 19,979	1.2%	0.8%	0.4%
Aquatics	9,147	\$ 736,732	42.5%	27.1%	15.4%
Boating	-	-	-	0.0%	-
Camp	2,510	\$ 537,141	31.0%	42.0%	-11.1%
Dance	473	\$ 37,528	2.2%	1.3%	0.8%
Fitness	1,622	\$ 169,057	9.7%	7.7%	2.0%
Fine Arts	184	\$ 21,560	1.2%	1.3%	-0.1%
Ice	-	-	-	1.7%	-
Martial Arts	302	\$ 23,915	1.4%	1.9%	-0.5%
Nature	134	\$ 19,187	1.1%	0.5%	-
Performing Arts	38	\$ 2,816	0.2%	0.2%	0.0%
Pets	34	\$ 3,669	0.2%	0.4%	-
Scouts	36	\$ 4,659	0.3%	0.2%	0.1%
Sports	172	\$ 18,665	1.1%	0.0%	1.1%
Tots	1,623	\$ 126,310	7.3%	11.3%	-4.0%
Xtra	222	\$ 13,260	0.8%	0.3%	0.4%
Total	16,768	\$ 1,734,479			

Source: FCPA

FIGURE 6.28: Oak Marr Program Revenue

Spring Hill

The table below examines Spring Hill’s program registration and associated revenue levels. The revenue mix for Spring Hill is also compared and contrasted with that of the system to examine opportunities for growth or re-alignment. Spring Hill’s revenue mix closely resembles the system average, with no more than a 3% difference for any program. Spring Hill’s reliance on camp and martial arts revenue is slightly higher than the system average, with differences of 2.8% and 2.7%, respectively.

Program	Registered	Revenue	Revenue Mix	Average System Mix	Difference
Adaptive	150	\$ 15,978	0.8%	0.8%	0.1%
Aquatics	6,413	\$ 531,138	27.9%	27.1%	0.8%
Boating	-	-	-	0.0%	-
Camp	4,378	\$ 852,388	44.8%	42.0%	2.8%
Dance	260	\$ 26,314	1.4%	1.3%	0.1%
Exercise	1,114	\$ 119,134	6.3%	7.7%	-1.5%
Fine Arts	59	\$ 6,368	0.3%	1.3%	-1.0%
Ice	-	-	-	1.7%	-
Martial Arts	947	\$ 87,186	4.6%	1.9%	2.7%
Nature	84	\$ 14,411	0.8%	0.5%	0.3%
Performing Arts	70	\$ 5,935	0.3%	0.2%	0.1%
Pets	19	\$ 2,001	0.1%	0.4%	-0.3%
Scouts	-	-	-	0.2%	-
Sports	202	\$ 24,442	1.3%	0.0%	1.3%
Tots	1,430	\$ 218,428	11.5%	11.3%	0.2%
Xtra	-	-	-	0.3%	-
Total	15,126	1,903,725	-	-	-

Source: FCPA

FIGURE 6.29: Spring Hill Program Revenue

Providence

The table below examines Providence’s program registration and associated revenue levels. The revenue mix for Providence is also compared and contrasted with that of the system to examine opportunities for growth or re-alignment. Providence’s revenue mix is largely consistent with the system average, with no program category differing by more than 4.1% from the system average. Twelve percent (12%) of Providence’s program revenue is derived from exercise programs in comparison to just 8% for the system.

Program	Registered	Revenue	Revenue Mix	Average System Mix	Difference
Adaptive	96	\$ 6,716	0.5%	0.8%	-0.3%
Aquatics	5,123	\$ 368,729	26.8%	27.1%	-0.3%
Boating	-	-	-	0.0%	-
Camp	3,144	\$ 616,853	44.8%	42.0%	2.8%
Dance	174	\$ 12,658	0.9%	1.3%	-0.4%
Exercise	1,538	\$ 162,074	11.8%	7.7%	4.1%
Fine Arts	219	\$ 25,075	1.8%	1.3%	0.5%
Ice	-	-	-	1.7%	-
Martial Arts	240	\$ 16,008	1.2%	1.9%	-0.8%
Nature	74	\$ 9,626	0.7%	0.5%	-
Performing Arts	25	\$ 2,715	0.2%	0.2%	0.0%
Pets	28	\$ 2,272	0.2%	0.4%	-
Scouts	-	-	-	0.2%	-
Sports	3	\$ 295	0.0%	0.0%	0.0%
Tots	1,764	\$ 151,860	11.0%	11.3%	-0.2%
Xtra	17	\$ 1,252	0.1%	0.3%	-0.2%
Total	12,445	\$ 1,376,133	-	-	-

Source: FCPA

FIGURE 6.30: Providence Program Revenue

Audrey Moore

The table below examines Audrey Moore’s program registration and associated revenue levels. The revenue mix for Audrey Moore is also compared and contrasted with that of the system to examine opportunities for growth or re-alignment. In relation to the system, Audrey Moore has a slightly greater reliance on Sports and Fine Arts programming to generate revenue. Fine Arts program revenue is afforded by the dedicated pottery room, which is a unique feature in the system. Aquatics and Tots revenues, in contrast, are lower than the system average by 5% and 6%, respectively.

Program	Registered	Revenue	Revenue Mix	Average System Mix	Difference
Adaptive	247	\$ 29,792	1.9%	0.8%	1.1%
Aquatics	5,107	\$ 357,342	22.2%	27.1%	-4.9%
Boating	-	-	-	0.0%	-
Camp	3,715	\$ 728,268	45.2%	42.0%	3.2%
Dance	566	\$ 45,123	2.8%	1.3%	1.5%
Exercise	960	\$ 92,728	5.8%	7.7%	-2.0%
Fine Arts	772	\$ 110,338	6.9%	1.3%	5.5%
Ice	-	-	-	1.7%	-
Martial Arts	264	\$ 22,592	1.4%	1.9%	-0.5%
Nature	42	\$ 6,081	0.4%	0.5%	-0.1%
Performing Arts	81	\$ 5,439	0.3%	0.2%	0.1%
Pets	161	\$ 13,861	0.9%	0.4%	0.5%
Scouts	-	-	-	0.2%	-
Sports	1,300	\$ 110,730	6.9%	0.0%	6.9%
Tots	1,006	\$ 85,058	5.3%	11.3%	-6.0%
Xtra	42	\$ 2,790	0.2%	0.3%	-0.1%
Total	14,263	\$ 1,610,141	-	-	

Source: FCPA

FIGURE 6.31: Audrey Moore Program Revenue

South Run

The table below examines South Run’s program registration and associated revenue levels. The revenue mix for South Run is also compared and contrasted with that of the system to examine opportunities for growth or re-alignment. In relation to the system, South Run has a slightly greater reliance on Aquatics, Exercise, and Sports programming to generate revenue. Camp revenue composes approximately 41% of revenue, which is less than the distribution observed at other RECenters. Tots revenue, in contrast, is slightly lower than the system average by 2%.

Program	Registered	Revenue	Revenue Mix	Average System Mix	Difference
Adaptive	206	\$ 13,284	0.8%	0.8%	0.0%
Aquatics	6,065	\$ 535,307	30.5%	27.1%	3.4%
Boating	-	-	-	0.0%	-
Camp	3,754	\$ 715,518	40.8%	42.0%	-1.2%
Dance	231	\$ 21,041	1.2%	1.3%	-0.1%
Exercise	1,740	\$ 184,230	10.5%	7.7%	2.8%
Fine Arts	38	\$ 3,809	0.2%	1.3%	-1.1%
Ice	-	-	-	1.7%	-
Martial Arts	177	\$ 17,580	1.0%	1.9%	-0.9%
Nature	28	\$ 3,886	0.2%	0.5%	-0.2%
Performing Arts	25	\$ 3,083	0.2%	0.2%	0.0%
Pets	205	\$ 24,354	1.4%	0.4%	1.0%
Scouts	-	-	-	0.2%	-
Sports	520	\$ 44,746	2.6%	0.0%	2.5%
Tots	1,840	\$ 162,637	9.3%	11.3%	-2.0%
Xtra	297	\$ 22,783	1.3%	0.3%	1.0%
Total	15,126	\$ 1,752,258	-	-	

Source: FCPA

FIGURE 6.32: South Run Program Revenue

Lee District

The table below examines Lee District’s program registration and associated revenue levels. The revenue mix for Lee District is also compared and contrasted with that of the system to examine opportunities for growth or re-alignment. In relation to the system, Lee District has nearly double the reliance on Tots programming to generate revenue. Aquatics revenue, in contrast, represents just 16% of overall revenue in comparison to the system average of 27%. When compared to the system average, camp revenue realized at Lee District is 4% higher as a function of overall program revenue (46 to 42%).

Program	Registered	Revenue	Revenue Mix	Average System Mix	Difference
Adaptive	32	\$ 2,249	0.1%	0.8%	-0.7%
Aquatics	4,846	\$ 366,181	15.9%	27.1%	-11.2%
Boating	88	\$ 4,629	0.2%	0.0%	-
Camp	6,152	\$ 1,065,535	46.4%	42.0%	4.3%
Dance	246	\$ 19,728	0.9%	1.3%	-0.5%
Exercise	1,683	\$ 162,174	7.1%	7.7%	-0.7%
Fine Arts	39	\$ 4,458	0.2%	1.3%	-1.1%
Ice	-	-	-	1.7%	-
Martial Arts	609	\$ 46,416	2.0%	1.9%	0.1%
Nature	15	\$ 1,724	0.1%	0.5%	-
Performing Arts	3	\$ 356	0.0%	0.2%	-0.2%
Pets	-	-	-	0.4%	-
Scouts	49	\$ 3,876	0.2%	0.2%	0.0%
Sports	535	\$ 56,935	2.5%	0.0%	2.5%
Tots	3,720	\$ 563,744	24.5%	11.3%	13.3%
Xtra	-	-	-	0.3%	-
Total	18,017	\$ 2,298,004	-	-	

Source: FCPA

FIGURE 6.33: Lee District Program Revenue

Mount Vernon

The table below examines Mount Vernon’s program registration and associated revenue levels. The revenue mix for Mount Vernon is also compared and contrasted with that of the system to examine opportunities for growth or re-alignment. Mount Vernon is the only RECenter with ice, which is responsible for 23% of program revenue. Because of this reliance on ice programming and a limited building program, Mt. Vernon relies comparatively less on other programs to generate revenue.

Program	Registered	Revenue	Revenue Mix	Average System Mix	Difference
Adaptive	65	\$ 5,630	0.6%	0.8%	-0.1%
Aquatics	2,775	\$ 211,410	23.6%	27.1%	-3.5%
Boating	-	-	-	0.0%	-
Camp	1,958	\$ 337,442	37.7%	42.0%	-4.3%
Dance	94	\$ 7,343	0.8%	1.3%	-0.5%
Fitness	558	\$ 55,752	6.2%	7.7%	-1.5%
Fine Arts	5	\$ 382	0.0%	1.3%	-1.3%
Ice	2,319	\$ 221,229	24.7%	1.7%	23.0%
Martial Arts	84	\$ 5,301	0.6%	1.9%	-1.3%
Nature	45	\$ 6,025	0.7%	0.5%	0.2%
Performing Arts	9	\$ 909	0.1%	0.2%	-0.1%
Pets	17	\$ 1,643	0.2%	0.4%	-0.2%
Scouts	181	\$ 7,313	0.8%	0.2%	0.6%
Sports	11	\$ 824	0.1%	0.0%	0.1%
Tots	404	\$ 34,292	3.8%	11.3%	-7.4%
XTRA	-	-	-	0.3%	-
Total	8,525	\$ 895,496	-	-	

Source: FCPA

FIGURE 6.34: Mount Vernon Program Revenue

George Washington

The table below examines George Washington’s program registration and associated revenue levels. The revenue mix for George Washington is also compared and contrasted with that of the system to examine opportunities for growth or re-alignment. George Washington’s 69% reliance on Aquatics revenue is a function of the building program, which offers very limited space for land programs.

Program	Registered	Revenue	Revenue Mix	Average System Mix	Difference
Adaptive	-	-	-	0.8%	-
Aquatics	877	\$ 59,911	69.1%	27.1%	42.0%
Boating	-	-	-	0.0%	-
Camp	107	\$ 23,345	26.9%	42.0%	-15.1%
Dance	-	-	-	1.3%	-
Exercise	-	-	-	7.7%	-
Fine Arts	-	-	-	1.3%	-
Ice	-	-	-	1.7%	-
Marital Arts	5	\$ 378	0.4%	1.9%	-1.5%
Nature	-	-	-	0.5%	-
Performing Arts	-	-	-	0.2%	-
Pets	-	-	-	0.4%	-
Scouts	-	-	-	0.2%	-
Sports	31	\$ 1,765	2.0%	0.0%	2.0%
Tots	16	\$ 1,346	1.6%	11.3%	-9.7%
XTRA	-	-	-	0.3%	-
Total	1,036	\$ 86,745	-	-	

Source: FCPA

FIGURE 6.35: George Washington Program Revenue

Revenue and Age Penetration Analysis by Site

B&D analyzed market penetration ratios for the four key program revenue categories: Camps, Aquatics, Tots, Exercise, and Other. The purpose of this analysis is to evaluate revenue realized as a function of each program’s target market size. B&D categorized program enrollees into four age brackets to perform the analysis: children, teens, adults, and seniors. B&D also examined the number of program registrants by age as a function of each market’s population in that bracket. The purpose of this analysis is to examine reliance on various age groups by site and to identify new programs that may be suitable for market demand.

Camps

Based on enrollment data provided by FCPA, B&D identified children and a small percentage of teens as the target market for camp programming. As shown in Figure 3.36, the average RECenter extracts \$29 per target market resident and nearly one in every eight (12%) target market residents enroll in a program. Lee District ranks first in both the revenue per person and penetration metrics at over \$69 and 31%, respectively. In contrast, Oak Marr and Providence have penetration rates of just 8.6% and 6.7%, respectively. The addition of flexible space in the form of a gymnasium, large multi-purpose room, or fieldhouse would assist with ratios at both sites.

RECenter	Target Market	Camp Revenue	Revenue / Person	Registered	Penetration
Cub Run	48,817	\$421,951	\$8.64	1,544	3.2%
Oak Marr	22,337	\$511,809	\$22.91	1,926	8.6%
Spring Hill	21,079	\$803,102	\$38.10	3,231	15.3%
Providence	31,315	\$571,495	\$18.25	2,095	6.7%
Audrey Moore	26,643	\$690,616	\$25.92	2,856	10.7%
South Run	24,164	\$671,964	\$27.81	2,755	11.4%
Lee District	14,261	\$989,373	\$69.38	4,399	30.8%
Mt. Vernon	13,675	\$305,230	\$22.32	1,230	9.0%
GW	9,148	\$22,613	\$2.47	91	1.0%
	Maximum	\$989,373	\$69.38	4,399	30.8%
	[1] Adjusted Average	\$620,692	\$29.17	2,505	12.0%
	[1] Median	\$621,729	\$24.42	2,425	9.9%

Source: FCPA

Note: All data is based on FY 15

[1] Adjusted average, median does not include George Washington

FIGURE 6.36: Camp Market Penetration

Aquatics

Aquatics programs, in contrast to camps, does not have a specific target market. In place of a target market, B&D utilized the total primary service area population to perform penetration analyses since program enrollment encompasses all age groups. As shown in Figure 6.37, the average aquatics revenue extracted per person is \$3.73 while sites attract one registrant per 21 residents (4.7%). Oak Marr leads the system in both metrics at \$6.21 and 7.7%, respectively. Cub Run ranks last in revenue per person (excluding George Washington) and penetration, which is a reflection of its large market population.

RECenter	PSA Population	Aquatics Revenue	Revenue / Person	Registered	Penetration
Cub Run	216,971	\$432,043	\$1.99	5,468	2.5%
Oak Mar	118,719	\$736,732	\$6.21	9,147	7.7%
Spring Hill	109,575	\$531,138	\$4.85	6,413	5.9%
Providence	166,527	\$368,729	\$2.21	5,123	3.1%
Audrey Moore	141,591	\$357,342	\$2.52	5,107	3.6%
South Run	124,526	\$535,307	\$4.30	6,065	4.9%
Lee District	72,171	\$366,181	\$5.07	4,846	6.7%
Mt. Vernon	79,885	\$211,410	\$2.65	2,775	3.5%
George Washington	41,477	\$59,911	\$1.44	877	2.1%
	Maximum	\$736,732	\$6.21	9,147	7.7%
	[1] Adjusted Average	\$442,360	\$3.73	5,618	4.7%
	[1] Median	\$400,386	\$3.47	5,296	4.2%

Source: FCPA
 Note: All data is based on FY 15
 [1] Adjusted average, median does not include George Washington

FIGURE 6.37: Aquatics Market Penetration

Tots

Based on enrollment data provided by FCPA, B&D identified children as the target market for tots programming. As shown in 6.38, average tots revenue per target market resident is \$9.29 while the average penetration ratio is 7.8%. Lee District ranks first by a significant margin in both revenue per person and penetration at \$39.53 and 26.1%, respectively. Lee District’s performance is partly a function of a smaller target market and the RECenter’s preschool. Spring Hill, with revenue per person of \$10.36, ranks second due to the half-day preschool offered at the facility.

RECenter	Target Market	Tots Revenue	Revenue / Person	Registered	Penetration
Cub Run	48,817	\$73,637	\$1.51	923	1.9%
Oak Mar	22,337	\$126,310	\$5.65	1,623	7.3%
Spring Hill	21,079	\$218,428	\$10.36	1,430	6.8%
Providence	31,315	\$151,860	\$4.85	1,764	5.6%
Audrey Moore	26,643	\$85,058	\$3.19	1,006	3.8%
South Run	24,164	\$162,637	\$6.73	1,840	7.6%
Lee District	14,261	\$563,744	\$39.53	3,720	26.1%
Mt. Vernon	13,675	\$34,292	\$2.51	404	3.0%
George Washington	9,148	\$1,346	\$0.15	16	0.2%
	Maximum	\$563,744	\$39.53	3,720	26.1%
	[1] Adjusted Average	\$176,996	\$9.29	1,589	7.8%
	[1] Median	\$139,085	\$5.25	1,527	6.2%

Source: FCPA
 Note: All data is based on FY 15
 [1] Adjusted average, median does not include George Washington

FIGURE 6.38: Tots Market Penetration

Exercise

Based on enrollment data provided by FCPA, B&D identified adults and teens as the target market for exercise programming. Figure 6.39 shows that on average, sites extract \$1.65 per person in the target market and 1.6% of residents enroll in a program. Lee District ranks first in both revenue per person and penetration at \$3.30 and 3.4%, respectively. Lee District's high penetration is partly a function of the smaller target market of 49,000.

RECenter	Target Market	Exercise Revenue	Revenue / Person	Registered	Penetration
Cub Run	151,836	\$66,986	\$0.44	613	0.4%
Oak Mar	80,822	\$169,057	\$2.09	1,622	2.0%
Spring Hill	69,810	\$119,134	\$1.71	1,114	1.6%
Providence	113,027	\$162,074	\$1.43	1,538	1.4%
Audrey Moore	95,558	\$92,728	\$0.97	960	1.0%
South Run	83,968	\$184,230	\$2.19	1,740	2.1%
Lee District	49,084	\$162,174	\$3.30	1,683	3.4%
Mt. Vernon	54,632	\$55,752	\$1.02	558	1.0%
George Washington	27,176	\$0	\$0.00	0	0.0%
	Maximum	\$184,230	\$3.30	1,740	3.4%
	[1] Adjusted Average	\$126,517	\$1.65	1,229	1.6%
	[1] Median	\$140,604	\$1.57	1,326	1.5%

Source: FCPA

Note: All data is based on FY 15

[1] Adjusted average, median does not include George Washington

FIGURE 6.39: Exercise Market Penetration

Other

Due to lower revenue levels for other programs' categories, B&D combined remaining categories into one revenue category. Programs include adaptive, boating, dance, fine arts, ice, martial arts, nature, performing arts, pets, scouts, sports, stewardship, and "xtra." As shown in Figure 6.40 Audrey Moore and Mt. Vernon rank first and second in terms of overall revenue, though Mt. Vernon ranks ahead of Audrey Moore in terms of revenue per person due to its comparatively smaller population. Providence generates noticeably limited revenue, again suggesting its limited building program suppresses revenue generation.

RECenter	Target Market	Other Revenue	Revenue / Person	Registered	Penetration
Cub Run	216,971	\$77,739	\$0.36	1,287	0.6%
Oak Mar	118,719	\$165,239	\$1.39	1,866	1.6%
Spring Hill	109,575	\$182,636	\$1.67	1,791	1.6%
Providence	166,527	\$76,617	\$0.46	876	0.5%
Audrey Moore	141,591	\$346,746	\$2.45	3,475	2.5%
South Run	124,526	\$154,566	\$1.24	1,727	1.4%
Lee District	72,171	\$140,623	\$1.95	1,622	2.2%
Mt. Vernon	79,885	\$256,600	\$3.21	2,830	3.5%
George Washington	41,477	\$2,143	\$0.05	36	0.1%
	Maximum	\$346,746	\$3.21	3,475	3.5%
	[1] Adjusted Average	\$175,096	\$1.59	1,934	1.7%
	[1] Median	\$159,902	\$1.53	1,759	1.6%

Source: FCPA

Note: All data is based on FY 15

[1] Adjusted average, median does not include George Washington

FIGURE 6.40: Other Program Market Penetration

Programming Mix

B&D grouped RECenters into three geographic clusters (shown in Figure 6.41) to evaluate compare and contrast the adequacy of program offerings by area of the county. Facilities in the north include Cub Run, Oak Marr, and Spring Hill; the central includes South Run, Audrey Moore, Providence; and the southeast includes Lee District, Mt. Vernon, and George Washington. RECenters in the north offer the greatest number of programs at over 5,000, the central offers 4,700, and the southeast 3,100. The discrepancy between the north and southeast is attributable to a smaller population; the southeast has an adjusted market population of just over 270,000 while the north is over 440,000. When program offerings are evaluated as a function of population, the southeast has fewer persons available per program offered in relation to the north. The central cluster of facilities, in actuality, has the greatest number of persons per program offered due to the modestly sized RECenters located in this region.

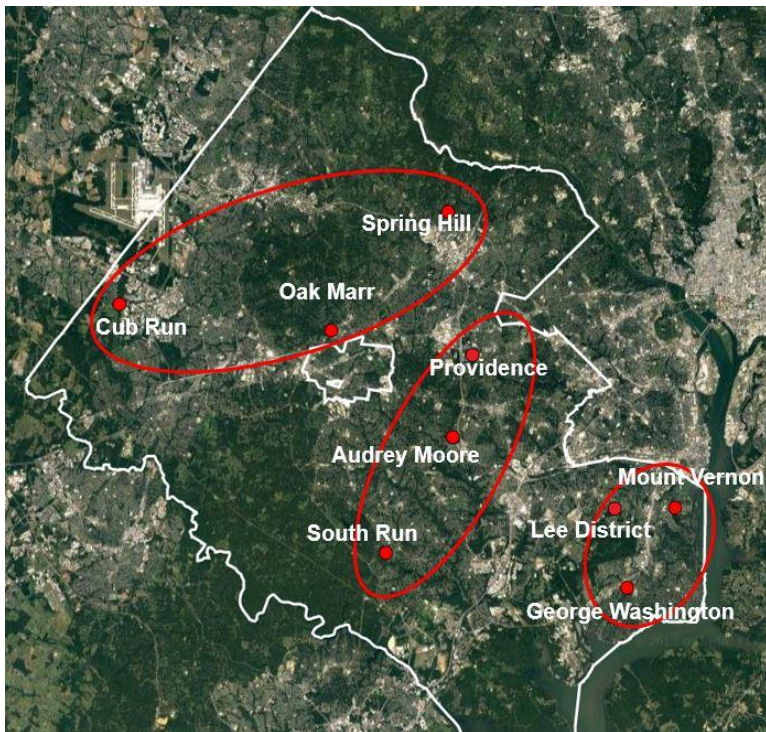


FIGURE 6.41: Fairfax County RECenter Regional Grouping

Program	Southeast	Central	North
Adaptive Exercise	24	83	92
Aquatics	1,484	2,339	3,140
Boating	6	0	0
Camp	291	471	384
CampX	86	113	112
Exercise	48	118	102
Fitness	265	406	385
Fine Arts	7	122	43
Ice	362	0	0
Martial Arts	82	99	169
Nature	8	19	29
Performing Arts	2	20	26
Pets	2	55	7
Scouts	30	0	40
Sports	56	259	51
Tots	358	574	433
Xtra	0	28	16
Total Programs	3,111	4,706	5,029
Total Enrollment	27,584	41,834	42,064
Total SQ FT Offered	167,314	164,635	213,997
Adjusted Market Population	271,236	432,765	445,309
Persons per Program Offered	87.2	92.0	88.5
Persons per Enrollee	9.8	10.3	10.6

Source: FCPA

FIGURE 6.42: Regional Grouping Program Offerings and Utilization

Figure 6.43 to the right examines persons per program offered for each program type across the three clusters in the map above. Red cells indicate a high number of persons per program offered and signify a possible deficit in programs offered to accommodate market population. In contrast, green cells indicate a low number of persons per program offered which signifies that there are lower levels of possible unaccommodated demand. For example, there are over 8,000 persons per adaptive exercise class offered in the southeast, while the central and northern clusters have 5,200 and 4,800 persons per program offered. As a result, it can be inferred that if additional adaptive exercise programs are desired in the survey that they should be added in the southeast region. However, B&D acknowledges that all markets have unique competitive dynamics and as a result, a uniform number of programs per person cannot be expected for this reason and a multitude of others (on-site programmer capabilities, participation tendencies, building program constraints, etc.).

RECenter	Southeast	Central	North	Average
Adaptive Exercise	8,082	5,214	4,840	6,045
Aquatics	131	185	142	153
Boating	32,329	-	-	32,329
Camp	667	919	1,160	915
CampX	2,255	3,830	3,976	3,354
Dance	4,041	3,668	4,366	4,025
Exercise	732	1,066	1,157	985
Fine Arts	27,710	3,547	10,356	13,871
Ice	536	-	-	536
Martial Arts	2,366	4,371	2,635	3,124
Nature	24,246	22,777	15,355	20,793
Performing Arts	96,986	21,638	17,127	45,250
Pets	96,986	7,868	63,616	56,157
Scouts	6,466	-	11,133	8,799
Sports	3,464	1,671	8,732	4,622
Tots	542	754	250	515
XTRA	-	15,456	6,980	11,218

Source: FCPA

FIGURE 6.43: Regional Grouping Persons per Program

The table reveals three key findings. First, FCPA offers the greatest depth and breadth of programming in consideration of market size for aquatics, tots, and camps. Second, the central region (Providence, Audrey Moore, and South Run) has a discrepancy in aquatics programming in relation to other areas of the county, suggesting additional aquatics program components would be well received. Last, there is a discrepancy in exercise programs in the southeast region (Lee District, Mt. Vernon, and George Washington), primarily due to limited programmatic space for this use in these facilities. Despite these variances, it is clear the programming mix has been tailored to meet market demand and inequities are primarily a function of limited programmatic space.

Program Enrollment Capture by ZIP Code

Figure 6.44 to the right shows overall FCPA program capture by ZIP Code, similar to Figure 6.19 that discusses pass capture. A darker shade of green indicates substantial program capture, while orange, yellow and red indicate lower capture levels. In contrast to the previous map, which shows pass capture in relation to estimated market capacity, this map evaluates program enrollment as a function of overall population in that ZIP Code. Consistent with pass capture, ZIP Codes near Oak Marr and Spring Hill achieve the highest program capture levels while the ZIP Codes directly north have the lowest in the county.

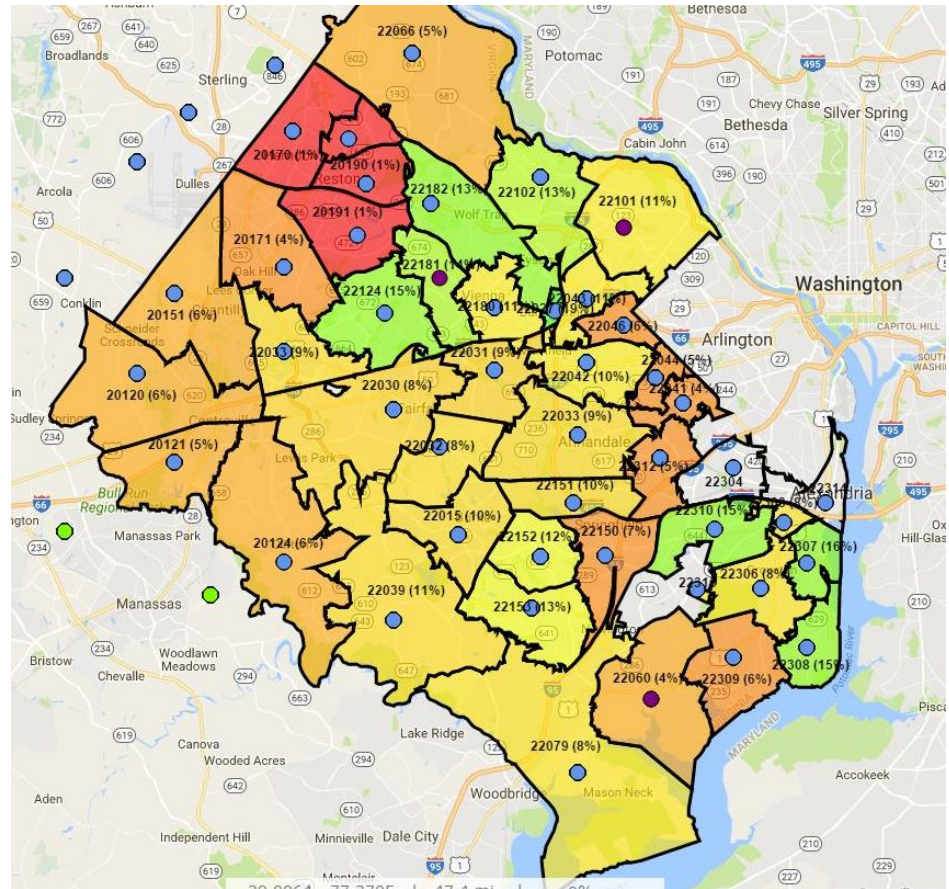


FIGURE 6.44: Program Capture by ZIP Code

7.1 – SURVEY ANALYSIS

INTRODUCTION

B&D conducted an internet-based survey that measured general residents and RECenter customers' opinions and desires related to the RECenter system. Survey questions were designed to assess the current condition of the RECenter system within the competitive market and to assess the programs and physical facilities themselves. B&D included demographic questions to allow organization and analyzation of responses based on different respondent characteristics.

METHODOLOGY

Margin of error, also known as the confidence interval, is a standard statistical metric for describing the precision, or accuracy, of data revealed by the survey. It predicts the data variance that would be expected if the same study with the same sample size (but not necessarily with the same respondents) and population were replicated. Margin of error is expressed as a pair of +/- values.

The margin of error is estimated contingent upon the survey's sample size (total number of persons eligible to take the survey), as well as upon the confidence level. Confidence level determines the certainty with which one should view the survey results and margin of error and is expressed as a percentage. For statistical analysis of survey results, the confidence level is typically set at 95%, although it may be set at any percentage. The meaning of the 95% confidence level used for analysis of this survey indicates that any replication of the survey should yield results falling within the stated margin of error 95% of the time. A higher confidence level would yield a wider margin of error, while a lower level would yield a smaller margin of error.

The survey received 5,723 total responses over a four-week period in September 2016. B&D excluded survey responses that were part of an incomplete survey attempt; as a result, 4,699 were completed and subsequently utilized in B&D's survey analysis to reduce the margin of error. The total number of completed survey responses generated a low margin of error of under 1.5 %, assuming a 95% confidence level. The low margin of error suggests the survey responses are sufficient to make statistically valid inferences.

DEMOGRAPHICS & RESPONDENT TYPES

Respondents were asked to provide demographic information on their age, household income, residence type, educational attainment level, race, and, if the respondent has children, the type of schooling their children receive or have received. These questions are a critical portion of the survey analysis and allow for analyzing perceptions and attitudes among different demographic and socioeconomic backgrounds. Survey respondent demographic characteristics are compared and contrasted with demographic characteristics of the county in the table below to understand the extent to which various groups opinions may be over- or under-represented in survey results.

Respondent Demographics								
Age	Survey	[1] County	Household Income	Survey	[1] County	Rent or Own Residence	Survey	[1] County
18 - 24	0.6%	8.4%	Less than \$25,000	2.3%	7.5%	Rent	11.0%	34.5%
25 - 34	8.6%	13.7%	\$25,000 - \$49,999	3.8%	10.1%	Own	89.0%	65.5%
35 - 44	28.7%	14.4%	\$50,000 - \$74,999	8.8%	12.3%			
45 - 54	25.0%	14.6%	\$75,000 - \$99,999	14.6%	12.2%			
55 - 64	20.1%	12.7%	\$100,000 - \$149,999	28.4%	21.2%			
65 or older	17.2%	12.4%	\$150,000 or more	42.2%	36.7%			
Education	Survey	[1] County	Race	[4] Survey	[1] County	[3] Children's Schooling	Survey	[1] County
Some high school, no diploma	0.2%	3.3%	African American	4.7%	10.0%	Public school	70.6%	-
High school diploma or GED	1.4%	12.8%	Asian	9.9%	19.6%	Private school	12.3%	-
Some college, no degree	4.6%	13.3%	Caucasian	82.2%	59.8%	Homeschool	2.5%	-
Associate degree	2.7%	5.4%	[2] Hispanic	6.5%	-	Boarding School	0.1%	-
Bachelor's degree	27.7%	30.1%	Other (please specify)	4.7%	6.2%	Not Currently Enrolled	14.6%	-
Graduate or professional degree	63.5%	29.8%						

[1] County totals will not add up to 100 due to some demographic characteristics being excluded that are not a response option

[2] Data provided by SitesUSA does not specify size of Hispanic population

[3] Fairfax County Data is not provided for type of school system

[4] Total does not add up to 100 due to respondents ability to choose more than one response option.

FIGURE 7.1.1: Respondent Demographics Summary

Survey demographic data is contrasted with that of the county in Figure 7.1.1. As shown in the table, there is a significant over-representation in the survey of those 55 and older, those who own homes, those who possess a graduate degree, and those whose are Caucasians. These over-representations are expected and not problematic for two reasons. First, the data is not utilized for demand projections in which responses are extrapolated into specific space or programming needs. Second, the survey is utilized to only reveal attitudes and perceptions regarding the RECenter system; as such, B&D has examined attitudes across all demographic groups where appropriate to identify variances in satisfaction, appeal, service, or awareness across different demographic groups.

- ✓ **Age:** Respondents were asked to specify which age bracket they are currently a part of. As previously mentioned, there is a heavy over-representation of those 55 and older in the survey in relation to county demographics (37% to 25%). Unsurprisingly, there is an under-representation of those under the age of 24, which is a function of survey distribution method.
- ✓ **Income:** Respondents were given an option of six choices, shown in Figure 7.1.1 above. Approximately 70% of respondents earn over \$100,000, while just 58% of existing county households earn in excess of \$100,000.
- ✓ **Household Ownership:** Approximately 90% of respondents are homeowners in comparison to 66% of county resident.
- ✓ **Educational Attainment:** Over 90% of survey respondents indicated they possessed a Bachelor's degree or higher. This is compared to county demographics in which 60% of respondents possess a Bachelor's degree of higher.
- ✓ **Race:** Over 80% of survey respondents were Caucasian while 9.9% indicated they were Asian. In contrast, county demographics are composed of 60% Caucasians, 20% Asians.

RESPONDENT TYPES

In the first question of the survey, respondents were asked to indicate all options that best describe their relationship with the RECenter system. Answers to this question establish the basis for ensuing skip patterns, which ensures that forthcoming survey questions are pertinent based on the respondent's relationship with the system. The seven options are shown in the table below. Overall, the most popular response option was those who were previous program registrants, current passholders, or current program registrants. Although only 277 respondents who are renters responded, the number of responses is still sufficient to ensure the data is a reliable representation of renter attitudes.

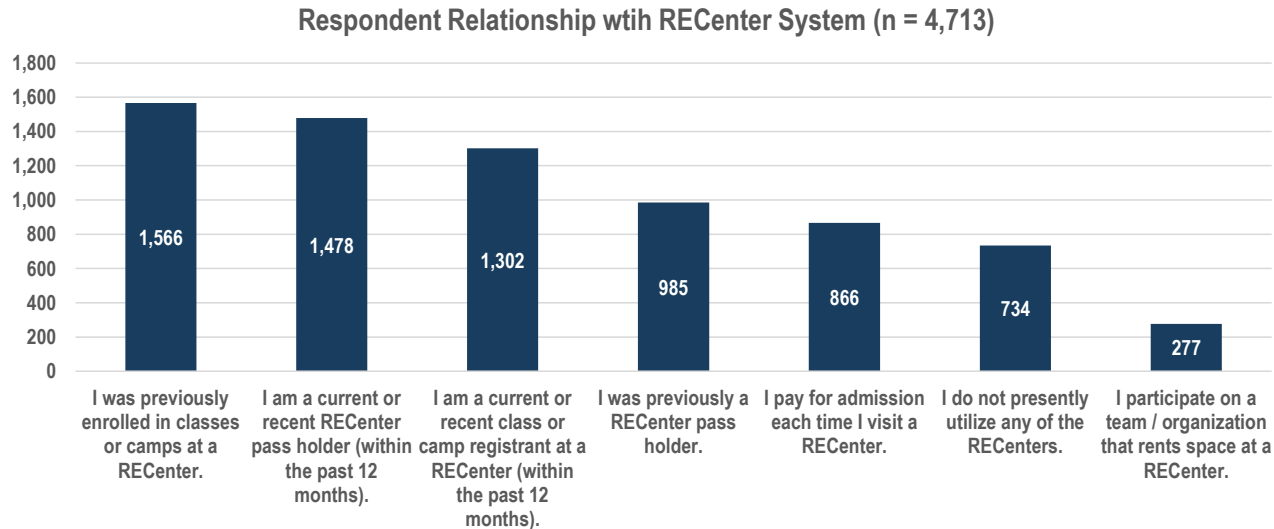


FIGURE 7.1.2: Respondent Relationship with RECenter System

The survey analysis contained in this document are organized based around these responses and follow the following progression: (1) current passholders, (2) current program enrollees, (3) current facility renters, (4) former passholders or program registrants, and (5) those who do not presently utilize the RECenters. Questions regarding RECenter awareness levels and resident preferences for functionality are at the conclusion of this section. Type of respondent is irrelevant for these two sections.

PASSHOLDER RESPONSES

In analyzing survey responses, B&D filtered the survey to include only respondents who currently hold or recently held a RECenter pass. This approach allows for analyzing preferences and biases specific to passholders and developing specific recommendations for passholders. A total of 1,460 respondents indicated they were a passholder.

Pass Satisfaction

Across the RECenter system, respondents reported very high pass satisfaction levels. Nearly 85% of the 1,460 respondents who are current passholders are either satisfied or very satisfied with their pass, whereas only 5% indicated they were dissatisfied. Pass satisfaction by site is also very consistent at each site. The highest level of satisfaction is at Oak Marr (88%) while Mount Vernon had the lowest satisfaction rating (75%). As shown in Figure 7.1.4, satisfaction was lowest at George Washington at under 70%; however, only 23 respondents indicated they were a passholder at this site, producing an unreliable sample size of respondents. The minimum response threshold to produce statistically reliable results is 30.

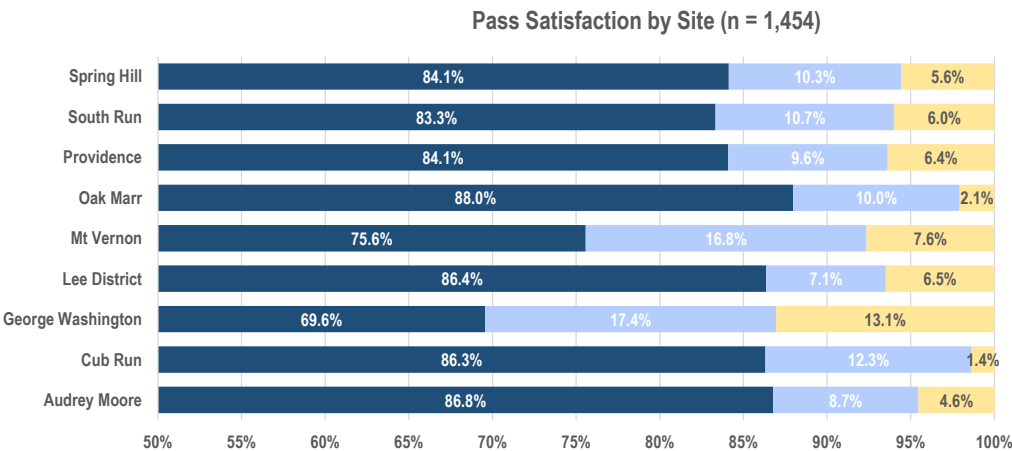


FIGURE 7.1.4: Pass Satisfaction by Site

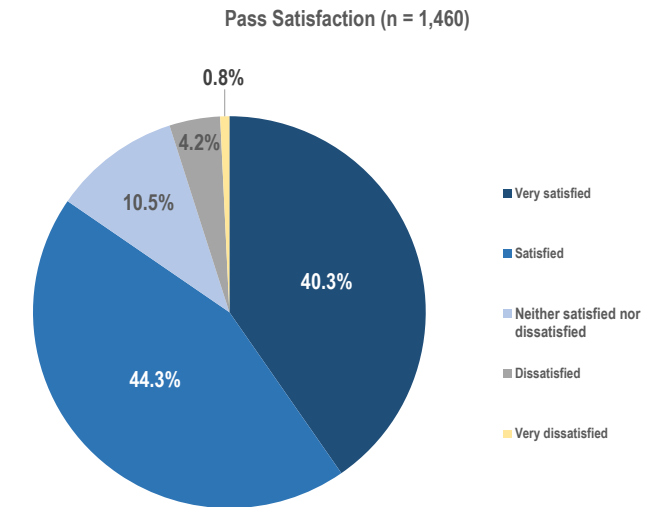


FIGURE 7.1.3: Pass Satisfaction

Satisfaction by Pass Type

Respondents were asked to indicate their satisfaction level by pass type. In Figure 7.1.5, the six response options are shown, along with the percentage of respondents who indicated they were either satisfied or very satisfied. Satisfaction levels were consistent across the types, with the racquetball passholders reporting the highest satisfaction level at nearly 90%. Ice skating passholders reported the lowest satisfaction level at just over 80%. These two findings are likely a function of two primary factors. First, site managers reported that many racquetball courts receive poor utilization, thereby creating ample and desirable times for passholders to utilize those facilities. Last, ice skating is only offered at Mount Vernon and satisfaction with this pass type is likely a representation of the Mount Vernon facility itself.

Reasons for Pass Satisfaction

All passholders were asked to cite the three reasons why they are satisfied with their pass. Nearly two-thirds of respondents indicated that facility location was one of their top three reasons. Affordability, value, and quality of aquatics facilities were the next greatest contributors to passholder satisfaction. In contrast, passholders were not as concerned with atmosphere, quality of programs, or the type of other patrons utilizing the facility.

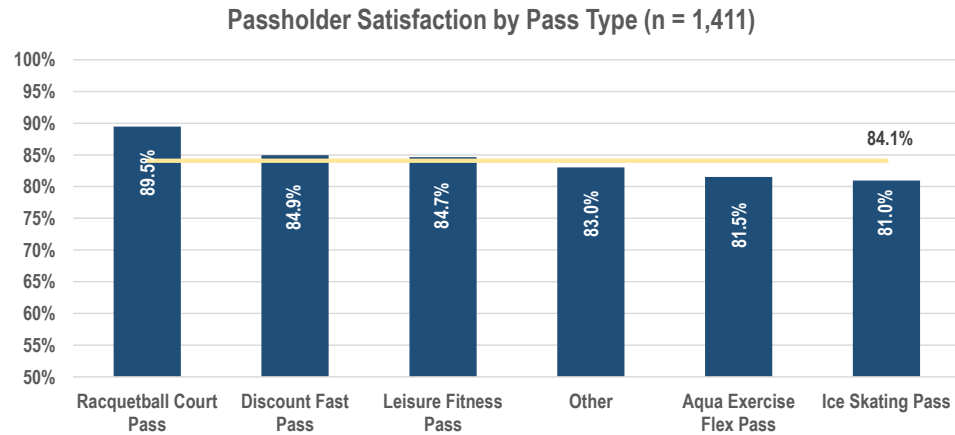


FIGURE 7.1.5: Passholder Satisfaction by Pass Type

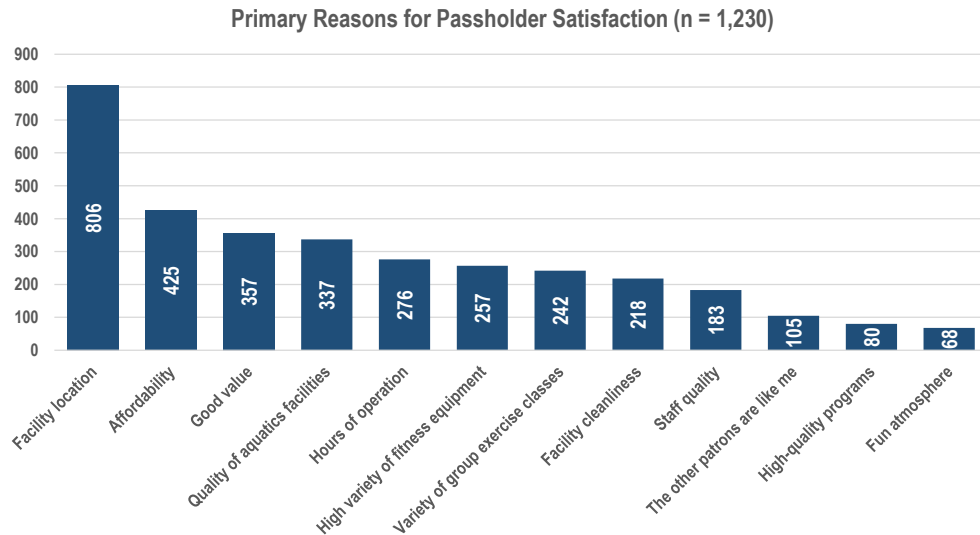


FIGURE 7.1.6: Primary Reason for Passholder Satisfaction

Passholder Satisfaction by Space

Respondents were also asked to indicate their satisfaction levels with the four programmatic spaces found at all RECenters but George Washington: locker rooms, fitness facilities, multi-purpose rooms, and aquatics facilities. The intent of this question was to understand which areas passholders place the greatest emphasis on when electing to purchase a pass and reveal any system-wide discrepancies in quality by type of space. As can be seen in Figure 7.1.7, satisfaction was highest with the fitness facilities at 82%, while locker rooms was the lowest at just over 50%.

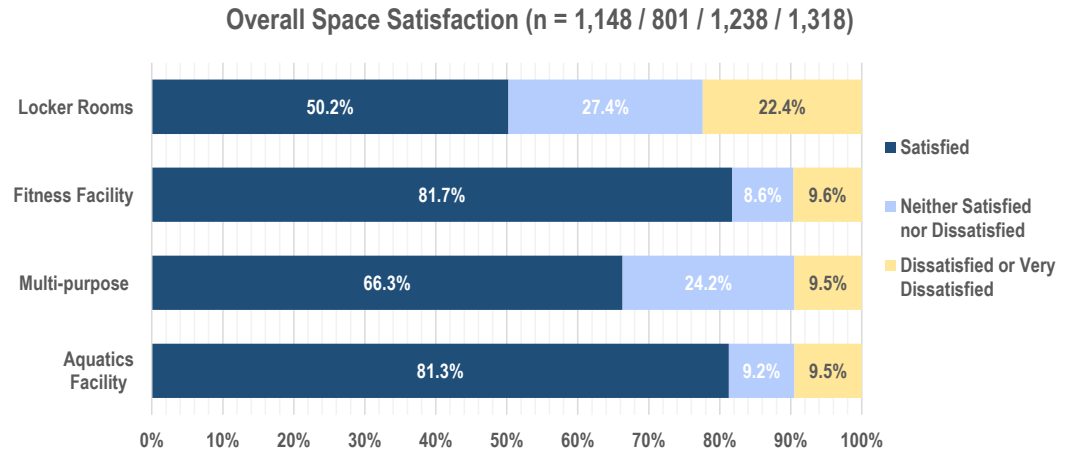


FIGURE 7.1.7: Overall Space Satisfaction

Passholder satisfaction levels by site are examined in Figure 7.1.8. The unweighted average satisfaction level is 54.3%. The highest satisfaction level is at South Run, while the lowest is at Spring Hill at 44%. Spring Hill's lower satisfaction level likely is a reflection of the previous locker room configuration, though this space was recently renovated in 2015.

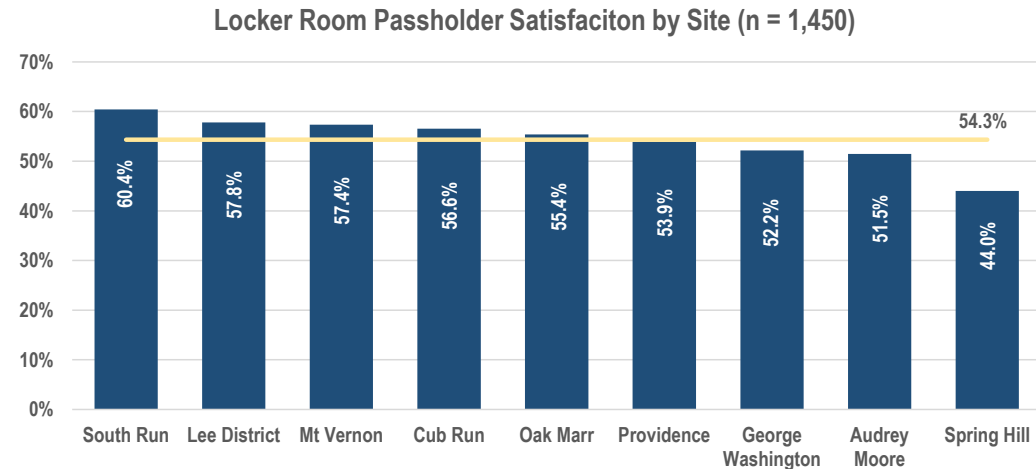


FIGURE 7.1.8: Locker Room Passholder Satisfaction by Site

Satisfaction by Household Income & Age

Respondents who indicated they were passholders were further sorted by their household income level. As shown in Figure 7.1.9, there is relatively little variance in passholder satisfaction by household income range; passholder satisfaction ranges only between 79% and 86% with the lowest satisfaction reported by respondents who earn less than \$25,000. However, there were only 24 respondents earning less than \$25,000, which may yield unreliable survey data.

B&D also analyzed pass satisfaction levels by age. Although respondents between the ages of 18 – 24 have the lowest satisfaction level at 70%, just ten passholder respondents fell within this group thereby rendering the data unreliable. Otherwise, satisfaction by age is consistent, ranging from 82% to 87% with respondents over 65 reporting the highest satisfaction and those aged 55 – 64 reporting the lowest (excluding respondents between 18 – 24).

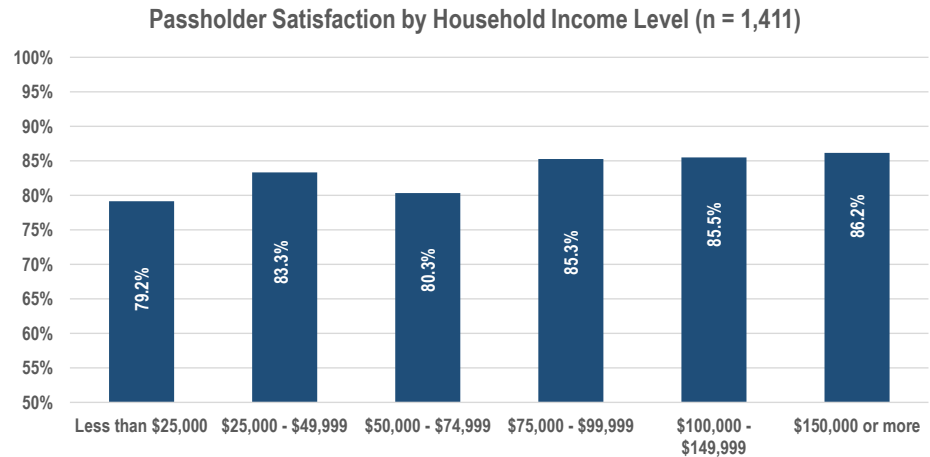


FIGURE 7.1.9: Passholder Satisfaction by Household Income Level

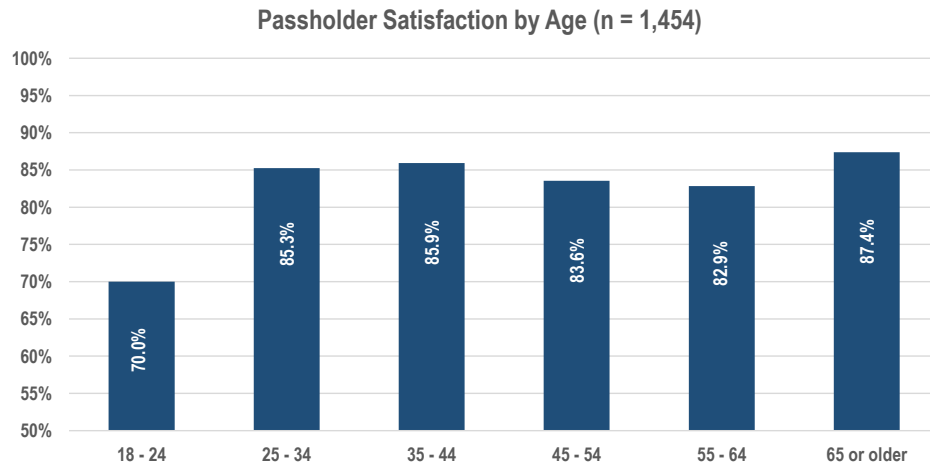


FIGURE 7.1.10: Passholder Satisfaction by Age

Primary Considerations when Purchasing a Pass

Respondents cited facility location as their primary consideration when electing to purchase a pass. Consistent with pass satisfaction responses, 67% of respondents cited location as one of their three primary considerations followed by affordability at 38% and quality of the aquatics facilities at 26%. Passholders indicated that curb appeal had little to no impact on their decision to purchase a pass.

B&D further analyzed these preferences by household types. Across all income levels, respondents cited the same three primary considerations when choosing to purchase a RECenter Pass: facility location, affordability, and the quality of aquatics facility. Unsurprisingly, those residing in households with incomes of \$50,000 and lower place a greater premium on affordability in relation to those with higher incomes, while higher income households place a greater emphasis on facility location.

Primary Considerations when Choosing to Purchase a RECenter Pass (n = 1,453)

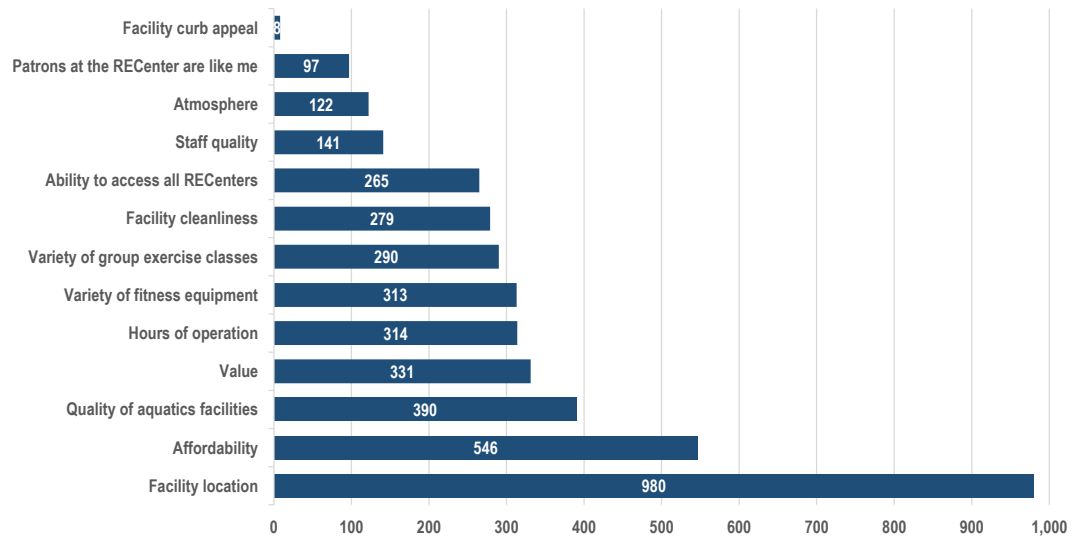


FIGURE 7.1.11: Primary Considerations when Choosing to Purchase a RECenter Pass

Most Important Considerations By Income (n = 1,272)

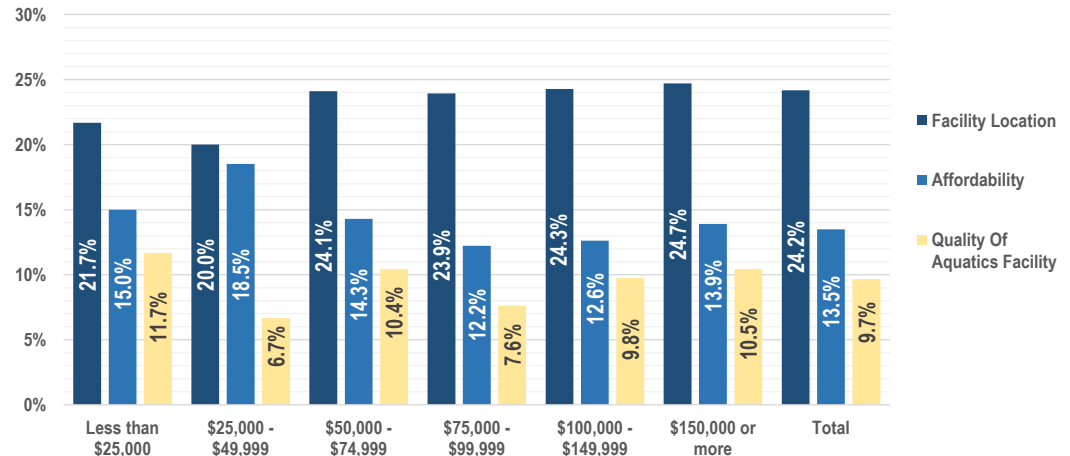


FIGURE 7.1.12: Most Important Considerations by Income

PROGRAM REGISTRANT RESPONSES

Survey responses were also analyzed for those who indicated they are a current or recent program registrant at a RECenter. Like the passholder analysis, this approach allows for analyzing specific preferences of program registrants and the qualities of various product offerings at RECenters. In total, 1,268 respondents indicated they are a current or recent program registrant.

Program Satisfaction

Similar to passholder satisfaction levels, satisfaction among program registrants across the RECenter system is very strong. While 85% of respondents indicated they were satisfied with their pass, over 90% of program registrants indicated they were either satisfied or very satisfied with their most recent program. As seen in Figure 7.1.13, program satisfaction is very consistent at each individual site. The highest level of satisfaction is at South Run (94%) while Spring Hill had the lowest satisfaction rating (87%). Similar to before, George Washington only had eight survey respondents enrolled in programs.

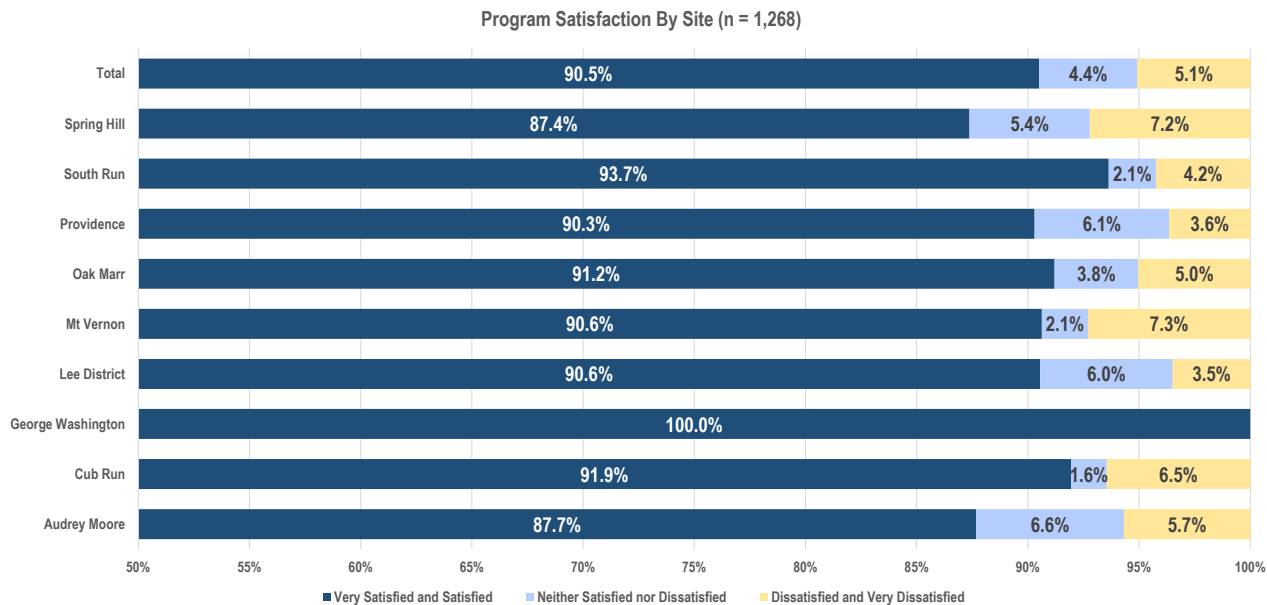


FIGURE 7.1.13: Program Satisfaction by Site

B&D asked respondents to cite all of the programs they are currently enrolled in or have been enrolled in within the past 12 months. Aquatics and exercise programs were the most popular response with 546 and 384 responses, respectively. The least popular responses were obedience and agility training, the “xtra” category (which includes genealogy and other miscellaneous programs), and boating. Satisfaction with these programs is not examined further in this document due to an insufficient sample size.

Satisfaction by Program Type

Satisfaction levels for each program type were also analyzed. Across all programs, satisfaction levels were strong. The program with the greatest satisfaction level was exercise at nearly 94%, while performing arts was last at an 83%. The consistency of results with regard to program satisfaction levels is remarkable and a strong commendation of the quality of the offerings.

Type	Count	Respondent %	Response %
Aquatics	546	44.4%	27.2%
Exercise	384	31.2%	19.1%
Sports	228	18.5%	11.4%
Dance	154	12.5%	7.7%
CAMPS	153	12.4%	7.6%
Other	110	8.9%	5.5%
Nature Programs	86	7.0%	4.3%
Fine Arts	71	5.8%	3.5%
Ice Skating / Hockey	49	4.0%	2.4%
Adapted Program	46	3.7%	2.3%
Martial Arts	46	3.7%	2.3%
Technology	44	3.6%	2.2%
Performing Arts	41	3.3%	2.0%
Pet Obedience	28	2.3%	1.4%
XTRA	13	1.1%	0.7%
Boating	9	0.7%	0.5%

FIGURE 7.1.14: Programs that Respondents are Currently or were Recently Enrolled In

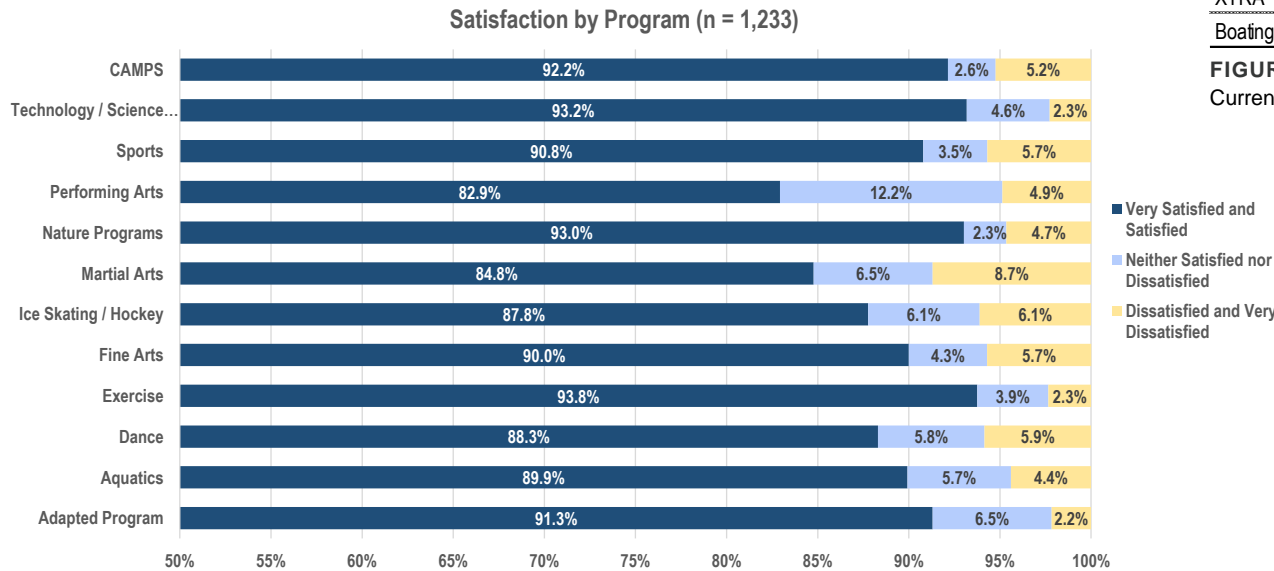


FIGURE 7.1.15: Satisfaction by Program

Reasons for Satisfaction and Enrollment Considerations

Respondents were asked to cite the top three reasons for satisfaction with their recent program. Registrants cited four primary reasons: instructor quality (54%), facility location (54%), hours offered (51%), and affordability (49%). Atmosphere and facility cleanliness ranked the least at 8.6% and 6.5%, respectively. Although few respondents chose these two options, overall program satisfaction is over 90% across the system. Limited responses in these two categories does not mean patrons do not value them, but do place a lower importance on them.

Similar to passholders, program registrants were asked to cite their three primary considerations when choosing to enroll in a program. Consistent with passholder considerations, program registrants are concerned with facility location (69%) and affordability (64%). Program registrants also included hours offered (66%) and instructor quality (39%) in their top considerations.

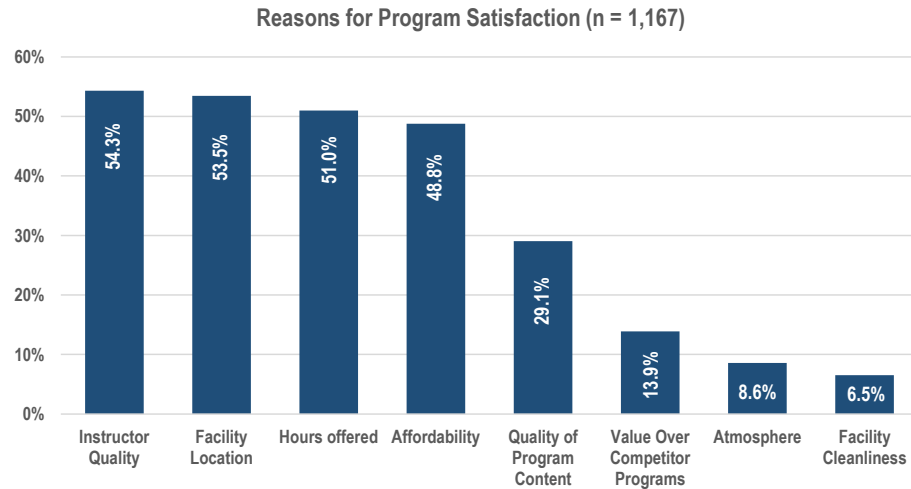


FIGURE 7.1.16: Reasons for Program Satisfaction

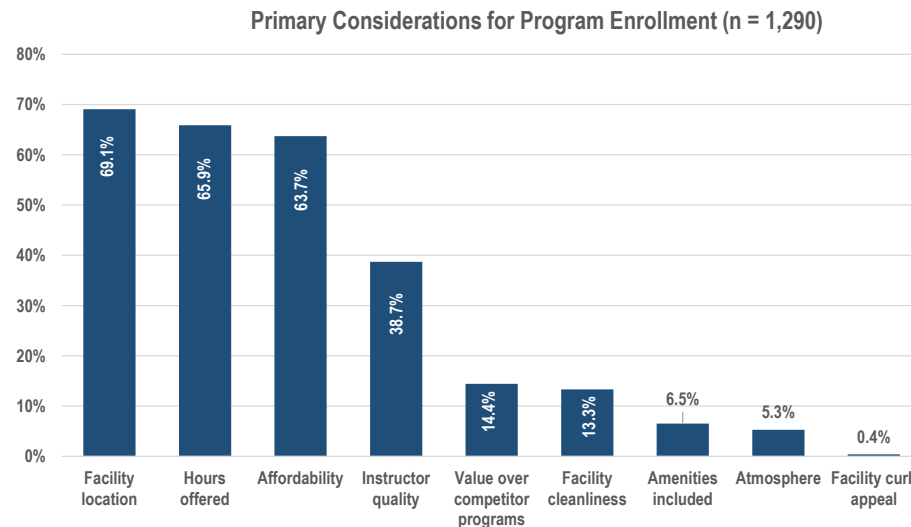


FIGURE 7.1.17: Primary Considerations for Program Enrollment

Enrollment Considerations by Age and Income

B&D also analyzed program registrant’s primary considerations when electing to enroll in a program based on the respondent age. Although affordability, location, hours offered, and instructor quality are the four most important considerations, those over 65 years old place a much greater emphasis on instructor quality (25%) in relation to other age groups.

Respondent considerations for enrolling in programs was also analyzed by income level. Unsurprisingly, affordability becomes less of a consideration as income increases. Affordability is the primary consideration for those earning less than \$50,000 and the third most important consideration for those earning \$150,000 or more. Conversely, as income rises, location becomes the most important consideration for those earning \$150,000 or more. In the two lowest income brackets, facility location is at 16% and 21% respectively, while the top two cite facility location over 25% of the time.

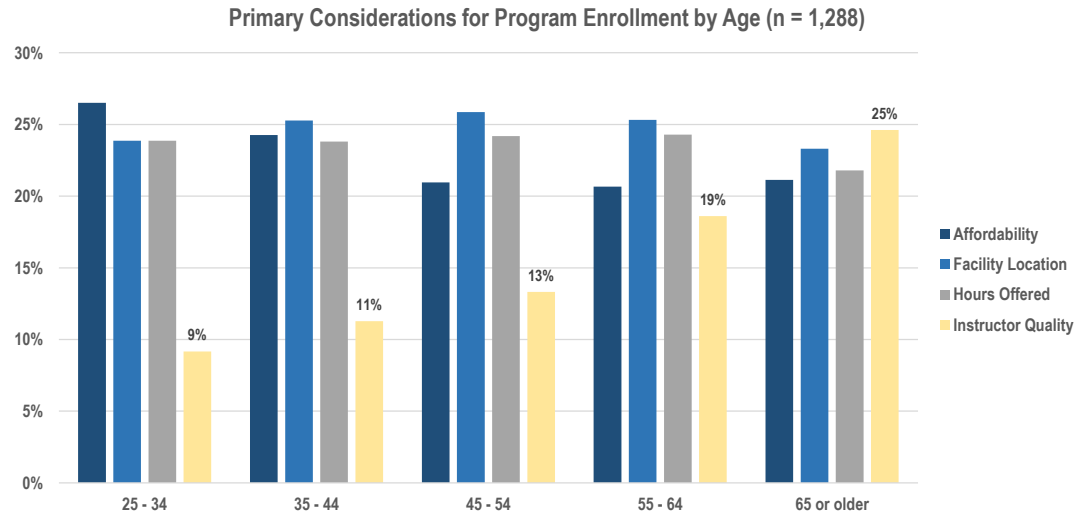


FIGURE 7.1.18: Primary Considerations for Program Enrollment by Age

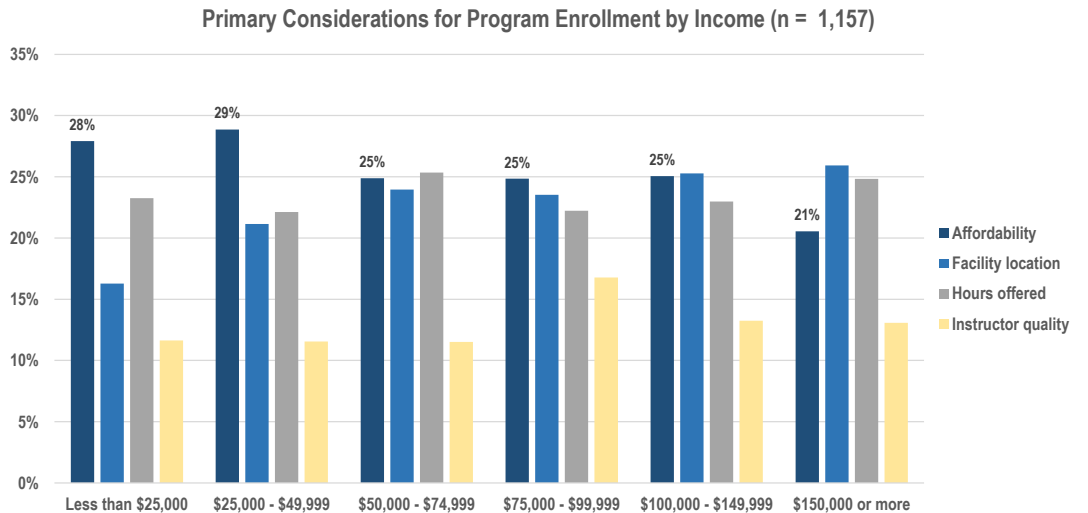


FIGURE 7.1.19: Primary Considerations for Program Enrollment by Income

Programs of Interest without Enrollment

Respondents were asked to indicate program types they are interested in but are not active participants for any number of reasons. Respondents were also asked to cite all programs for which they have additional interest. B&D found that of 1,209 respondents, 408 (34%) responded that they had interest in exercise programming but do not enroll. One in five respondents indicated they had interest in aquatics, nature programs, and fine arts but did not participate.

Respondents were asked to cite all reasons why they do not enroll in additional programs. Consistent with passholder and program registrant preferences, time constraints and location were key factors in decision making. Nearly 50% (499 responses) of respondents indicated that programs were not offered at their preferred times, while 44% (452 responses) cited that they were not offered at their preferred RECenter. Interestingly, awareness about program offerings was last, with just 5% (50 responses) of respondents indicating this was precluding them from enrolling.

Program Type	Count	Respondent %	Response %
Exercise	408	33.75%	14.72%
Aquatics	306	25.31%	11.04%
Nature Programs	248	20.51%	8.95%
Fine Arts	242	20.02%	8.73%
I am not interested	237	19.60%	8.55%
Dance	234	19.35%	8.44%
Sports	199	16.46%	7.18%
Technology	184	15.22%	6.64%
Ice Skating / Hockey	138	11.41%	4.98%
Martial Arts	134	11.08%	4.83%
Performing Arts	133	11.00%	4.80%
Boating	100	8.27%	3.61%
Pet Obedience	97	8.02%	3.50%
Other (please specify)	63	5.21%	2.27%
XTRA	25	2.07%	0.90%
Adapted Program	24	1.99%	0.87%

FIGURE 7.1.20: Programs Respondents are Interested in but do not Participate in

Note: 'Respondent %' represents total percentage of survey respondents who chose this answer while 'Response %' represents the total distribution of responses across answer

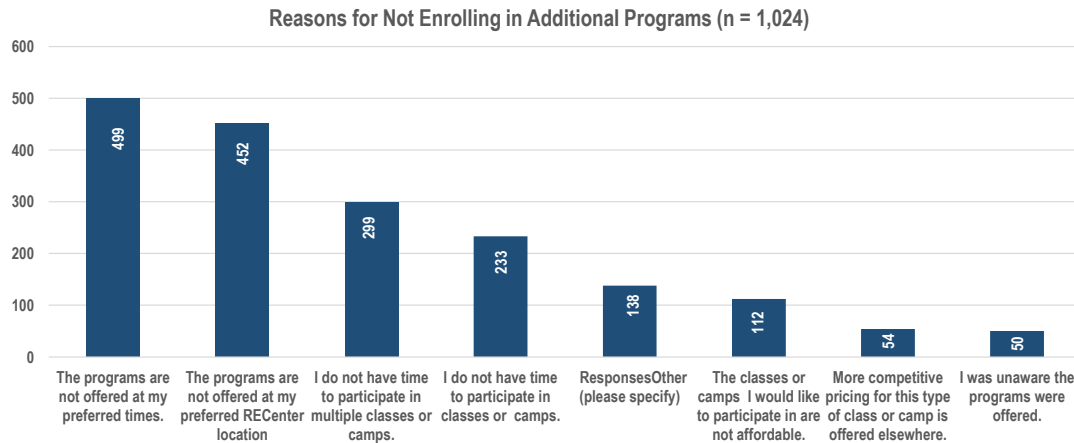


FIGURE 7.1.21: Reasons for Not Enrolling in Additional Programs

RENTER RESPONSES

B&D also analyzed responses from individuals who participate on a team or organization that uses the RECenter locations. This group of respondents are referred to as “renters” throughout the document. In total, 255 respondents indicated they (or their team) were renters of RECenter space.

Aquatics Facilities

B&D asked renters to cite their level of agreement with the following statement: “I consider the aquatics facilities to be adequate for my (or my team's) needs.” Consistent with previous survey results, renters value the aquatics facilities, as 81% of respondents indicated they were adequate for their intended uses. Providence had the highest satisfaction level among renters at over 95%. Accordingly, no more than 12% of renters at any other site deemed the aquatics facilities as inadequate for their intended use.

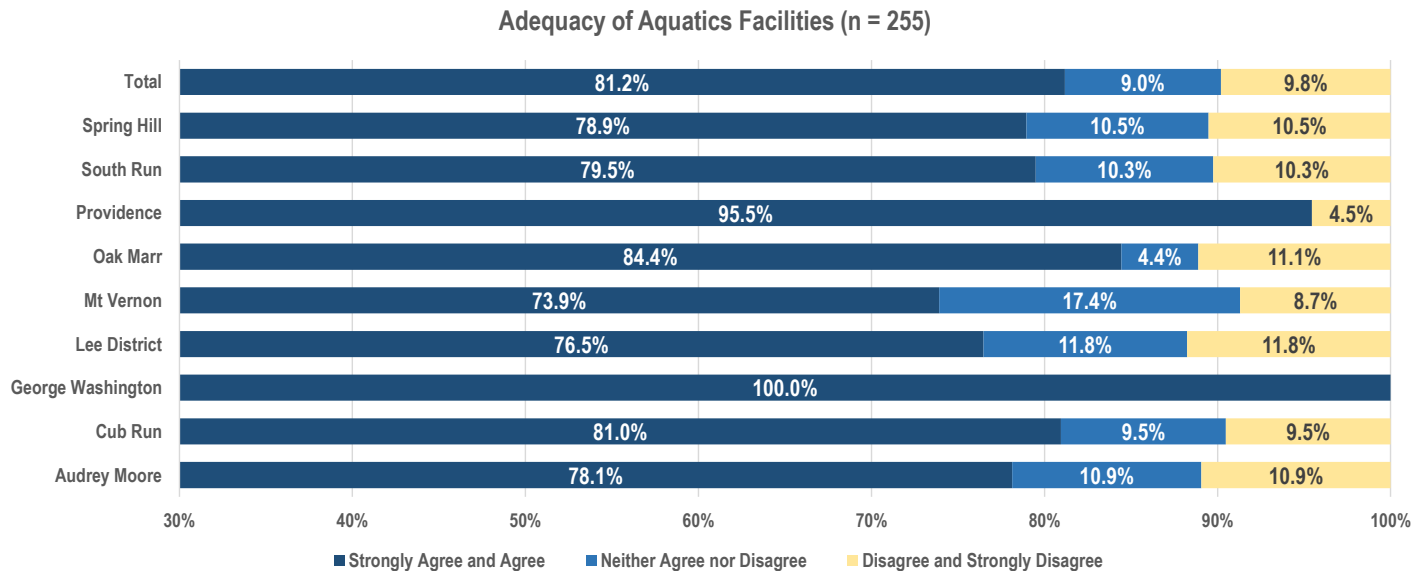


FIGURE 7.1.22: Adequacy of Aquatics Facilities

Fitness Facilities

B&D asked renters to indicate whether fitness facilities were adequate for their intended uses. Nearly 70% of respondents indicated the fitness facilities were adequate for their intended uses. Adequacy for fitness facilities was greatest at Providence (87%), Cub Run (83%), and Oak Marr (78%). Unsurprisingly, under 55% of respondents who utilize Audrey Moore and Mt. Vernon indicated the space was adequate for their intended uses. These responses are reflective of dated fitness facilities observed at these locations in the facilities assessment.

Adequacy of Fitness Facilities (n = 197)

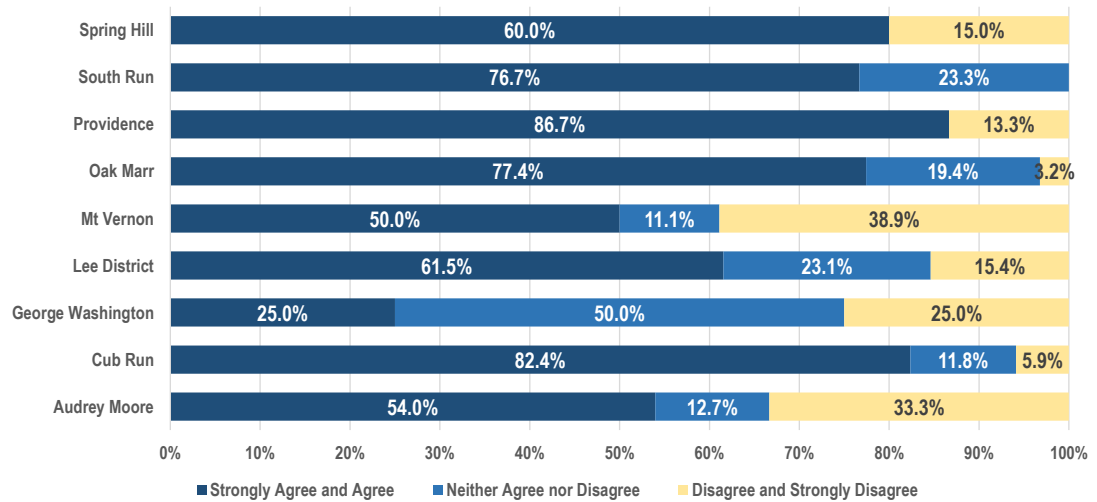


FIGURE 7.1.23: Adequacy of Fitness Facilities

Multi-Purpose Rooms

Renters were also asked to indicate if the multi-purpose facilities were adequate for their intended uses. Out of 181 respondents, 114 (63%) indicated the multi-purpose rooms were adequate for their intended uses. Satisfaction levels were highest at South Run (70%), Providence (71%), and Cub Run (71%) while Mount Vernon (45%) had the lowest. Although Mt. Vernon has four club rooms, site staff has reported problems with their configuration.

Adequacy of Multi-Purpose Rooms (n = 181)

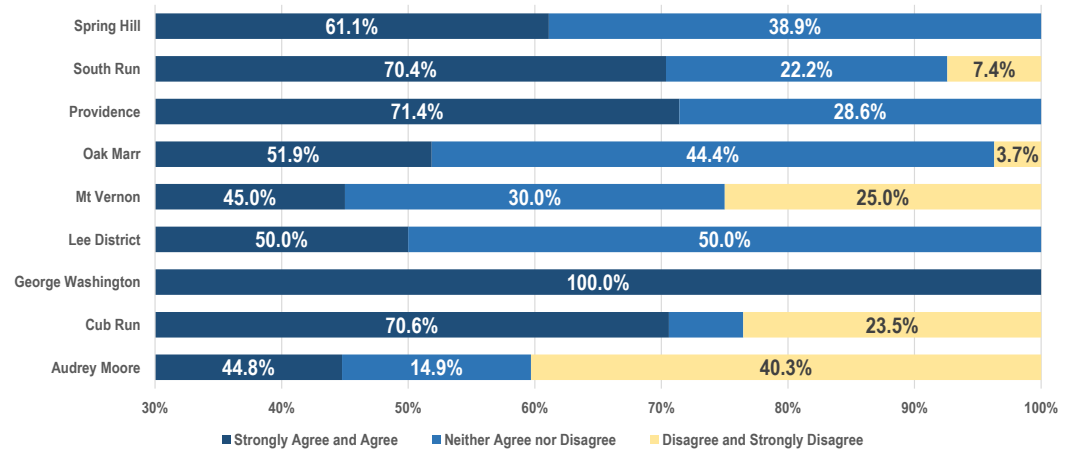


FIGURE 7.1.24: Adequacy of Multi-Purpose Rooms

Locker Rooms

Similar to previous analyses, locker room adequacy varies based on site and its overall adequacy level is significantly below that of the aquatics and fitness facilities. On average, just 60% of respondents indicated the locker rooms were adequate for their intended use. This is in comparison to 81% for the aquatics facilities, 70% for fitness facilities, and 63% for multi-purpose rooms.

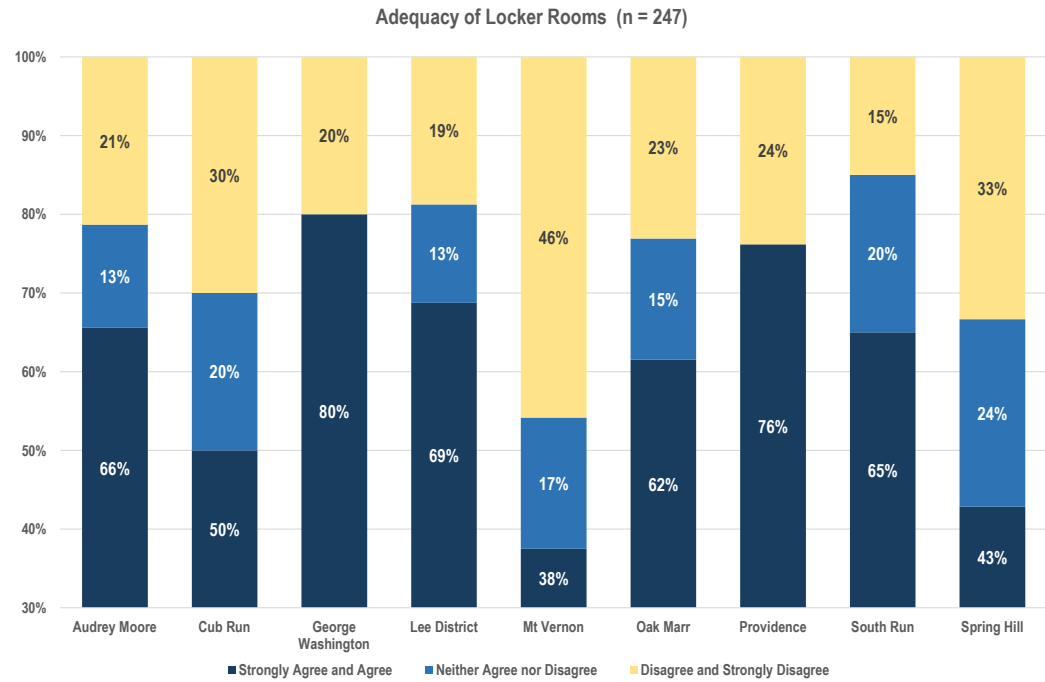


FIGURE 7.1.25: Adequacy of Locker Rooms

FORMER USER RESPONSES

Respondents were given the option of selecting that they were a “former passholder” or “former program registrant.” This section analyzes preferences among respondents who selected one of these options. The purpose of this section is primarily to evaluate attrition rates to alternative options and evaluate why respondents have chosen to discontinue their relationship with the RECenter system. In total, 984 users indicated they were a previous passholder, while 1,564 respondents indicated they were a previous program registrant.

Passholder Reasons for Termination

Respondents who indicated they were a previous passholder were asked to if they presently hold a membership elsewhere. Nearly two-thirds of the nearly 1,000 respondents indicated they presently did not hold a pass or membership elsewhere. Survey respondents who have discontinued their pass were asked to cite **the primary reason** for discontinued use. Key findings are listed below:

- ✓ When combined with the consistently high level of passholder satisfaction (85%), the lack of passholder migration to other facilities after discontinuing their RECenter pass suggests the primary reasons for discontinued use has little to do with pass structure, offerings, or pricing.
- ✓ The two most common answers were location, with 87 responses, and the pass or membership was cheaper with 81 responses. These responses, which place an emphasis on convenience and affordability, are largely consistent with preferences among existing passholders.
- ✓ Although passholders cited lower satisfaction levels with locker rooms, just four respondents pursued a membership elsewhere for this reason.

Percentage of Former Passholders Who Hold a Pass Elsewhere (n = 977)

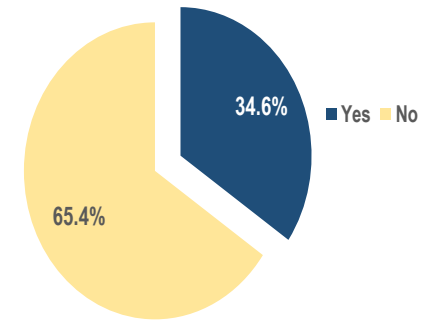


FIGURE 7.1.26: Percentage of Former Passholders Who Hold a Pass Elsewhere

Responses	Percent	Reason
87	26.1%	The location is more convenient.
81	24.3%	The pass / membership is cheaper.
45	13.5%	The group exercise programs are better.
41	12.3%	The fitness facilities are better.
29	8.7%	The aquatics facilities are better.
16	4.8%	The hours are preferable.
9	2.7%	The gymnasium facilities are better.
8	2.4%	There is short-term childcare available.
6	1.8%	The facility is cleaner.
6	1.8%	The patrons elsewhere are more like me.
4	1.2%	The locker room facilities are better.
1	0.3%	The check-in process is easier.

FIGURE 7.1.27: Passholder Reasons for Termination

Program Registrant Reasons for Discontinued Enrollment

Similar to passholders, approximately two-thirds of former program registrants have not enrolled in a program elsewhere after discontinuing their enrollment in a RECenter program. The primary reason for enrolling elsewhere (27%) is because, to their knowledge, the program is not offered at their preferred RECenter. The second most popular answer is due to facility location (20%). The third reason is that respondents utilized facilities that offers programs at times that are more convenient. Reasons that were not frequently cited include the quality of multi-purpose rooms, locker rooms, and patron types elsewhere.

Percentage of Former Program Registrants Who Enroll in Programs Elsewhere (n = 1551)

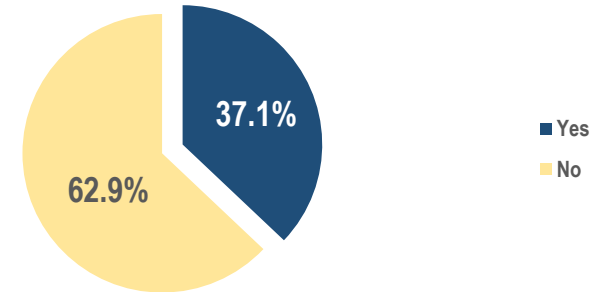


FIGURE 7.1.28: Percentage of Former Program Registrants Who Enroll in Programs Elsewhere

Primary Reason for Enrolling in Programs Outside of the RECenter System (n = 561)

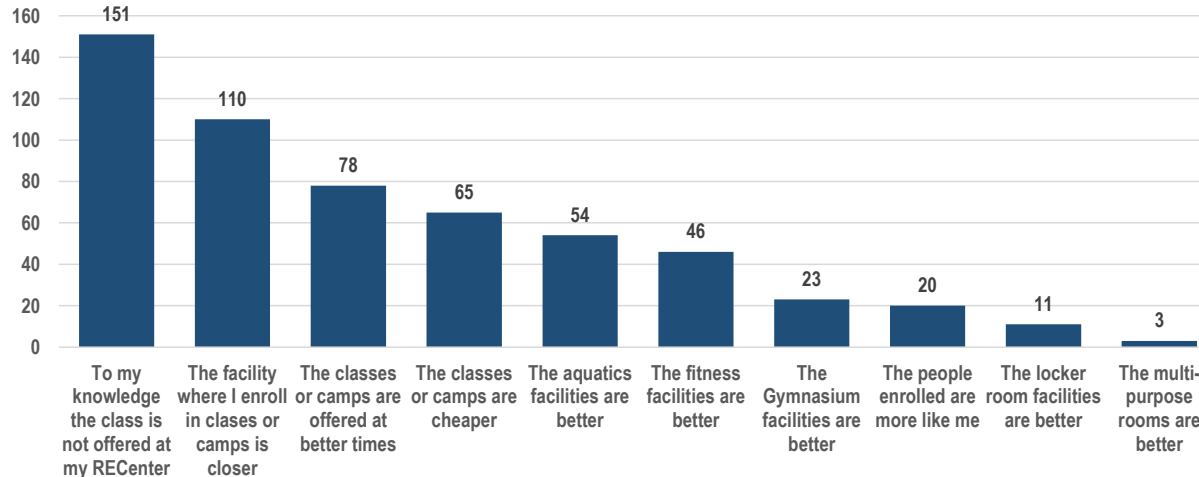


FIGURE 7.1.29: Why Past Program Enrollees No Longer Utilize the RECenter

NON-USER RESPONSES

Survey respondents were given the option to indicate that they presently do not utilize any of the RECenters. Preferences and attitudes of these respondents were subsequently compared and contrasted with all other response options (e.g. current or recent passholder, current or recent program registrant, former passholder, etc.), each of which had some form of a recent relationship with the RECenter system. The purpose of this analysis is to understand why patrons do not utilize the system and identify any underlying demographic reasons as to why respondents don't utilize the RECenter system. Over 730 respondents indicated they presently did not have a relationship with the RECenter system.

Reasons for Not Utilizing the RECenter System

Respondents were asked to indicate up to three reasons as to why they do not utilize the RECenter system. The three primary reasons were due to time, awareness of program offerings, and a lack of a convenient facility located near the respondent. The least popular response options was a lack of short-time childcare, the quality of classes or camps, and a complete lack of awareness in regard to the RECenter's existence.

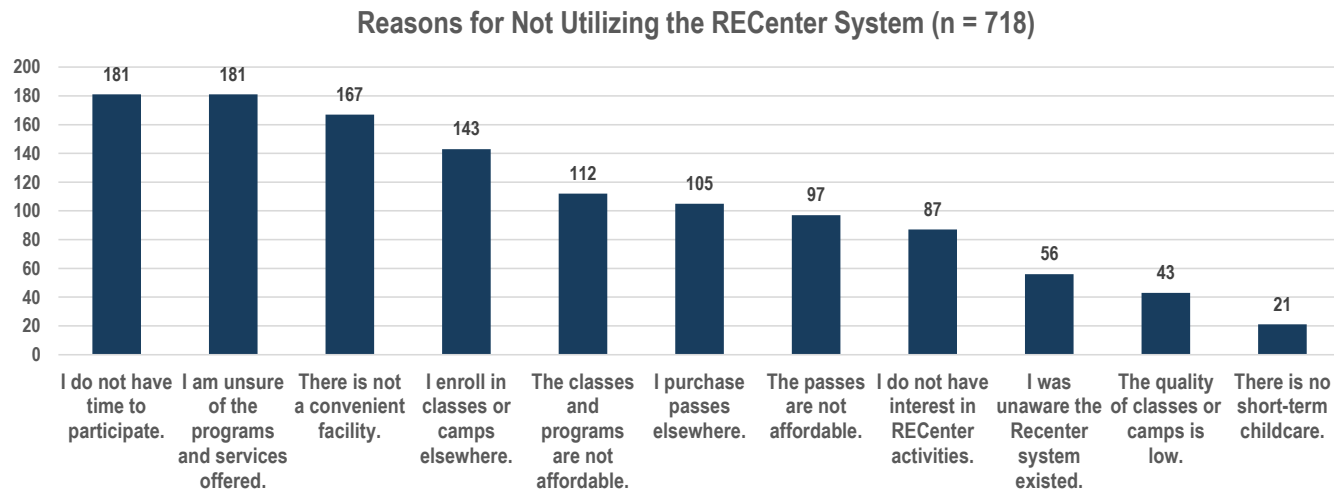


FIGURE 7.1.30: Reasons for Not Utilizing the RECenter System

Income

Respondents were sorted into those who have or have recently had some type of relationship with the RECenter against those who have no relationship with the RECenter system. The respondents were further organized by income brackets to understand the extent to which income influences likelihood for affiliation with the RECenter system. As shown in Figure 7.1.31, income range has little impact on likelihood for affiliation. In the lowest income bracket, 4% of respondents do not affiliate with the system while 2.3% have some affiliation with the system. The largest gap is in the \$100,000 to \$149,999 income bracket, with 28% having some affiliation with the RECenter system as opposed to 24.5% not having a relationship.

Likelihood of Affiliation by Household Income (n = 4,704)

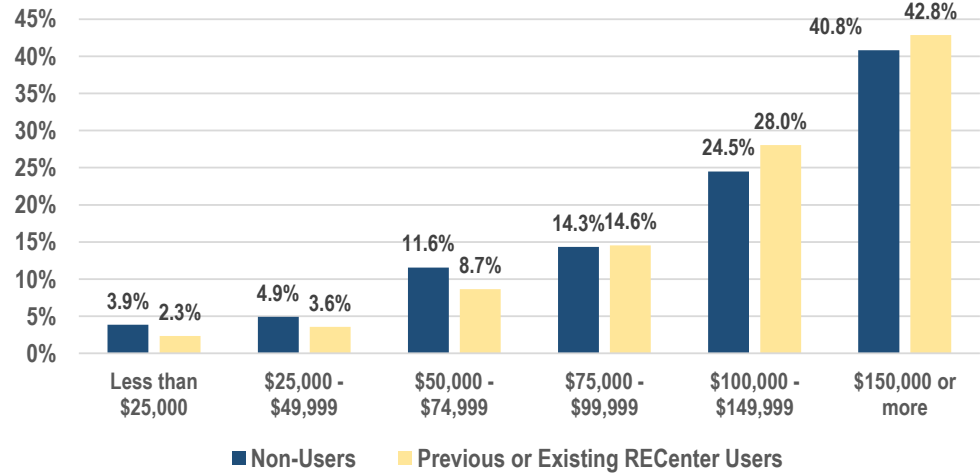


FIGURE 7.1.31: Likelihood of Affiliation by Household Income

Age

The same analysis was performed according to the respondent’s age. Those between the ages of 55 and 64 are comparatively more likely to have at least some type of current or historic affiliation with the RECenter system. In contrast, those in the age 35 to 44 bracket were comparatively less likely to have no affiliation with the RECenter system.

Likelihood of Affiliation by Age (n = 4,704)

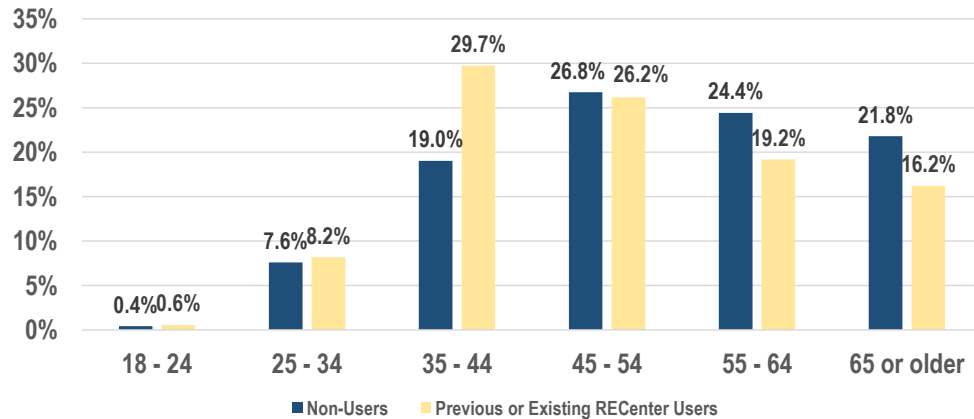


FIGURE 7.1.32: Likelihood of Affiliation by Age

Household Type

B&D also analyzed likelihood for RECenter affiliation by household type. As seen in Figure 7.1.33, respondents who are single or live with a partner / spouse are comparatively less likely to utilize the RECenter system, while those with a family with children are considerably more likely to have some type of relationship with the system. This is consistent with FCPA input and site managers who indicate the target market audience for the majority of sites are families with children. The underlying reason for this type of distribution could be due to a number of factors, including programmatic configuration, other consumer options, targeted marketing, branding, and method of distribution for program offerings.

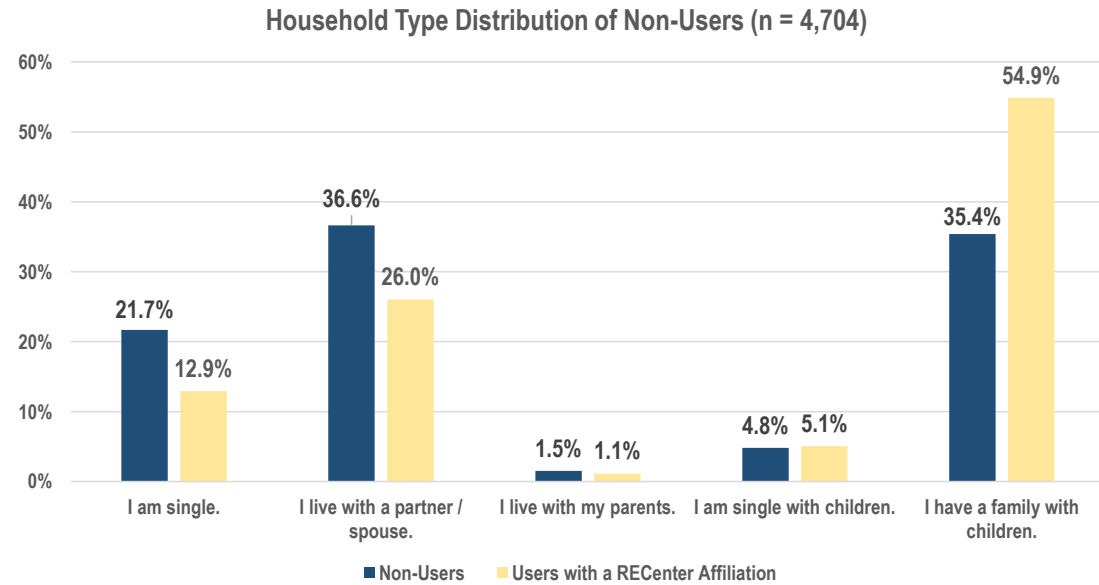


FIGURE 7.1.33: Household Type Distribution of Non-Users

RECENTER PERCEPTIONS & ATTITUDES

B&D asked a series of questions to assess awareness levels of the RECenter system as well as their primary means of learning about offerings. Responses were sorted by demographic characteristics geographic location by one of four quadrants (northeast, southeast, southwest, northwest). Detailed findings follow.

Awareness

Respondents were first asked if they “considered themselves to be fully aware of the RECenter passes, programs, promotions, and facility features.” As seen in Figure 7.1.34, 44% of respondents agreed with this statement, while nearly 19% neither agreed nor disagreed with the statement. The third most popular option was “disagree.” Overall, just

58% indicated they either agree or strongly agreed, suggesting additional means of advertising RECenter offerings may improve participation rates. Awareness is also mostly consistent throughout the different age demographics, as seen in Figure 7.1.35. Interestingly, those over the ages of 55 were more likely to indicate they “strongly agree” they felt fully aware of RECenter offerings at 15.7% and 19.4% in comparison to the average of 14.5%. In contrast, disagreement levels were highest among ages 18-24, followed by 25-44.

Respondents who Consider Themselves Fully Aware of RECenter Offerings (n = 4,606)

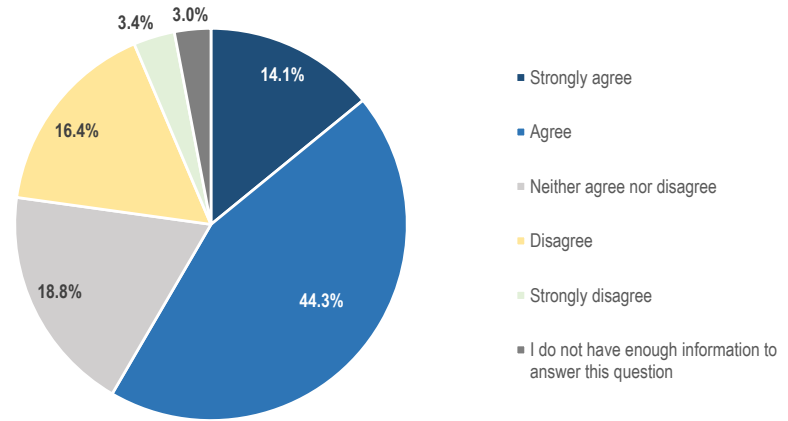


FIGURE 7.1.34: Respondents who consider Themselves Fully Aware of RECenter Offerings

Response	18 to 24	25 to 34	35 to 44	45 to 54	55 to 64	65 or Older	Average
Strongly agree	20.0%	15.0%	12.4%	12.5%	15.7%	19.4%	14.5%
Agree	32.0%	37.5%	46.4%	46.8%	45.9%	46.3%	45.5%
Neither agree nor disagree	16.0%	22.7%	17.7%	21.0%	20.2%	17.8%	19.4%
Disagree	20.0%	19.3%	20.5%	16.9%	14.5%	12.6%	16.9%
Strongly disagree	12.0%	5.5%	3.0%	2.9%	3.7%	4.0%	3.6%

FIGURE 7.1.35: Awareness of RECenter Offerings by Age

Awareness levels were also examined by income level. Across the six income brackets, awareness levels were mostly consistent, though those residing in households with income of \$25,000 or less indicated a lower awareness level, which is likely a function of the households having, on average, lower levels of Internet connectivity. Relationships between demographic characteristics such as race and educational attainment levels and awareness levels were analyzed but no casual relationships were found.

B&D also analyzed awareness levels by geographic location to identify any shortcoming the RECenter system may have in reaching geographic areas of the county. Awareness was greatest in the southeast portion of the county, with 80% of respondents indicating they were fully aware of RECenter offerings. This is in contrast to levels in the northwest, with only 66% of respondents indicating they were fully aware of RECenter programs. The northeast and southwest reported consistent levels of awareness at 73% and 76%, respectively.

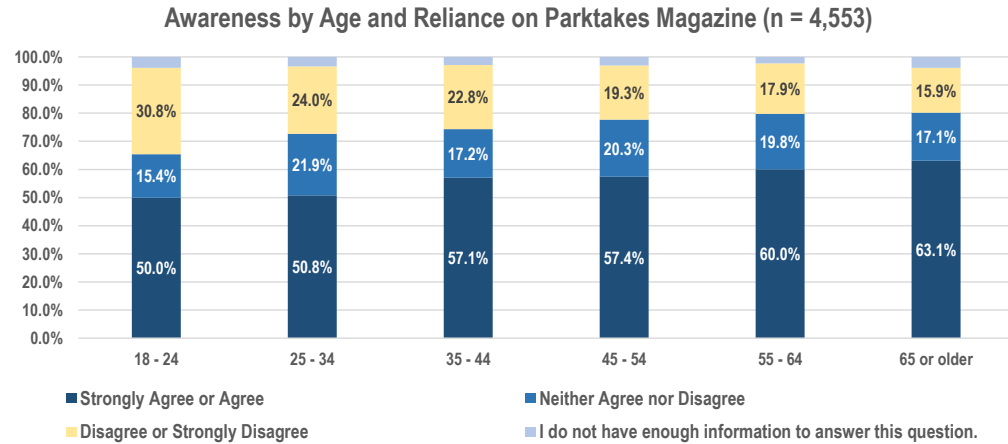


FIGURE 7.1.36: RECenter Awareness by Income Level

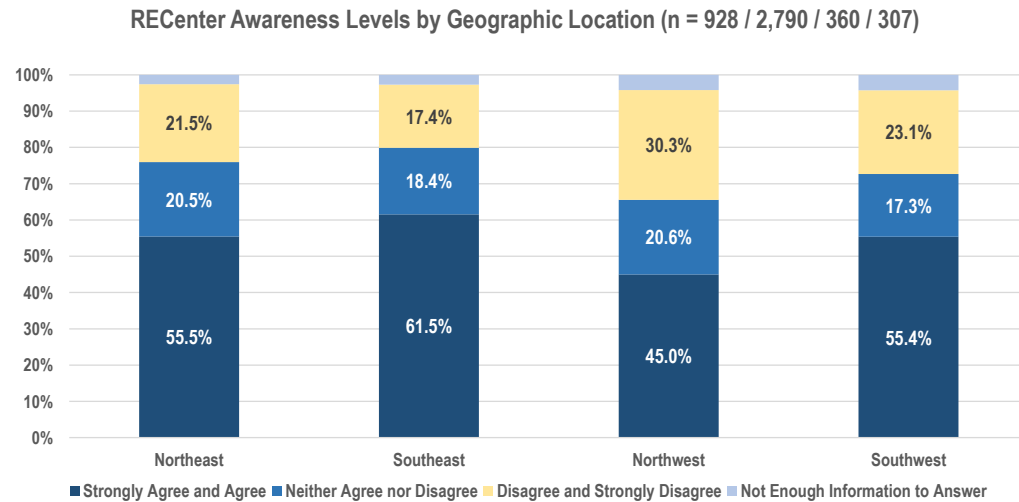


FIGURE 7.1.37: RECenter Awareness Levels by Geographic Location

Social Media

Respondents were asked to indicate whether they utilize social media, including Twitter, Facebook, and Instagram. Out of 4,700 responses, 64% indicated they utilize some form of social media. Predictably, the level of social media usage is greatest among younger age demographics and descends in utilization in each ensuing age bracket. Over 80% of users under the age of 34 utilize social media, while slightly over 42% of respondents age 65 or older utilize social media.

Age	18 - 24		25 - 34		35 - 44		45 - 54		55 - 64		65 or older		Total	
	Responses	%	Responses	%	Responses	%	Responses	%	Responses	%	Responses	%	Responses	%
Yes	22	81.5%	323	81.4%	990	74.2%	769	66.0%	516	55.4%	337	42.2%	2,957	63.5%
No	5	18.5%	74	18.6%	344	25.8%	397	34.1%	416	44.6%	461	57.8%	1,697	36.5%

FIGURE 7.1.38: Social Media Utilization by Age

Respondents were then asked whether they were aware of FCPA’s presence. Nearly 75% of respondents indicated they were unaware of the Authority’s presence on social media and 76% indicated they were indifferent regarding its effectiveness in providing updates on RECenter offerings. Although the effectiveness of social media in encouraging recreation center usage has yet to be established, it is clear existing procedures and protocols employed by the park authority represent an area for improvement with regard to RECenter offerings.

Respondents who Consider the FCPA's Social Media to be Effective at Providing Updates on RECenter Offerings (n = 2,897)

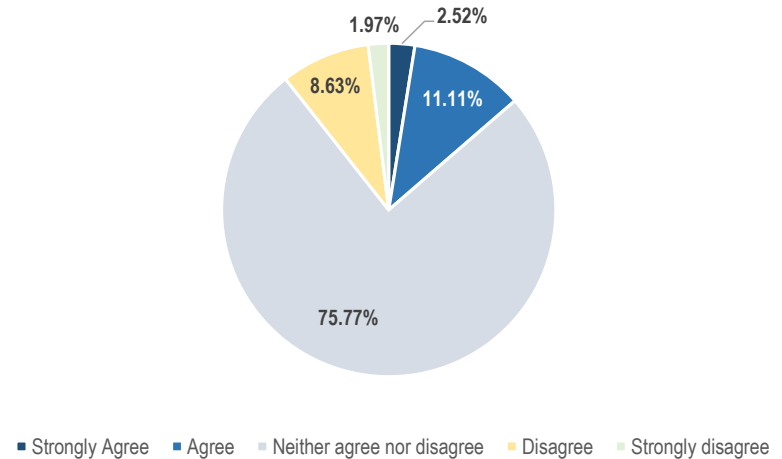


FIGURE 7.1.39: RECenter Social Media Effectiveness

Primary Method of Learning about RECenter Offerings

Respondents were asked to identify the primary means by which they learn about RECenter passes, programs, and services among other offerings. As seen in Figure 7.1.40, the primary method is the Parktakes Magazine, with over 2,200 responses out of the nearly 4,700 responses. The second most common means is the facility website, with over a 25% response rate. Other options such as visiting the facility and emails from the FCPA are a distant third and fourth with the less than 10% of responses, respectively. Interestingly, social media such as Twitter, Facebook, and other options accounted for just 28 responses, or approximately .06% of the total number of responses.

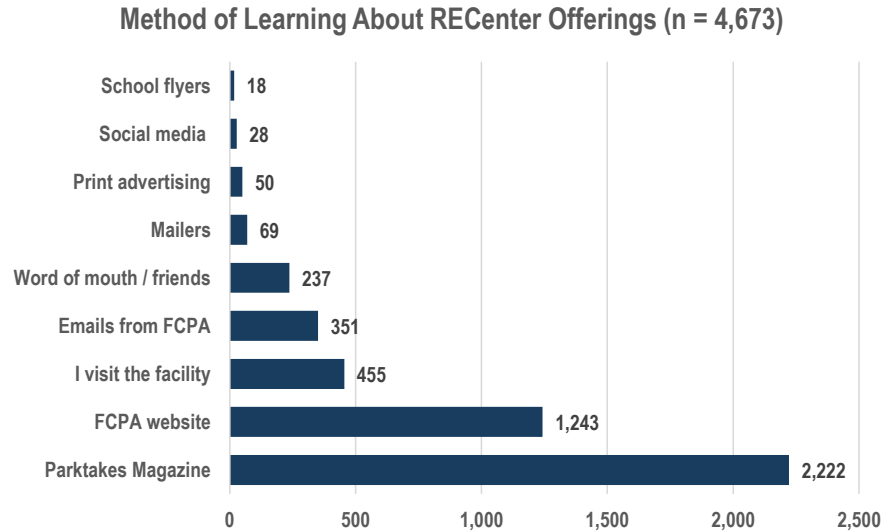


FIGURE 7.1.40: Method of Learning about RECenter Offerings

In B&D’s professional experience, respondent age is the demographic characteristic that is most likely to affect the means by which patrons attempt to learn more about the RECenter system. Across all age groups, respondents indicated that Parktakes magazine was their most relied upon source of information. An average of 48% of all respondents indicated they relied upon Parktakes as their primary source of information. The FCPA website was consistently cited as the second most relied upon source of information. Unsurprisingly, emails were the third most popular source of information for those between the ages of 25 and 44. Social media is greatest among ages 35 to 44, and 45 to 54 but registers less than 1% in each category.

Primary Method of Learning about RECenters	Age Group						Average
	18 - 24	25 - 34	35 - 44	45 - 54	55 - 64	65 or older	
FCPA Website	14.8%	46.2%	35.3%	24.8%	20.2%	12.4%	26.6%
I visit the facility and talk with staff	14.8%	6.3%	4.5%	8.5%	13.6%	17.6%	9.7%
Mailers	0.0%	1.3%	1.2%	1.6%	1.5%	1.5%	1.4%
Parktakes Magazine	29.6%	29.8%	43.5%	50.9%	52.3%	53.8%	47.6%
Print advertising	3.7%	2.0%	0.5%	1.3%	1.1%	1.2%	1.1%
Social media (Twitter, Facebook, etc.)	0.0%	0.3%	0.9%	0.9%	0.1%	0.5%	0.6%
Word of mouth / friends	22.2%	5.1%	3.8%	3.8%	4.5%	9.3%	5.1%
School flyers	3.7%	0.0%	0.5%	0.7%	0.2%	0.0%	0.4%
Emails from FCPA	11.1%	9.1%	9.7%	7.6%	6.6%	3.8%	7.5%

FIGURE 7.1.41: Method of Learning about RECenter Offerings by Age

RECenter Branding

Respondents were asked to indicate their level of agreement with the following statement: “I consider the RECenter system to be a unique "brand" that maintains a consistent standard of facilities and service throughout the system.” Branding is the process involved in creating a unique name and product image in a consumers mind. Branding also involves keeping this theme consistent across product types, or in this case, across RECenters and program offerings. Nearly 60% of users indicated they strongly agree or agree, while 20% were indifferent. Just 11% of respondents felt the system lacked a unique market brand, speaking to the high quality of facilities, passes, and programs observed in the facility assessment and elsewhere in the survey. Respondents were further sorted by length of affiliation with the RECenter system to understand the impact that a long-lasting relationship may have on their thoughts. Ultimately, those with longer relationships felt more strongly about the RECenter as a unique brand.

Percentage of Respondents that Consider the RECenter a Unique "Brand" (n=4,612)

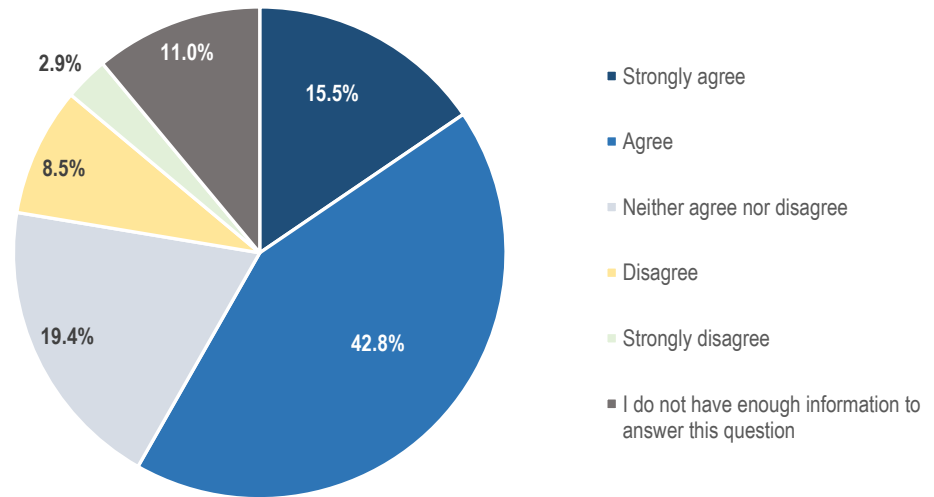


FIGURE 7.1.42: Percentage of Respondents that Consider the RECenter a Unique “Brand”

RECenter Functionality

Respondents were given a series of questions regarding how the RECenter system should enhance Fairfax County quality of life, contribute to building community, assist with family and corporate recruitment and retention, and how they value financial performance. The goal of these questions is to understand the operational outcomes Fairfax County residents value the most. Key findings are listed below:

- ✓ Over 50% of respondents indicated the depth and breadth of passes and programs should be limited if it negatively affects system financial performance. Just 20% of respondents indicated the variety and menu of passes and programs should be valued over the system’s financial performance.
- ✓ Respondents place a strong value on equitable access, with 50% indicating that services should be provided across all ages, abilities, and income level even if it negatively affects the system’s financial performance.
- ✓ Respondents believe the system should be in the business of providing pre-school programs and short-term while you work out childcare.

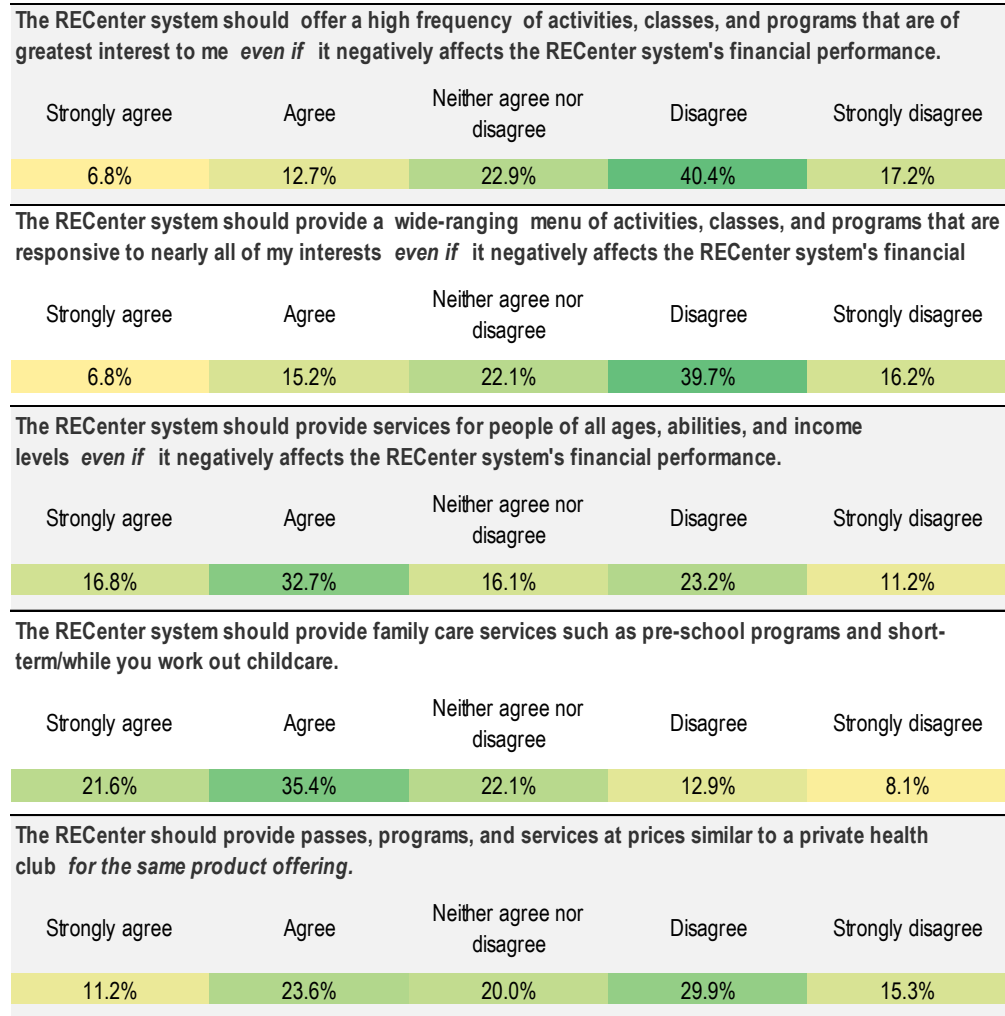


FIGURE 7.1.43: RECenter Functionality

- ✓ Attitudes regarding the RECenter pass and program price structure in relation to the private market were distributed across the options.
- ✓ When respondents were sorted by income, those with greater household earnings levels valued the variety of programs least if it meant negatively impacting system financial performance.

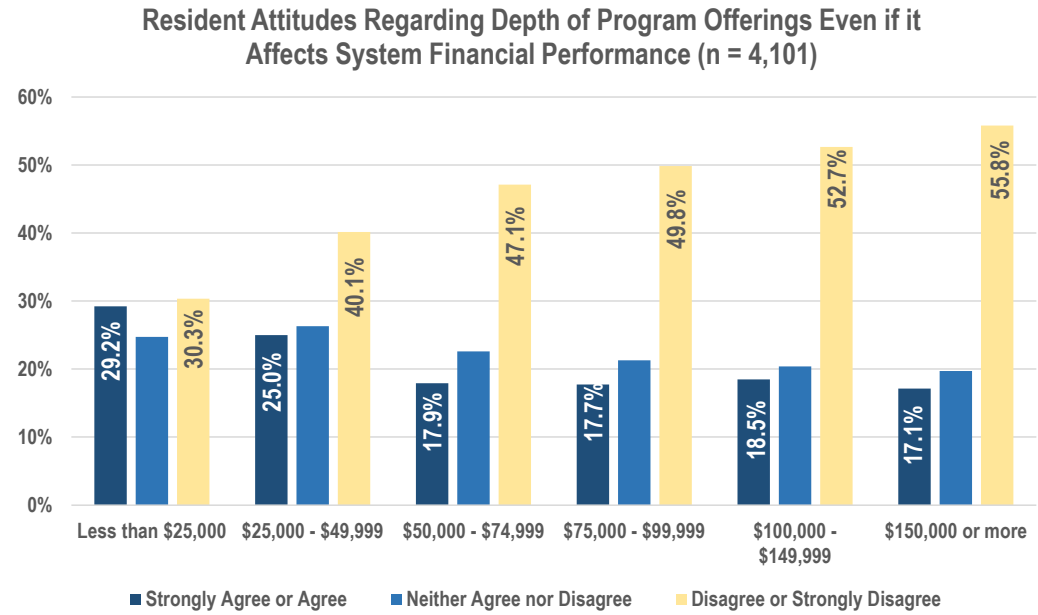


FIGURE 7.1.44: Resident Attitudes Regarding Depth of Program Offerings Even if it Affects System Financial Performance

7.2 – FOCUS GROUPS

OBJECTIVES

Focus groups are designed to engage a variety of current RECenter users in dynamic conversation about their facility needs and current perception of their preferred RECenter and the system as a whole. Focus groups are intended to yield qualitative data, reveal hidden sensitivities, and raise awareness of current issues. This is in contrast to the Survey Analysis, which is designed to yield statistically reliable responses from a demographically representative sample of the population. As a supplement to the key findings at each RECenter site, B&D has added “Moderator Observations” to highlight the most pressing elements that were brought to light during the session.

METHODOLOGY

Focus group sessions were structured to gather feedback for individual sites and on a system-wide basis. Focus group attendees were solicited via e-mail, word-of-mouth, phone calls, and in-facility signage over a three- to four-week period. The sessions were held on weekday evenings, which generally represents the peak usage time for RECenters. As such, focus group attendees often represented each site’s most enthusiastic patrons.

Each focus group was led by one moderator from HGA and two moderators from B&D. With the aid of a PowerPoint presentation, moderators introduced the objectives of the Sustainability Plan and the project team hired to develop the plan; they also provided an overview of the work plan. Participants were then presented with an agenda to set expectations for how time would be managed and input would be solicited. Moderators shared the following informational pieces with participants prior to commencing discussion:

- ✓ Preliminary findings from market research and survey information;
- ✓ A map depicting five- and ten-minute drive times from each RECenter;
- ✓ A map displaying the sizes of alternative consumer options within the primary service area; and
- ✓ Survey results illustrating the finding of overall high satisfaction rates for passholders and program enrollees.

Attendees were then shown a list and images of commonly found program elements at different RECenters to establish a common vocabulary for programmatic elements. Programmatic elements were classified as those that pertain to or facilitate fitness activities, aquatics activities, or land programs.

Based on the Facility Assessment, B&D presented the focus group participants with a set of observed “Pros” and “Cons” associated with the building’s existing configuration to engage the audience regarding the suitability of its existing configuration. Images of example PowerPoint slides presented at focus groups are shown below in Figures 7.2.1 and 7.2.2.

Responses were classified into three categories: physical asset, market / opportunities, and operational patterns. Responses filed under physical asset addressed RECenter physical configurations, such as size and configuration of fitness or aquatics spaces. Market opportunities specifically refers to opportunities to realign or introduce offerings to cater to market demand patterns. Last, operational patterns address scheduling and other practices employed by Park Authority management that affect the patron experience. The subsequent text outlines the main themes within these three categories for each RECenter. While participants provided many useful and pertinent comments and concerns, this section discusses the themes and comments that are most relevant to the overall plan outlined herein.

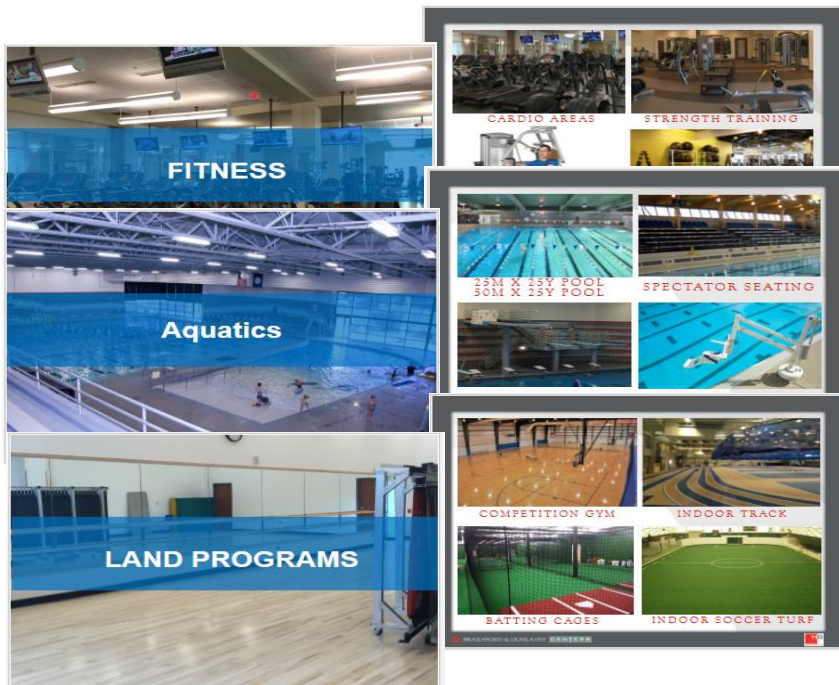


FIGURE 7.2.1: Programmatic Element Example

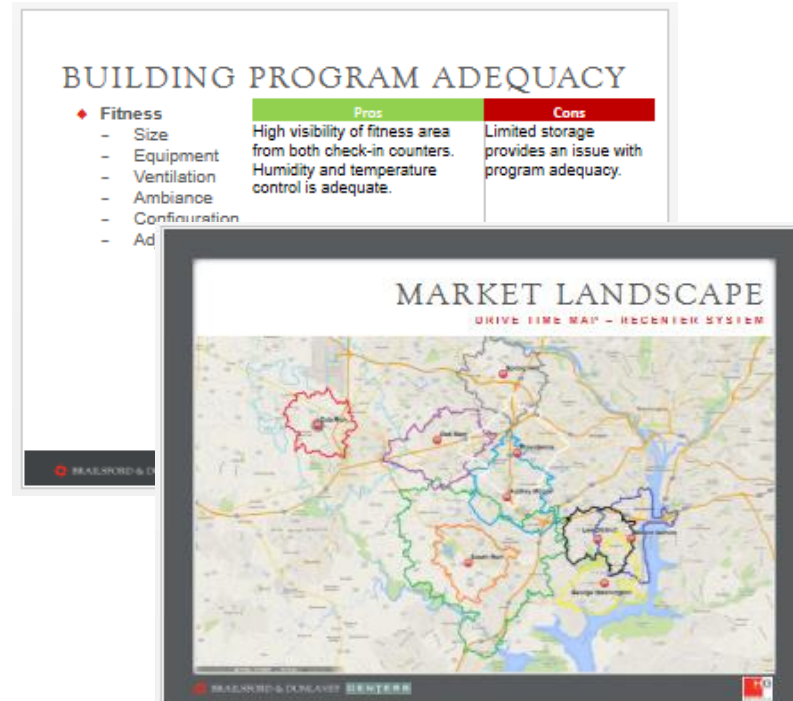


FIGURE 7.2.2: RECenter Pros and Cons / Drive Time Areas

Aquatics

The focus group for aquatics was held at Providence RECenter on Tuesday, October 25, 2016, at 12:00 P.M. Seven RECenter renters attended the focus group while one person from HGA and two people from B&D guided the discussion. The focus group lasted approximately 1.5 hours. Displayed below in Figure 7.2.3 are the key findings from the aquatics focus group.

Moderator Observations:

Participants at the aquatics renters focus group expressed concerns regarding the shortage of lap lanes, particularly at South Run. Inadequate lighting and ventilation in the aquatics facility at Lee District and Audrey Moore were specific concerns, as well. Participants indicated that aquatics facilities varied greatly in quality and that those discrepancies should be addressed.

Aquatics	
Physical Asset	1. Quality of Aquatics facilities vary widely from site-to-site. 2. Mt. Vernon's pool is not adequately sized to maximize space for programs. 3. Air quality control is a concern - HVAC systems are in need of repair / replacement throughout the system. 4. Starting blocks across the system are in need of repair / replacement 5. Mt. Vernon's DE pool filter water disposal is a concern.
Market / Opportunities	1. Participants expressed interest in additional lap lanes at South Run. 2. Participants expressed interest in use of the long lanes at Lee District, Audrey Moore, and Oak Marr for competition swimming.
Operational Patterns	1. There are frequent scheduling conflicts between renters and lap swimmers. 2. Aquatics facilities are in need of additional custodial attention - particularly the locker rooms at Lee District and Mt. Vernon. 3. Participants expressed interest in the addition of swim suit dryers. 4. Quality of staff customer service and operations management inconsistent from site-to-site.

FIGURE 7.2.3: Aquatics Focus Group Matrix

Spring Hill

The focus group for Spring Hill was held on-site on Wednesday, October 26, 2016, at 7:00 P.M. Fifteen RECenter users attended the focus group while one person from HGA and two people from B&D guided the discussion. The focus group lasted approximately 1.5 hours. Displayed below in Figure 7.2.4 are the key findings from the Spring Hill focus group.

Moderator Observations:

Participants at the Spring Hill focus group were disproportionately focused on the aquatics program. Attendees were primarily concerned with low pool temperature, limited lap lane availability, and ease of access. However, participants indicated a high-level of satisfaction with the renovated fitness center and its new equipment.

Spring Hill	
Physical Asset	1. Participants reported accessibility issues at Spring Hill during peak traffic times. 2. Participants reported capacity issues in the aquatics facility. 3. Participants are satisfied with the renovated fitness facility and new equipment. 4. Lockers are in need of repair / replacement.
Market / Opportunities	1. Participants expressed interest in an additional warm water pool to host adaptive and children's programs. 2. Participants expressed interest in using the FCPA website to learn about and register for programs.
Operational Patterns	1. Low pool temperature is better suited for competitive / lap swimming and not ideal for adaptive programming. 2. Children's programming times are irregular and enrollment often exceeds capacity. 3. Response time with exercise equipment maintenance is inconsistent. 4. Locker room facilities are in need of additional custodial attention. 5. Participants reported that instructor and program quality for aquatics is inconsistent.

FIGURE 7.2.4: Spring Hill Focus Group Matrix

Lee District & George Washington

The focus group for Lee District was combined with the focus group for George Washington and was held at Lee District RECenter on Tuesday, October 25, 2016 at 7:00 P.M. Seven RECenter users attended the focus group while one person from HGA and two representatives from B&D guided the discussion. The focus group lasted approximately 1.5 hours. Displayed below in Figure 7.2.5 are the key findings from the combined focus group.

Moderator Observations:

Participants at the combined focus group expressed concerns regarding the functionality of the facilities, access control, aesthetics of Lee District, capacity issues, and operations and maintenance of the pool at George Washington. Overall, attendees advocated for reconfiguration of the facility to include new amenities at Lee District and a dedicated therapeutic pool at George Washington.

Lee District & George Washington	
Physical Asset	1. Participants expressed concern with capacity and traffic control signage issues in the parking lot during peak times.
	2. Participants reported bottleneck issues at the check-in desk during peak times.
	3. Pool ventilation is poor at peak times and water temperature is inconsistent.
	4. Men's sauna is highly utilized at Lee District.
	5. Fitness center HVAC system and machine quality are in need of repair or replacement.
Market / Opportunities	1. Participants expressed interest in utilizing the soft play room for birthday parties and drop-in programming.
	2. Parents reported that there are cheaper camp programs outside of the RECenter system.
Operational Patterns	1. Participants expressed interest in automated self-check-in technology to increase efficiency.
	2. Fitness classes often lack specialized equipment and the corresponding storage space in multi-purpose rooms.
	3. Participants reported issues with deferred maintenance and equipment quality.
	4. Locker rooms are in need of additional custodial attention, especially during / after camp programs.
	5. The online version of Parktakes is difficult to navigate and could be improved as a tool for program marketing and registering.

FIGURE 7.2.5: Lee District & George Washington Focus Group Matrix

Oak Marr

The focus group for Oak Marr was held at the Oakton Elementary School Auditorium on Thursday, October 27, 2016, at 7:00 P.M. Seven RECenter users attended the focus group while one person from HGA and two people from B&D guided the discussion. The focus group lasted approximately 1.5 hours. Displayed below in Figure 7.2.6 are the key findings from the Oak Marr focus group.

Moderator Observations:

Participants at the Oak Marr focus group were generally pleased with the physical configuration of the facility but noted that the multi-purpose rooms could be expanded to accommodate additional programs during peak usage. Several participants expressed concerns about overutilization of the pool and locker rooms as well as a shortage of learn-to-swim programs.

Oak Marr	
Physical Asset	1. MP room HVAC system, mirrors, and AV equipment are in need of repair / replacement 2. Quantity of spectator seating in the aquatics facility is often insufficient (bleachers are not made available when needed). 3. Temperature and humidity control in the aquatics facility and fitness facility is inadequate. 4. Dance room does not have enough ballet bars to accommodate a full class. 5. Lockers are in need of repair / replacement
Market / Opportunities	1. Participants expressed interest in additional stretch, dance, and Zumba programs. 2. Participants expressed interest in additional weekend aquatics programs. 3. Participants expressed interest in the addition of showers in family changing rooms. 4. Participants feel that classes offered at Oak Marr are disproportionately serving younger students.
Operational Patterns	1. Oak Room has become a storage room for old exercise equipment. Storage in this and other MP rooms is unorganized. 2. Consistency in instructor quality is a concern. 3. Renters and lap swimmers compete for space. Lifeguards do not properly manage this issue. 4. Parktakes is limited in its effectiveness of communicating class cancellations.

FIGURE 7.2.6: Oak Marr Focus Group Matrix

Cub Run

The focus group for Cub Run was held on-site on Tuesday, November 1, 2016, at 7:00 P.M. Four RECenter users attended the focus group while one person from HGA and two people from B&D guided the discussion. The focus group lasted approximately 1.5 hours. Displayed below in Figure 7.2.7 are the key findings from the Cub Run focus group.

Moderator Observations:

Participants at the Cub Run focus group expressed interest in additional membership options that provide access to only aquatics or fitness space in lieu of the entire facility. Participants expressed an interest in childcare, updated multi-purpose rooms, and family changing rooms to enhance the overall experience of patrons.

Cub Run	
Physical Asset	1. Sidewalk is in need of repair / replacement.
	2. Multi-purpose rooms experience issues with capacity, sound isolation, and AV equipment.
	3. Five foot depth lanes are highly utilized and often experience capacity issues.
	4. Temperature control and ventilation issues exist in the fitness facility.
	5. Patrons reported plumbing issues in the locker room facilities.
Market / Opportunities	1. Patrons expressed interest in the addition of public transportation services.
	2. Patrons expressed interest in the addition of a sauna.
	3. Patrons expressed interest in additional weekend aquatics programs.
	4. Participants reported that there are cheaper camp programs outside of the RECenter system.
	5. Patrons expressed interest in a "dry" changing / locker room.
Operational Patterns	1. Patrons are pleased with the quality of RECenter staff and volunteers at the check-in desk.
	2. Competition pool is too cold for casual swimmers.
	3. Consistency in instructor quality is a concern.
	4. Repairs to exercise equipment are not made in a timely manner.
	5. Locker rooms are in need of additional custodial attention.

FIGURE 7.2.7: Cub Run Focus Group Matrix

Providence

The focus group for Providence was held on-site on Thursday, November 3, 2016, at 7:00 P.M. A total of ten RECenter users attended the focus group while one person from HGA and two people from B&D guided the discussion. The focus group lasted approximately 1.5 hours. Displayed below in Figure 7.2.8 are the key findings from the Providence focus group.

Moderator Observations:

Participants at the Providence focus group were particularly proud of their RECenter’s unique culture and sense of community. Providence is the only RECenter where focus group participants were outspoken with regard to their satisfaction with the maintenance of locker rooms.

Providence	
Physical Asset	1. Participants are pleased with the functionality of the drop off / pick up area.
	2. Patrons reported issues with drainage in the parking lot
	3. Capacity issues exist in the multi-purpose rooms.
	4. Patrons expressed interest in additional lap lanes.
	5. AV equipment in multi-purpose rooms is in need of repair / replacement.
Market / Opportunities	1. Distribution of Parktakes magazine could be improved to increase effectiveness.
	2. Patrons report that there are swim / fitness facilities in the market that offer cheaper membership options.
Operational Patterns	1. Patrons are pleased with the culture at Providence, reporting a heightened sense of community in relation to other RECenters.
	2. Water temperature in the aquatics facility is inconsistent
	3. Swim meets lead to overcrowding in the fitness facility from those not actually using the area.
	4. Repairs to exercise equipment are not made in a timely manner.
	5. Locker room facilities are clean in comparison to other RECenters.

FIGURE 7.2.8: Providence Focus Group Matrix

South Run

The focus group for South Run was held on-site on Wednesday, November 9, 2016, at 7:00 P.M. Twenty RECenter users attended the focus group while one person from HGA and two people from B&D guided the discussion. The focus group lasted approximately 1.5 hours. Displayed below in Figure 7.2.9 are the key findings from the South Run focus group.

Moderator Observations:

Participants at the South Run focus group focused primarily on issues including scheduling conflicts, facility quality, and consistency in program offerings at peak times for camps, sports, and aquatics. Participants expressed concern with staff and volunteer quality.

South Run	
Physical Asset	<ol style="list-style-type: none"> 1. Capacity issues exist in the parking lot during peak times. 2. Bottlenecks occur frequently at peak times - possibly due to awkward placement of check-in desk. 3. Strength and conditioning areas are undersized. 4. There is a lack of adequate storage space.
Market / Opportunities	<ol style="list-style-type: none"> 1. Self-access kiosk could improve check-in efficiency and reduce bottlenecks. 2. Equipment is dated and not competitive with other consumer options in the market. 3. Participants expressed interest in more senior programming and associated price discounts.
Operational Patterns	<ol style="list-style-type: none"> 1. Staff / volunteer proficiency and policy enforcement is a concern. 2. Camp programming during camp season limits fitness programming in the multi-purpose rooms. 3. Quality of program instructors is inconsistent. 4. Exercise equipment is in need of repair / replacement. 5. Additional custodial attention is needed in the locker room facilities.

FIGURE 7.2.9: South Run Focus Group Matrix

Audrey Moore

The focus group for Audrey Moore was held on-site on Thursday, November 10, 2016, at 7:00 P.M. Eight RECenter users attended the focus group while one person from HGA and two people from B&D guided the discussion. The focus group lasted approximately 1.5 hours. Displayed below in figure 7.2.10 are the key findings from the Audrey Moore focus group.

Moderator Observations:

Participants at the Audrey Moore focus group raised concerns about the functionality of the facility, inefficient space configuration, and maintenance issues. Participants expressed an interest in the addition of childcare facilities, updated fitness room, and multi-purpose rooms and recreational programs that catered to young families.

Audrey Moore	
Physical Asset	1. Patrons reported bottleneck issues with a "cramped" check-in counter, and circulation areas at peak times. 2. HVAC system, faucets, and lighting are in need of repair / replacement in the multi-purpose rooms. 3. Capacity issues exist with accommodating lap swimmers and aquatics programs simultaneously. 4. Patrons expressed dissatisfaction with the low ceiling height
Market / Opportunities	1. Participants expressed interest in the addition of a dedicated spin room. 2. Large pool deck is poorly utilized. 3. Competing facilities offer better membership rates for patrons who do not care to use aquatics and gymnasium facilities. 4. Participants expressed interest in on-site food service. 5. Participants expressed interest in indoor pickeball courts.
Operational Patterns	1. Repair and maintenance efficiency is a concern in the multi-purpose rooms and fitness facility. 2. Water temperature is too low for children to swim comfortably. 3. The RECenter is in need of additional custodial attention. 4. Deferred maintenance with showers has not been addressed in a timely manner.

7.2.10: Audrey Moore Focus Group Matrix

8.0 – STRATEGIC RECOMMENDATIONS

INTRODUCTION

The section contains a series of strategic recommendations and initiatives designed to maximize each RECenter’s operational effectiveness, improve community responsiveness, and ensure long-term financial sustainability. In consideration of analyses contained herein, each site is assigned one of six “thematic” decisions; these decisions outline a recommended course of action for each site to achieve one or more of the goals outlined above. Based on these decisions, site-specific recommendations are developed that are in alignment with and facilitate the thematic decision. For instance, if the thematic decision is “expand” for a site, then a series of improvements that are termed as “critical,” “core,” or “added value” that facilitate that decision are outlined by B&D (for example, “add gymnasium, multi-purpose rooms”). Based on these recommendations, HGA has developed test fit concepts to illustrate the physical and pragmatic feasibility of these expansions. Illustrations of test fits are provided for each of the RECenters. This section is made up of two key components, including an overview of the decision framework and a series of corresponding strategic recommendations.

METHODOLOGY

The decision framework serves as a guideline for selecting the appropriate site-level thematic decision. Once this thematic decision is selected, a series of improvements are recommended. Improvements are classified as those that are either “critical,” “core,” or “added value.” A brief description of each category of improvement is provided below:

- ✓ **Critical Improvements:** This type of improvement is essential to maintaining near-term financial and operational outcomes at RECenter sites. Critical improvements are those that should be implemented with a sense of urgency due to a number of factors. These factors may include the threat of new market entrants and associated loss in market share or financial performance, declining condition of the RECenter that results in brand dilution, or a present lack of amenities such as childcare that should otherwise be standard as part of the RECenter brand value proposition.
- ✓ **Core Improvements:** Core improvements are similar to critical improvements but are not guided by a sense of urgency. These improvements are considered essential to the RECenter’s long-term sustainability but can be deferred until critical improvements are addressed.
- ✓ **Added value Improvements:** These improvements would enhance the experience at a RECenter but are not considered essential to its operation. Added value improvements ideally create sufficient operational revenues that repay the capital outlay in a short duration.

B&D has subjectively classified the improvements based on market and primary research analyses contain assigned conceptual capital costs to estimate the percentage of the overall site investment. For instance, the c 46% of the budget while core improvements reflect 54% of the budget. A chart for each RECenter is com critical, core, and added value investments required at each site. For example, if the budget were equally b value improvements then each bar would rise to the level of 33%.

DECISION FRAMEWORK

OBJECTIVES

The decision framework provides a process by which recommendations and associated financial and non-fin chart of the decision framework is provided on the following page. First, system-wide recommendations and the RECenter system. On a site-level basis, the first step is selecting a “thematic decision” for each site. On of site-specific recommendations can be developed. The selection of the appropriate thematic decisions operation, market analyses, and primary research processes outlined herein. The different types of thematic

1. **Expand:** Includes the addition of program spaces to meet market demand and generate revenue.
2. **Rebuild:** Consists of rebuilding the facility, either at once or in phases. This option is only recommend investments are so cumbersome that it is more efficient to rebuild the facility.
3. **Protect:** Relates to one or several conditions or scenarios, including protecting the facility from new market entrants, maintaining existing cost recovery levels, or protecting an existing level of market share. This decision is only for those facilities currently achieving a high standard of performance or those that have received recent meaningful investment.
4. **Rebrand:** Entails re-branding the facility to appropriately match its programmatic offerings or operational policies.
5. **Reposition:** Entails realigning operational policies or offerings to achieve improved financial performance and community responsiveness.
6. **Create:** Build a new facility to target underserved county areas.

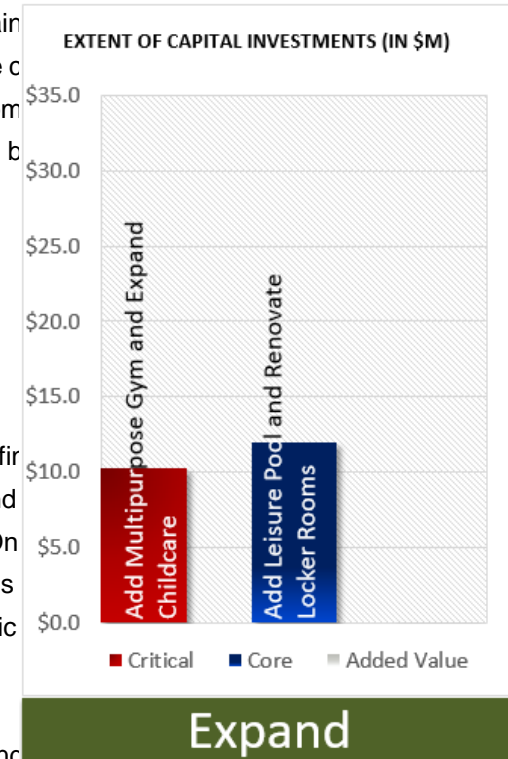


FIGURE 8.1: Oak Marr Example

For instance, if divest was selected as the thematic decision for a RECenter, there would be no site-specific recommendation(s). This is in contrast to the expand option, which would require the development of several site-specific recommendations. Based on the extent of the recommendations, financial outcomes are developed, including identifying capital investment requirements, site-specific financial models, and a system-wide model.

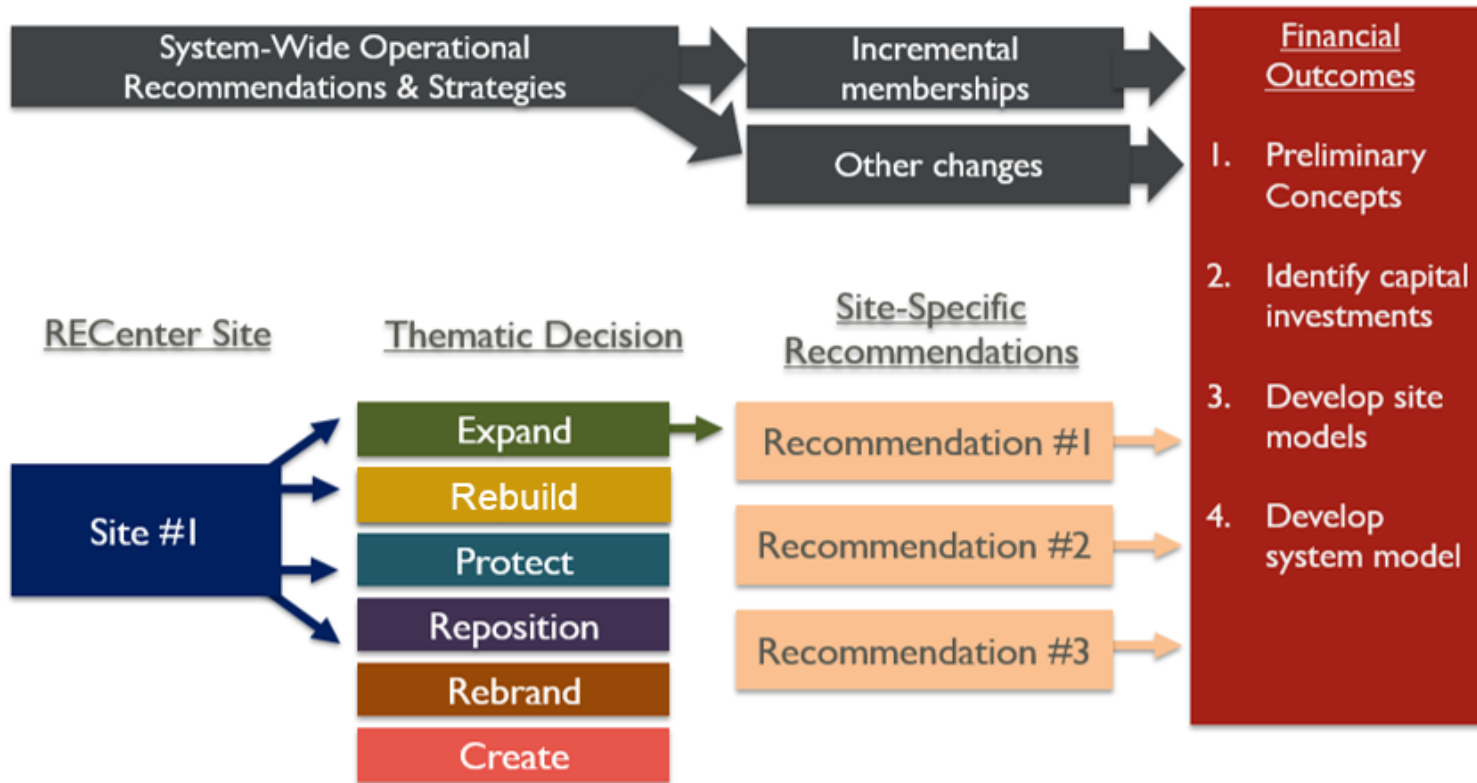


FIGURE 8.2: Strategic Recommendations Decision Framework

PRELIMINARY CONCEPTS

OBJECTIVES

The purpose of preliminary concepts is to develop site-specific recommendations that will be utilized to create a building program and phasing plan for capital investments. HGA and B&D utilized the thematic decisions, existing site conditions, and floor plans to develop the preliminary concepts for the RECenter system.

CUB RUN RECENTER

Existing Conditions

Cub Run RECenter is a 65,000 square foot facility located in the northwest quadrant of Fairfax County. The facility was completed in 2005 and is the most recent addition to the system. As such, the facility presents a contemporary appeal. The facility is located in what is primarily an industrial and professional neighborhood, which is a contrast to other RECenter's that are primarily positioned in residential neighborhoods. Cub Run's positioning limits its visibility as the facility experiences just 1,000 cars utilizing most roads leading to the RECenter. This is in contrast to other RECenters, which have an average daily traffic count of 21,000. For a description of facility amenities, refer to the amenities matrix in Section 2.0 – Site Introductions.

Market Positioning

Although the RECenter has generally exhibited stable financial performance, its cost recovery of 106% over the past five years lags the system-wide average of 111%. The facility's financial performance peaked in 2012 and 2013 when cost recovery was 114% and 117%, respectively.

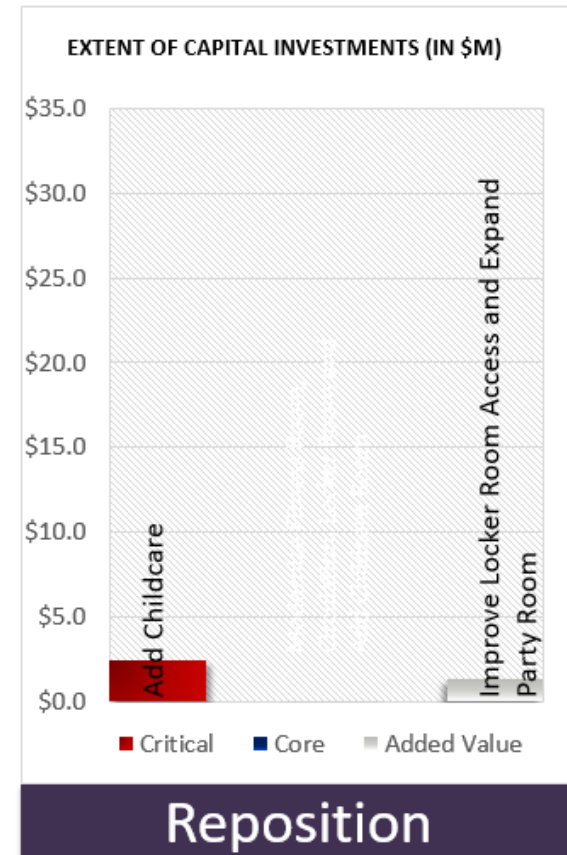


FIGURE 8.3: Cub Run Thematic Decision

Thematic Decision

Due to Cub Run’s siting and overall tepid market demand, B&D recommends repositioning the facility via modest investments to improve upon weak financial performance. Repositioning the facility to be more attractive to Loudon County residents and reducing programmatic offerings will maximize revenue and minimize expenses.

Site-specific Recommendations

Based on the existing conditions and market positioning for Cub Run, the thematic decision and site-specific recommendations are shown in Figure 8.3 and Figure 8.4. The site-specific recommendations include the following additions to the building program.

1. **Critical:** Add Childcare Area
2. **Added Value:** Improve Locker Room Access and Expand Party Room

The justification for the recommendations is provided below.

1. **Add Childcare Area:** Re-size the fitness room to more appropriately match tepid market demand and add a childcare area as part of household management assistance and recruitment of new members and program attendees. The fitness area is largest in the system at nearly 10,000 SQ FT.
2. **Improve Locker Room Access and Expand Party Room:** Renovate circulation space to improve access to Locker Rooms at the RECenter as part of community responsiveness. Reconfigure multi-purpose rooms to accommodate more fitness classes and party room rentals in the underserved, northwest region of Fairfax County.

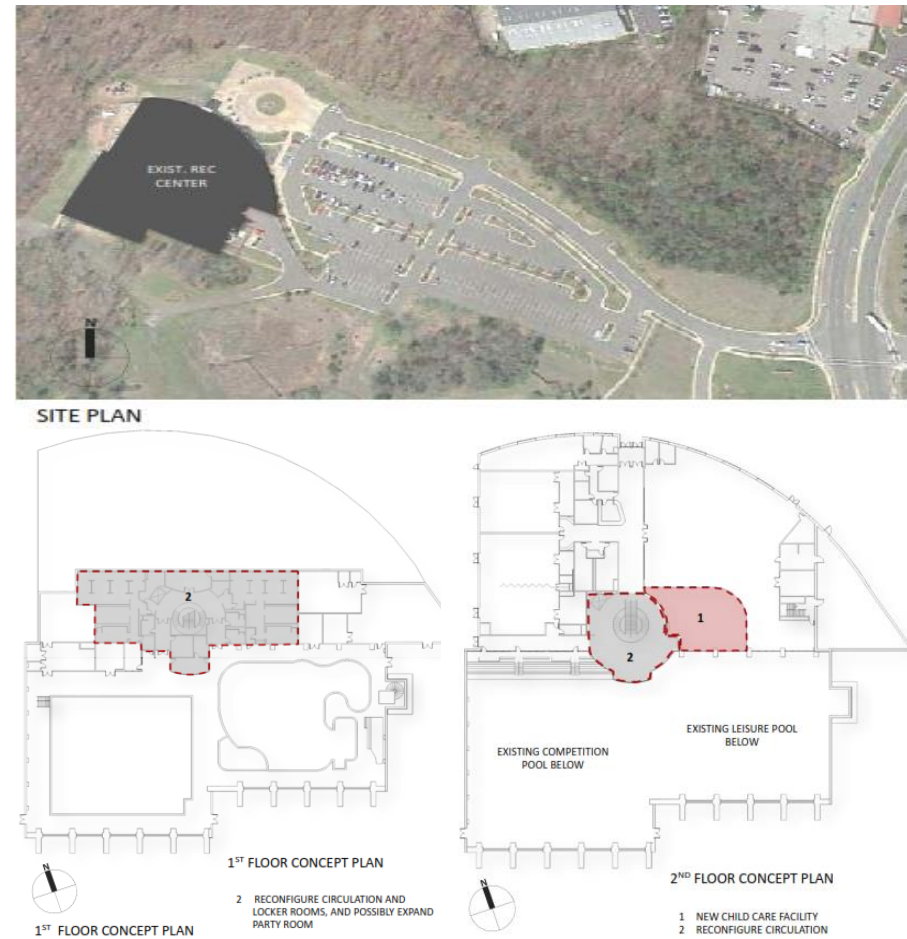


FIGURE 8.4: Cub Run Site and Concept Plans

OAK MARR RECENTER

Existing Conditions

Oak Marr is located in Oakton, VA between Cub Run and Providence RECenters. The facility measures nearly 64,000 square feet and boasts a significant natatorium complex. For a description of facility amenities, refer to the amenities matrix in Section 2.0 – Site Introductions.

Market Positioning

Oak Marr's cost recovery has been as low as 102% in 2014 and as high as 125% in 2011 and 2016. However, when the three-year average is analyzed, Oak Marr's cost recovery exceeds the FCPA average of 117% over the same period. While the facility is well maintained and presented, it exists in an area with over 700,000 square feet of competing facilities which is the highest in the FCPA system, necessitating measures be taken to protect and / or expand its market share.

Thematic Decision

Based on market analyses, B&D recommends Oak Marr be expanded to more appropriately match strong market demand and insulate it from a competitive marketplace. The existing aquatics facility should be supplemented with additional indoor gymnasium space to capitalize on unaccommodated demand for valuable camp revenue. The addition of a leisure pool would allow its flagship aquatics facilities to be utilized for more competition swim meets.

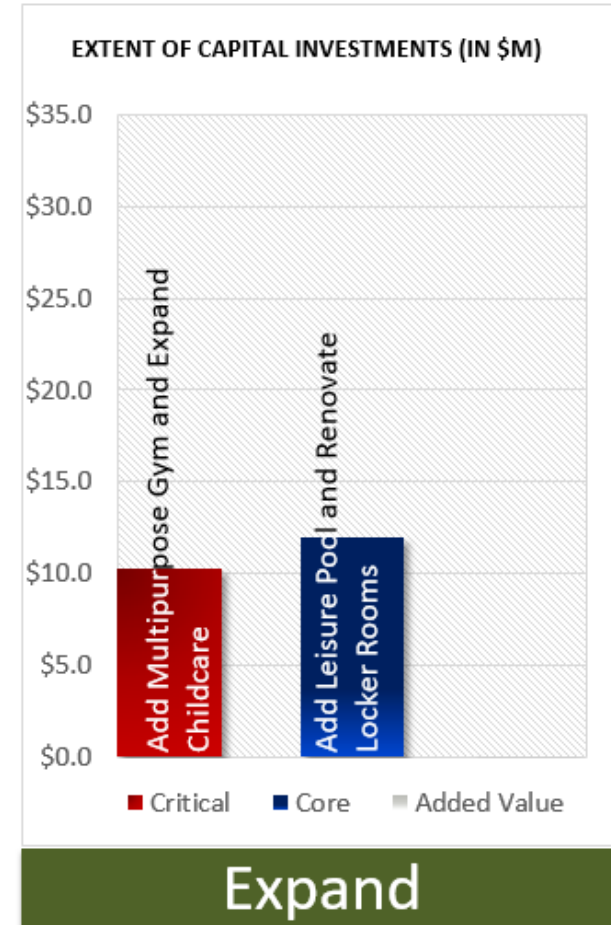


FIGURE 8.1: Oak Marr Example

Site-specific Recommendations

Based on the existing conditions and market positioning for Oak Marr, the thematic decision and site-specific recommendations are shown in Figures 8.5 and 8.6. The site-specific recommendations include the following additions to the program.

1. **Critical:** Add Multi-purpose Gym
2. **Critical:** Expand Childcare Room
3. **Core:** Add Leisure Pool and Renovate Locker Rooms

The justification for the recommendations follows below:

1. **Add Multi-purpose Gym:** Based on market demand, a multi-purpose gym would accommodate camps that will enhance revenue generation and improve household management assistance.
2. **Expand Childcare Room:** Expand the childcare program room as part of household management assistance and recruitment of new members and fitness program attendees.
3. **Add Leisure Pool and Renovate Locker Rooms:** Provide a dedicated leisure pool for water aerobics as part of stress mitigation. Allow the main pool to be used primarily for competitive swimming and diving. Renovate locker rooms to include family cabanas / changing rooms and improve drainage, finishes, fixtures and equipment.



SITE PLAN

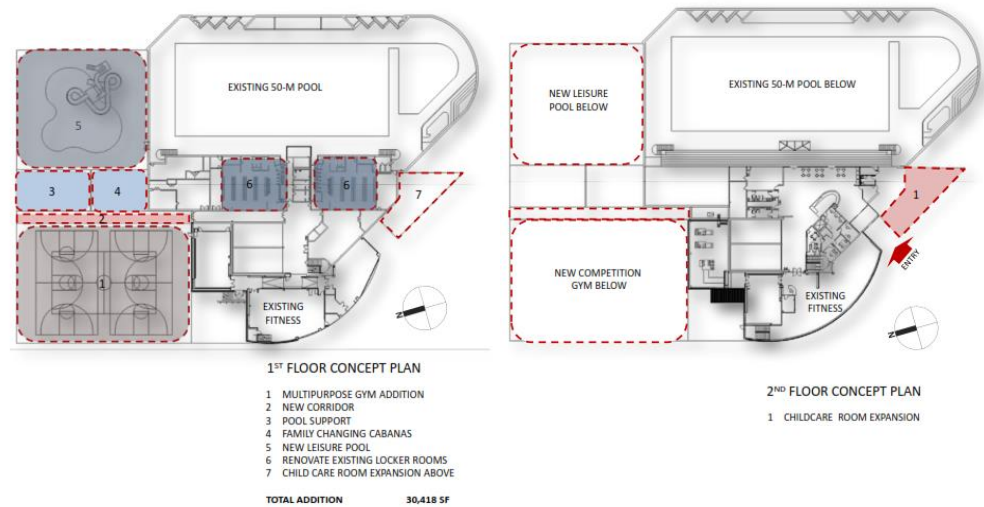


FIGURE 8.6: Oak Marr Site and Concept Plans

SPRING HILL RECENTER

Existing Conditions

Spring Hill RECenter is located in the northeast quadrant of Fairfax County. This facility is among the largest of the FCPA system with nearly 84,000 Square feet of usable space. For a description of facility amenities, refer to the amenities matrix in Section 2.0 – Site Introductions.

Market Positioning

Spring Hill's financial performance has progressed with relative stability and has an average 3-year cost recovery of 120%, which is above the site average of 117%. In the two most recent years the facility had cost recoveries of 124% and 125%, speaking to its improvement in performance stemming from a recent renovation and addition to the facility.

Thematic Decision

The thematic decision for Spring Hill is to protect market share. FCPA's most recent investment in the RECenter was prudent, improving the facility's financial performance to 125% in most recent years. Protecting the facility's market share in a primary service area dominated by large chains should be a priority. In contrast to other RECenters in markets with similar levels of competition, Spring Hill is adequately sized to meet market demand and does not require expansion. As such, modest improvements are recommended to protect recent investments.



FIGURE 8.7: Spring Hill Thematic Decision

Site-specific Recommendations

Based on the existing conditions and market positioning for Spring Hill, the thematic decision and site-specific recommendations are shown in Figures 8.7 and 8.8. The site-specific recommendations include the following additions to the building program.

1. **Core:** Improve Access to All Areas, Renovate Locker Rooms and Add Childcare
2. **Added Value:** Add Family Cabanas and a Leisure Pool

The justification for the recommendations is provided below.

1. **Improve Access to All Areas, Renovate Locker Rooms:** Renovate circulation space to improve access to all areas at the RECenter as part of community responsiveness. Renovate locker rooms to include family cabanas / changing rooms and improve drainage, finishes, fixtures and equipment.
2. **Add Childcare Room:** Add a childcare program room as part of household management assistance and recruitment of new members and fitness program attendees.
3. **Add Family Cabanas and a Leisure Pool:** Add/expand locker rooms/family cabanas to support a leisure pool. Provide a dedicated leisure pool for water aerobics as part of stress mitigation through active lifestyles. Allow the main pool to be used primarily for competitive swimming.

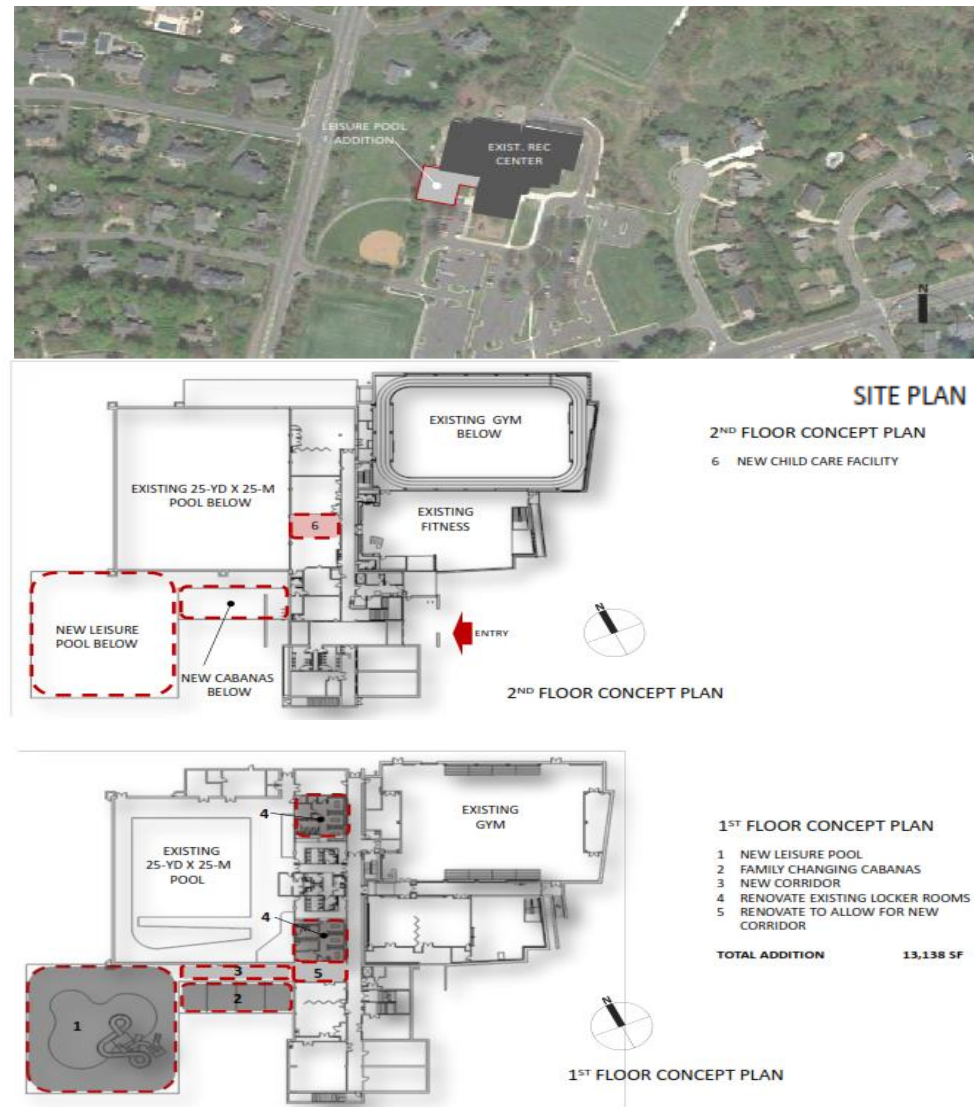


FIGURE 8.8: Spring Hill Site and Concept Plans

PROVIDENCE RECENTER

Existing Conditions

The Providence RECenter is located in the northeast quadrant of Fairfax County in the Falls Church area, just west of Arlington. The facility measures 63,000 SQ FT. Although this size is near the FCPA average of 62,000, the competitive square footage in the market is roughly 483,000, which is above average in relation to other RECenter sites. For a description of facility amenities, refer to the amenities matrix in Section 2.0 – Site Introductions.

Market Positioning

Providence's financial performance has progressed with relative stability and has an average 3-year cost recovery of 110%, which sits below the FCPA site average of roughly 117%. The site is remarkably consistent in its financial performance over the past ten years; in no year did recovery go below 109% or exceed 119%.

Thematic Decision

The thematic decision for Providence is to expand. Providence's compact building program restricts its ability to generate valuable camp revenue while its antiquated fitness space suppresses membership sales. The site should also undergo reconfigurations to its cumbersome check-in area to improve circulation.

Site-specific Recommendations

Based on the existing conditions and market positioning for Providence, the thematic decision and site-specific recommendations are shown in Figure 8.9 to the right and Figure 8.10 on the next page. The site-specific recommendations include the following additions to the building program.

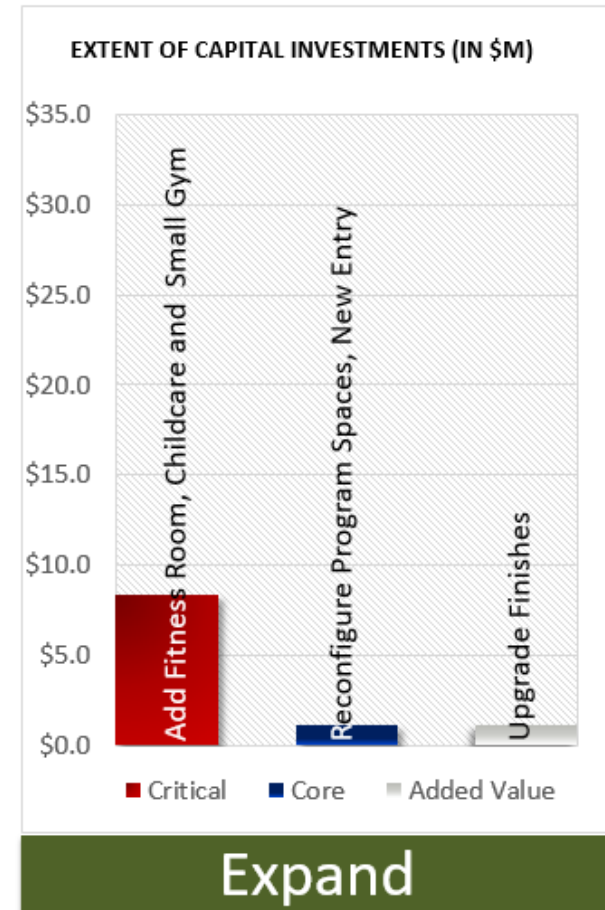


FIGURE 8.9: Providence Thematic Decision

1. **Critical:** Add Fitness Room and Childcare
2. **Critical:** Add Small Gym
3. **Core:** Reconfigure Check-in Area, Circulation, and Entryway
4. **Core:** Convert Existing Fitness to Multi-purpose Room
5. **Added Value:** Upgrade Finishes

The justification for the recommendations is provided below.

1. **Add Fitness Room and Childcare:** Pass sales at Providence is negatively impacted by its limited and antiquated fitness space. Providence achieves pass sales at a rate that is consistent with its market footprint but clearly has significant opportunity for incremental pass sales with the addition of a fitness room. Add a childcare room as part of household management assistance and recruitment of new members and fitness program attendees.
2. **Add Small Gym:** Additional revenue through camp programming can be generated with the inclusion of a small gym.
3. **Reconfigure Check-in Area, Circulation, and Entryway:** The check-in area needs to be reconfigured to mitigate queuing and monitoring issues. Renovate the stairs and circulation to mitigate safety and monitoring issues. The existing entryway needs to be expanded to create an inviting entrance lobby for current and prospective patrons.
4. **Convert Existing Fitness Room into Multi-purpose room:** Repurpose existing fitness room as a multi-purpose room to support programs and camps. Convert racquetball court(s) into multi-purpose room(s).
5. **Upgrade Finishes:** Most programmatic spaces at Providence have antiquated finishes and equipment that are to be updated as part of branding and preventive maintenance.

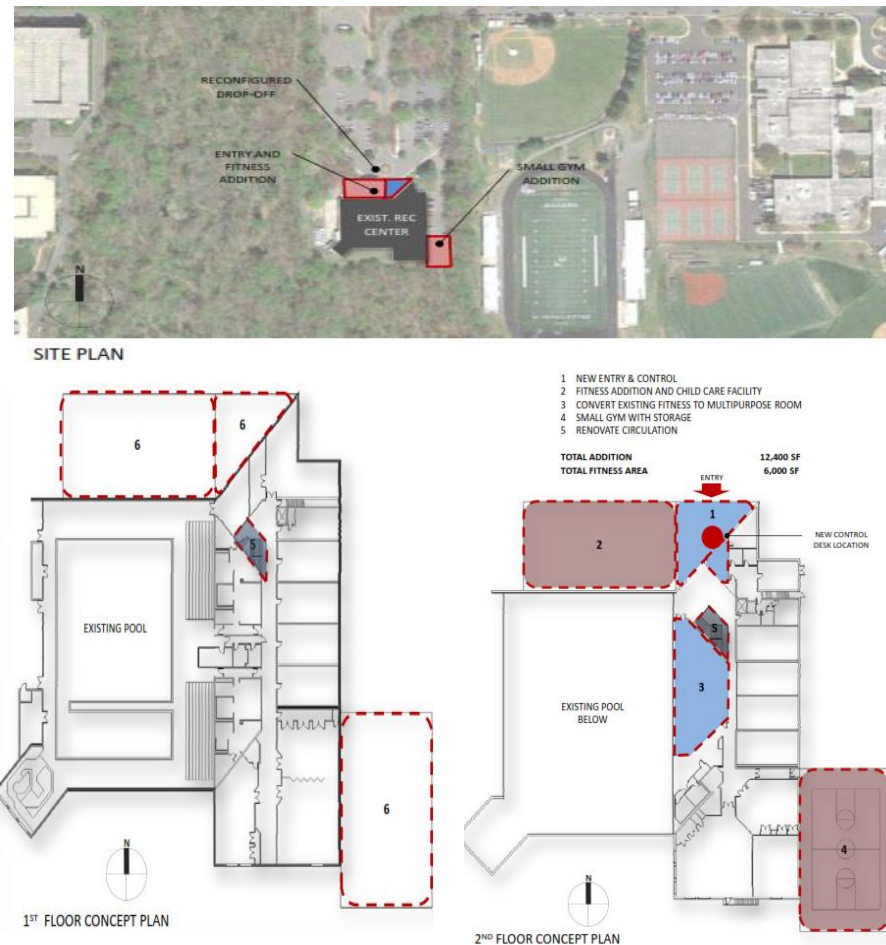


FIGURE 8.10: Providence Site and Concept Plans

AUDREY MOORE RECENTER

Existing Conditions

Audrey Moore RECenter is the FCPA's oldest facility in the system, with an opening in 1977. This facility, located in Annandale, is 72,629 square feet which sits well above the average size of FCPA RECenters. For a description of facility amenities, refer to the amenities matrix in Section 2.0 – Site Introductions.

Market Positioning

Audrey Moore has seen limited revenue growth over the previous three years with revenues stagnating at \$3.6 million from 2014 to 2016. Audrey Moore's most successful recent year was in 2013 where it achieved revenues of \$3.6M and a cost recovery ratio of 130%; however, in the years since the facility has achieved recoveries ranging from 121% to 119%.

Thematic Decision

The thematic decision for Audrey Moore is to rebuild. Extensive upgrades to the facility are required to maintain functionality. However, the building in its existing configuration offers a wide array of amenities and is appropriately sized for market demand in B&D's professional opinion.

Site-specific Recommendations

Based on the existing conditions and market positioning for Audrey Moore, the thematic decision and site-specific recommendations are shown in Figures 8.11 and 8.12. The site-specific recommendations include the following additions to the building program.

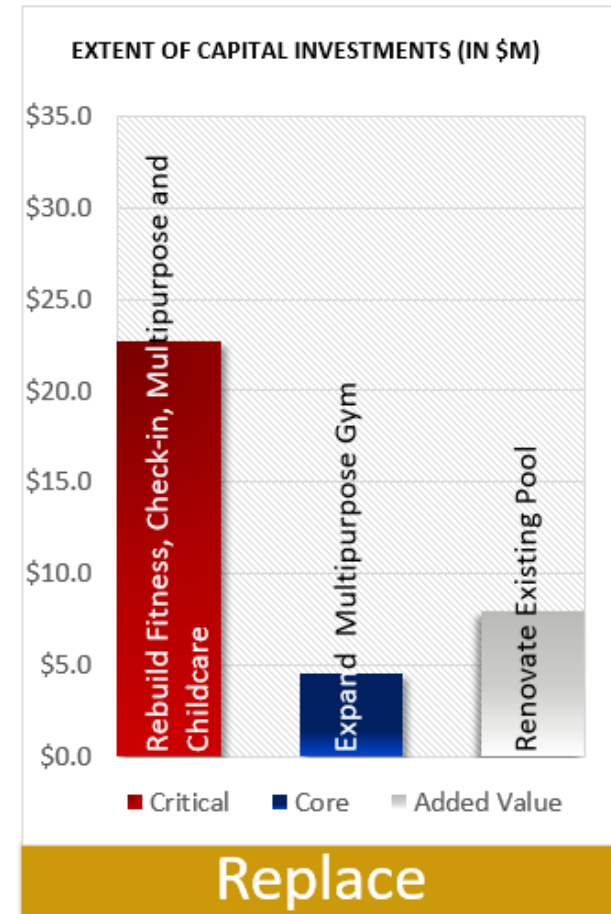


FIGURE 8.11: Audrey Moore Thematic Decision

1. **Critical:** Rebuild the Check-In Area and Multi-purpose Rooms
2. **Critical:** Rebuild Fitness Room and Add Childcare Room
3. **Core:** Expand Multipurpose Gym
4. **Added Value:** Renovate the Existing Pool

The justification for the recommendations is provided below.

1. **Rebuild the Check-in Area, and Multi-purpose Rooms:** Based on the facility conditions assessment completed by Pros Consulting for the FCPA and primary research, there are structural integrity issues in the existing facility and the cost of repairs/renovation is comparable to new construction. Therefore, it is recommended that the existing facility be demolished and rebuilt with a new state-of-the-art RECenter that includes multi-purpose rooms, an inviting lobby and check-in area and that caters to market demand and enhances community responsiveness.
2. **Rebuild Fitness Room and Add Childcare Room:** Rebuild the fitness room to include a childcare area as part of household management assistance, recruitment of new members, and program attendees. Presently, the fitness center is significantly under-sized at just under 4,500 SQ FT.
3. **Expand Multi-purpose Gym:** Based on market penetration analyses, a gym would capture unaccommodated demand for sports camps that will enhance revenue generation and household management assistance.
4. **Renovate the Existing Pool:** The existing competition pool with an outdated filtration and HVAC system needs to be renovated. In addition, scoreboard and seating upgrades are required to host competitive swim meets at this facility.

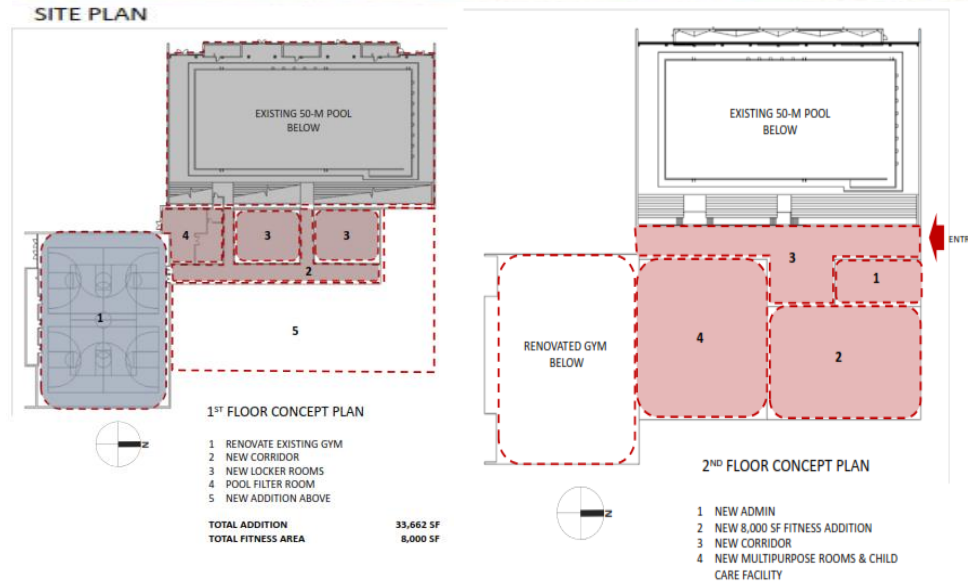


FIGURE 8.12: Audrey Moore Site and Concept Plans

SOUTH RUN RECENTER

Existing Conditions

South Run is a 41,450 square foot facility located in Springfield, VA. The RECenter was built in 1988, the same year as the Spring Hill and George Washington RECenters. In 2008, the fitness room was expanded. For a description of facility amenities, refer to the amenities matrix in Section 2.0 – Site Introductions.

Market Positioning

The RECenter's historical financial history is strong, boasting both the highest revenue and cost recovery figures in the FCPA system. The three-year average cost recovery is 145%, which is 28 percentage points higher than the system wide average of 117%. The facility's strongest year was 2012 when it achieved revenue of \$4.0 million and a cost recovery ratio of 177%. Despite South Run's strong track record of performance, cost recovery has decreased from 2012 to a 2016 level of 140%.

Thematic Decision

The thematic decision for South Run is to expand. The facility is significantly under-sized to accommodate existing demand patterns based on pass sales and program enrollment data. A more appropriately sized building program would range from 80,000 to 90,000 SQ FT. Tactical expansion will arrest the downward trend in financial performance and insulate the facility from new market entrants.

Site-Specific Recommendations

Based on the existing conditions and market positioning for South Run, the thematic decision and site-specific recommendations are shown in Figure 8.13 and Figure 8.14. The site-specific recommendations include the following additions to the building program.

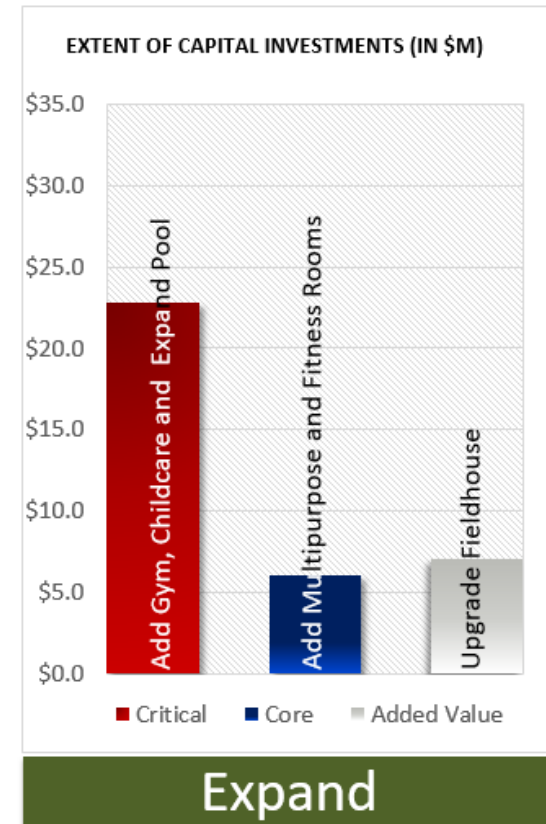


FIGURE 8.13: South Run Thematic Decision

1. **Critical:** Add Multi-purpose Gym and Childcare
2. **Critical:** Expand Pool and Add Splash Pad
3. **Critical:** Expand Locker Rooms and Pool Support Area
4. **Core:** Add Multi-purpose Rooms
5. **Core:** Expand Fitness Room
6. **Core:** Add New Racquetball Court
7. **Core:** Reconfigure New Entry and Check-in Area
8. **Added Value:** Upgrade Fieldhouse



SITE PLAN

The justification for the recommendations is provided below.

1. **Add Multi-purpose Gym and Childcare:** Based on market demand, a multi-purpose gym would accommodate youth sports camps that will enhance revenue generation and household management assistance. Add a childcare program room as part of household management assistance and recruitment of new members and fitness program attendees.
2. **Expand Pool and Add Splash Pad:** Based on primary research and location of the facility in the county, there is a need for additional lanes to support competitive swimming as part of equitable access. Also, the addition of an indoor splash pad would provide expanded camp programming opportunities.

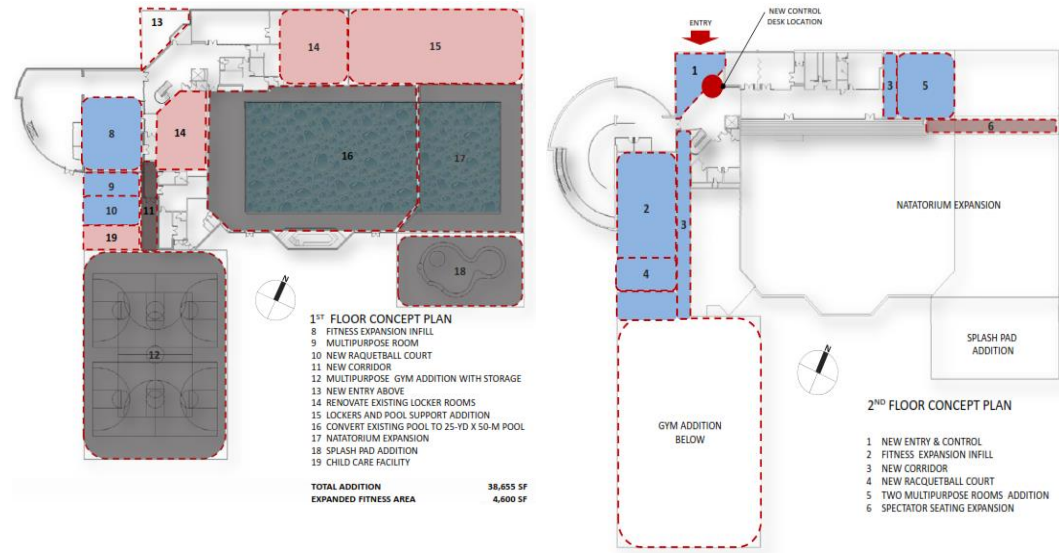


FIGURE 8.14: South Run Site and Concept Plans

3. **Expand Locker Rooms and Pool Support Area:** Renovate locker rooms to include family cabanas / changing rooms, and to improve drainage, finishes, fixtures and equipment. In addition, renovate pool treatment room to accommodate a new filtration system.
4. **Add Multi-purpose Rooms:** Based on primary research, the addition of multi-purpose rooms will enhance enrollment in leisure programs and community responsiveness.
5. **Expand Fitness Room:** The current fitness room needs to be modestly expanded to serve the market demand and increase memberships.
6. **Add New Racquetball Court:** Provide a new racquetball court to serve community interest as part of household management assistance and stress mitigation through active lifestyles.
7. **Reconfigure New Entry and Check-in Area:** The existing entryway needs to be expanded to create an inviting entrance lobby for current and prospective patrons. The check-in area is to be reconfigured to mitigate queuing and monitoring issues that are prevalent.
8. **Upgrade Fieldhouse:** Upgrade the fieldhouse with HVAC additions to accommodate youth sports camps throughout the year.

LEE DISTRICT RECENTER

Existing Conditions

Lee district is the FCPA's largest RECenter facility measuring 88,000 square feet. Lee District is located in the southeast quadrant of Fairfax County in Franconia, VA. For a description of facility amenities, refer to the amenities matrix in Section 2.0 – Site Introductions.

Market Positioning

Lee District's financial history has proved to fluctuate significantly, with a cost recovery below 100% in 2009 and 2010, but reaching 119% in 2015. Although 2015 has seen cost recovery exceed the FCPA average, the three-year average sits at 115%, which is below average.

Thematic Decision

Lee District's thematic decision is to protect. The facility is adequately sized to serve market demand and does not require expansion. Expansion of the fitness center, which is significantly undersized, and improvements to the check-in area will improve both circulation and the overall experience.

Site-specific Recommendations

Based on the existing conditions and market positioning for Lee District, the thematic decision and site-specific recommendations are shown in Figure 8.15 and 8.16 below. The site-specific recommendations include the following additions to the building program.

1. **Critical:** Add Fitness Room and Reconfigure Pre-School Rooms to Accommodate Childcare
2. **Core:** Reconfigure Check-in Area and Circulation

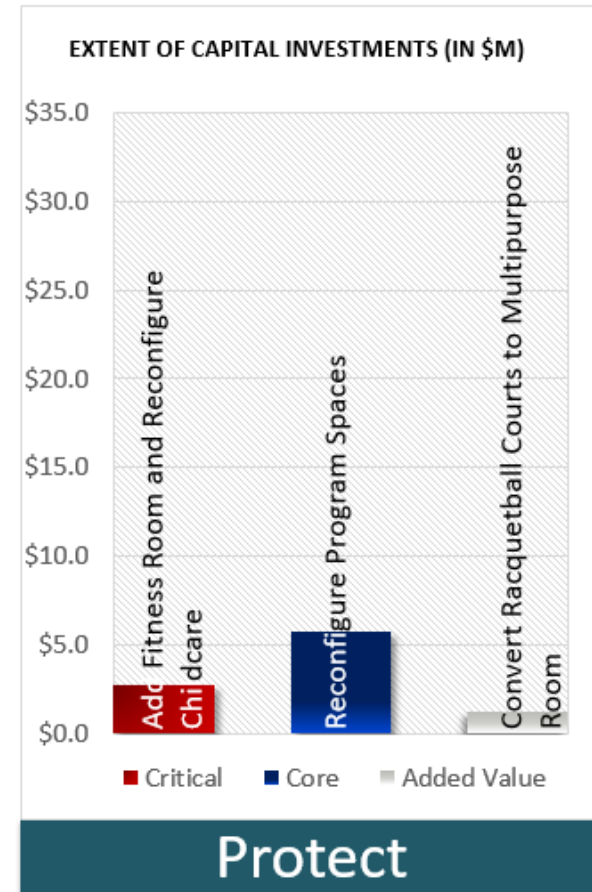


FIGURE 8.15: Lee District Thematic Decision

- 3. **Core:** Add Mechanical, Electrical and Plumbing (MEP) Improvements and Storage
- 4. **Added Value:** Convert Racquetball Courts to Multi-purpose Rooms

The justification for the recommendations is provided below.

- 1. **Add Fitness Room and Reconfigure Childcare:** Pass sales at Lee District are negatively impacted by antiquated fitness space. Lee District achieves pass sales at a rate that is below its market footprint as a result. The facility clearly has significant opportunity for incremental pass sales with a fitness room addition. Reconfigure childcare program rooms as part of household management assistance and recruitment of new members and fitness program attendees.
- 2. **Reconfigure Check-in Area and Circulation:** The check-in area and circulation are to be reconfigured to mitigate queuing and monitoring issues.
- 3. **Add MEP Improvements and Storage:** Replace HVAC system, pool filtration system and add storage in multi-purpose rooms and utility areas.
- 4. **Convert Racquetball Courts to Multi-purpose Rooms:** Lee District generates the highest camp revenue across the RECenter system. Therefore, convert two of the three racquetball courts to multi-purpose rooms to better accommodate camp programming.

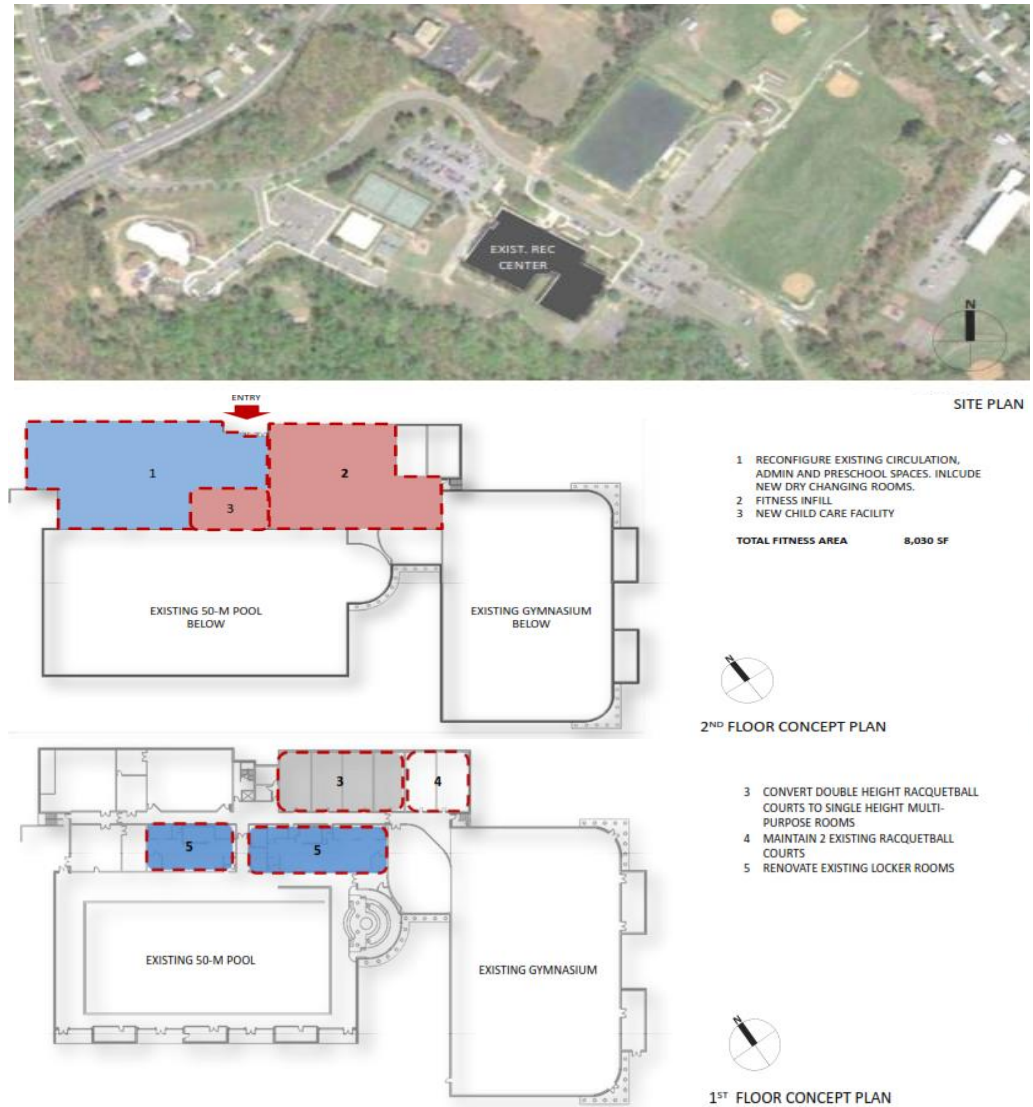


FIGURE 8.16: Lee District Site and Concept Plans

MT. VERNON RECENTER

Existing Conditions

Mount Vernon RECenter is located in the eastern portion of Fairfax County in Alexandria. The facility is comprised of 61,000 square feet which is the average size of all FCPA facilities. For a description of facility amenities, refer to the amenities matrix in Section 2.0 – Site Introductions.

Market Positioning

Mount Vernon's three-year cost recovery is 118%, which ranks fourth in the system. Mount Vernon's financial performance was greatest in 2013 at 123%. Although the RECenters generally rely heavily on program income, Mount Vernon's rental income is a primary source of revenue due to ice.

Thematic Decision

The thematic decision for Mt. Vernon is to expand. This thematic decision is in alignment with the Park Authority's decision to add a second ice sheet and fitness area expansion in 2020.

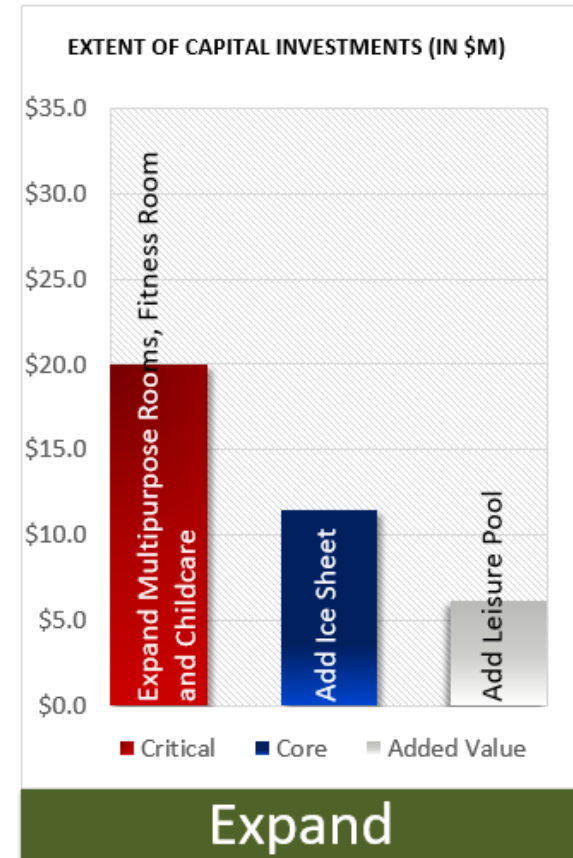


FIGURE 8.17: Mt. Vernon Thematic Decision

Site-specific Recommendations

Based on the existing conditions and market positioning for Mt. Vernon, the thematic decision and site-specific recommendations are shown in Figures 8.17 and 8.18. The site-specific recommendations include the following additions to the building program.

1. **Critical:** Expand Fitness Room, Multi-purpose Rooms and Childcare
2. **Core:** Add Ice Sheet
3. **Added Value:** Add Leisure Pool

The justification for the recommendations is provided below.

1. **Expand Fitness Room, Multi-purpose Rooms and Childcare:** The current fitness room is inadequate and it needs to be expanded to serve the market demand and increase memberships. The addition of multi-purpose rooms will enhance enrollment in leisure programs and community responsiveness. Expand the childcare program room as part of household management assistance and recruitment of new members and fitness program attendees.
2. **Add Ice Sheet:** Based on market demand and primary research, there is a significant need to add an ice sheet to accommodate competitive youth leagues for camps and generate additional revenue.
3. **Add a Leisure Pool:** Add a leisure pool for water aerobics as part of stress mitigation through active lifestyles.



SITE PLAN

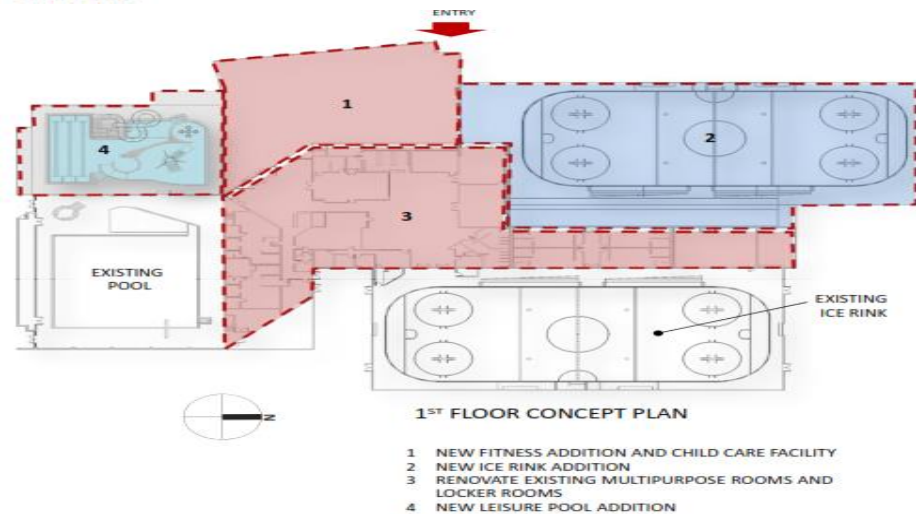


FIGURE 8.18: Mt. Vernon Site and Concept Plans

It should be noted that these recommendations were developed and advanced into implementation prior to this study beginning. However, B&D agrees with recommendations in consideration of market analyses and primary research processes outlined herein.

GEORGE WASHINGTON RECENTER

Existing Conditions

George Washington is FCPA's smallest facility in the RECenter system. The RECenter, built in 1988, is 18,249 square feet and is located in Alexandria. The relatively small RECenter is comprised of a 25-meter pool, one multi-purpose room, and fitness area. George Washington's fitness area is the smallest in the FCPA system measuring only 119 square feet and contains a small amount of fitness equipment.

Market Positioning

George Washington's financial history differs from the rest of the Fairfax RECenters substantially. From 2010-2015, the RECenter has seen higher expenses than revenues for each year. Cost recovery between 2010 and 2015 ranges from 77% to 94%. In 2015, George Washington RECenter has seen its most difficult year with a cost recovery ratio of only 77%.

Thematic Decision

The thematic decision for George Washington is to rebrand. The facility's physical configuration and financial performance makes the facility unlike any others in the system. The discrepancy in offerings creates an imbalance in the RECenter system portfolio and dilutes the level of service and amenities that are otherwise associated with the strong RECenter brand. Rebranding the facility will ultimately result in realignment of both patron and Park Authority expectations.

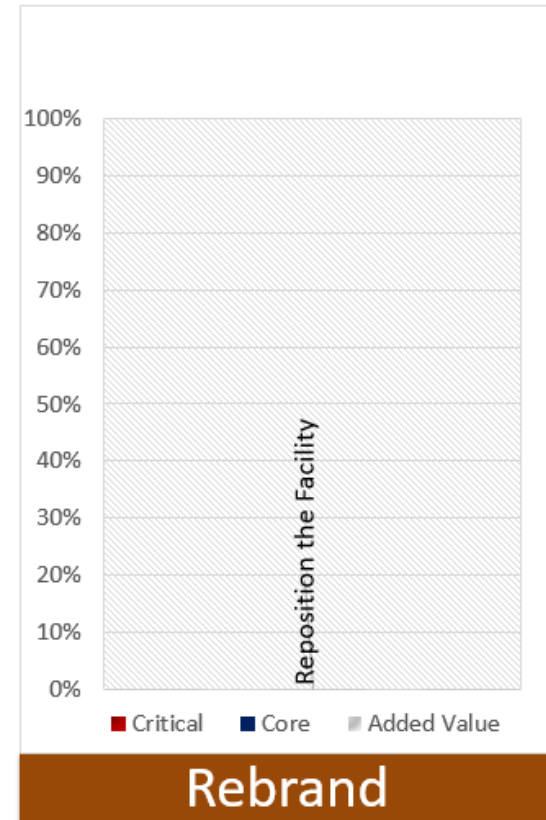


FIGURE 8.19: George Washington Thematic Decision

Site-specific Recommendations

Site-specific recommendations primarily entail rebranding the facility as a therapeutic pool. Depending on how the facility is ultimately positioned within the FCPA portfolio of parks and facilities, a more detailed plan of action for programmatic alterations can be developed. In addition, operational considerations may include moving facility maintenance to Fairfax County’s general fund.

RESTON RECENTER

Market Positioning

Currently there is no RECenter located in Reston. However, based on market and primary research analyses contained herein siting a RECenter in or around the Reston community would offer county residents better access to the system.

Site-specific Recommendations

Based on the market positioning for Reston, the thematic decision and site-specific recommendation is shown in Figure 8.20 to the right. The site-specific recommendation is listed below.

1. **Core:** Build a new facility to provide programming for aquatics, fitness and land programs as part of equitable access and community engagement. The facility would be most appropriately sized between 55,000 and 70,000 square feet based on a preliminary review of the competitive marketplace and demographic characteristics within the estimated primary service area.



FIGURE 8.20: Reston Thematic Decision

NEW COMPETITION SPORTS CENTER (LOCATION TBD)

Site-Specific Recommendations

The thematic decision and site-specific recommendation is shown in Figure 8.21 to the right. The site-specific recommendation is listed below.

1. **Core:** Construction of a new competition sports center located within the county should be considered to respond to goals outlined in the SAV. This type of facility typically would rely on a tournament-based business model, which is primarily comprised of non-local participants that introduce non-local spending to a market. This type of facility would result in creation of significant tax revenues and economic impact, which is one of the two most important drivers outlined in the SAV. A market, site, and economic feasibility analysis should be completed to identify the project concept.

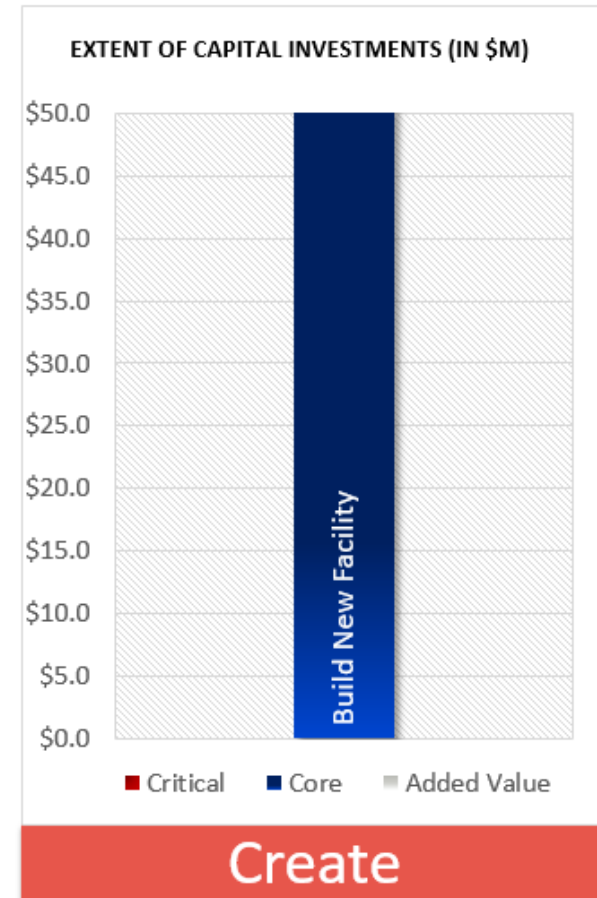


FIGURE 8.21: New Competition Sports Center Thematic Decision

Summary of Capital Investments

Based on the SAV story, market analysis, and primary research, it is recommended that all capital investments be prioritized as part of implementation to improve community responsiveness and to ensure operational effectiveness and long-term financial sustainability of the RECenter system. Figure 8.22 below depicts the extent of critical, core, and value-added investments by site.

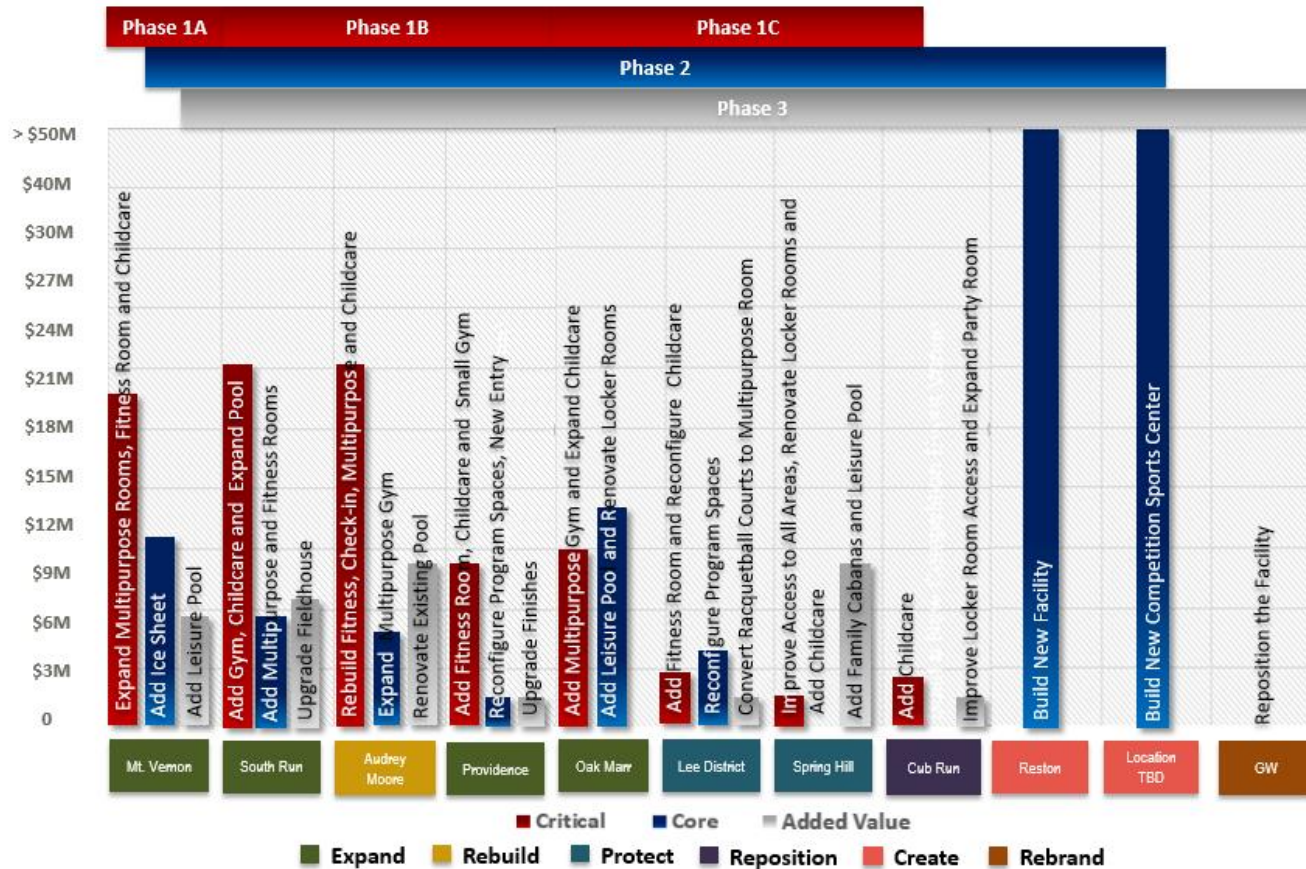


FIGURE 8.22: Extent of Capital Investment by Site

9.0 – FINANCIAL ANALYSIS

INTRODUCTION

The Financial Analysis measures the impact of improvements outlined in Section 8.0 – Strategic Recommendations. A financial model was developed for each RECenter based on the series of improvements. The improvements' impact on RECenter operating performance is projected on both a site- and system-wide basis. The system's financial performance is then contrasted with an "extrapolation of existing conditions," which projects performance if improvements were not implemented. The extrapolation relies on analysis of financial performance trends at each site, a review of which is provided at the beginning of this section. Throughout this study, B&D identified several factors that coalesce to influence financial performance. These factors and their influence over financial performance are introduced in this section. Accordingly, the section is divided into three key parts, which review (1) historical financial performance, (2) the extrapolation of existing circumstances, and (3) projected financial performance.

METHODOLOGY

Financial analyses contained herein rely upon information provided by the Park Authority's RECenter Management Indicator and Net Revenue Microsoft Excel spreadsheet. This file provides historical data for each RECenter, including visitation statistics, pass sales, revenue histories, and expense histories from fiscal year ("FY") 1999 to FY 2016. This data is utilized as the basis for analyzing historical financial performance and **extrapolating performance for each site if improvements were not implemented**. B&D developed these extrapolations based on trends observed in this data, market analyses, and Park Authority input regarding nuances affecting each site. The extrapolation of performance is then overlaid with a projection of site- and system-wide performance **if improvements were implemented** as recommended. Sites with significant critical improvements are phased in first, while those with heavier composition of core improvements are phased in second or third. Near-term analysis of cost recoveries is not the objective of the analysis; **all implementation years cited are placeholders until further development of a phasing plan and focus should be placed on each site's long-term cost recovery**. The models rely on a consistent programming mix and no alterations to the pass structure given overwhelmingly high satisfaction levels with both.

HISTORICAL FINANCIAL PERFORMANCE

OBJECTIVES

The objective of this analysis is two-fold: (1) understand historical financial performance for the system and RECenter sites and (2) identify factors that influence financial performance at each. A review of historical financial performance for the system and each RECenter is provided on the following pages. Based on profitability and growth trends, RECenters are subsequently classified according to the Boston Consulting Group’s profit-growth matrix. A review of factors that influence this financial performance is provided at this section’s conclusion. Clear understanding and identification of these factors allows for understanding the extent to which each site’s performance can be affected by variables under the Park Authority’s control.

System-Wide Performance

The table to the right shows revenue, expense, and net operating income histories for the RECenter system from 2007 to 2016. In 2007 the system realized \$20.2 million in revenue against \$18 million in expenses, creating a net operating profit of \$2.3 million and cost recovery of 113%. Cost recovery is measured as revenue divided by expenses. In contrast, in 2016 revenues were \$28.4 million in comparison to \$26 million in expenses. While operating profit has increased slightly, cost recovery stands at 109% in 2016. The decline in cost recovery means the system is slightly less “profitable” than it was in 2007 despite the revenue growth. This narrowing recovery is a result of compound growth over this time frame of 4.2% for expenses and 3.8% for revenues.

Year	Revenue	Expense	NOI	Recovery
2007	\$20,244,632	\$17,952,059	\$2,292,573	112.8%
2008	\$21,313,262	\$19,272,660	\$2,040,602	110.6%
2009	\$22,025,504	\$20,585,328	\$1,440,176	107.0%
2010	\$22,786,076	\$20,286,983	\$2,499,093	112.3%
2011	\$23,918,252	\$21,704,093	\$2,214,159	110.2%
2012	\$25,447,157	\$22,213,644	\$3,233,513	114.6%
2013	\$26,283,844	\$23,205,898	\$3,077,946	113.3%
2014	\$26,144,272	\$24,119,356	\$2,024,916	108.4%
2015	\$27,473,328	\$24,986,466	\$2,486,861	110.0%
2016	\$28,358,114	\$25,975,482	\$2,382,632	109.2%

Source: FCPA

FIGURE 9.1: System-Wide Performance

RECenter Net Operating Income Trends

The table below examines net operating income for each RECenter and the administration function over a five-year time horizon from 2012 to 2016. A five-year horizon is utilized since this purpose of the analysis is to evaluate contemporary financial performance trends. An examination of revenue and expense growth is provided on the following page to provide an understanding of the factors that influence financial performance at each site.

- ✓ South Run has consistently ranked first in net operating income. However, net operating income has declined in each ensuing year from 2012. South Run’s financial decline is a major contributing reason to the decline in overall system performance.
- ✓ Renovations at Oak Marr and Spring Hill were implemented in 2014. In 2016, each site had net operating income over \$700,000, placing them second and third in the system, respectively. B&D expects these sites to maintain these rankings as renovations take full effect.
- ✓ Providence and Audrey Moore are the most stable sites in terms of net operating income. Over the previous five years, Providence never exceeded \$384,000 in net operating income or fell below \$183,000. Further, Audrey Moore never exceeded \$819,000 or fell below \$571,000.
- ✓ George Washington did not post a positive net operating income in any of the years, but posted otherwise stable financial performance. The facility’s weak performance in 2016 was primarily attributable to site staff changes.
- ✓ Administration costs are not highlighted since they are not considered a profit center.

Net Operating Income	2012	2013	2014	2015	2016	Average	Rank
Administration	-\$1,305,433	-\$1,867,443	-\$1,420,191	-\$1,496,049	-\$1,706,347	-\$1,559,092	-
Cub Run	\$349,155	\$421,903	\$113,200	\$68,214	-\$139,222	\$162,650	8
Oak Marr	\$643,795	\$447,771	\$45,627	\$468,832	\$839,215	\$489,048	3
Spring Hill	\$312,081	\$477,075	\$281,561	\$587,986	\$719,099	\$475,560	4
Providence	\$384,164	\$196,457	\$315,168	\$183,368	\$219,412	\$259,714	7
Audrey Moore	\$609,033	\$818,332	\$599,551	\$605,108	\$571,102	\$640,625	2
South Run	\$1,764,223	\$1,599,418	\$1,377,082	\$1,191,148	\$1,132,916	\$1,412,957	1
Lee District	\$99,127	\$552,823	\$263,748	\$623,947	\$597,123	\$427,354	6
Mt Vernon	\$437,845	\$481,262	\$499,962	\$387,854	\$396,518	\$440,688	5
George Washington	-\$60,478	-\$49,652	-\$50,792	-\$133,547	-\$247,183	-\$108,330	9
System	\$3,233,513	\$3,077,946	\$2,024,916	\$2,486,861	\$2,382,632	\$2,641,174	

Source: FCPA

FIGURE 9.2: Net Operating Income Trends

RECenter Three-Year Average Cost Recoveries

Figure 9.3 displays the average three-year cost recovery at each site from 2014 to 2016. South Run ranks first at 145%, while Spring Hill and Audrey Moore rank a distant second and third, respectively, at 120%. Oak Marr and Spring Hill’s cost recoveries are artificially low as a result of recent renovations, which caused Oak Marr’s recovery to dip to 102% in 2014. However, since then, Oak Marr has posted recoveries of 114% and 125%. Spring Hill had a less acute drop-off, posting cost recoveries of 111%, 124%, and 125% in the past three years. As previously mentioned, George Washington is on the only site in the system with a recovery below 100%. Overall, the system operates with a very high degree of consistency with regard to cost recovery

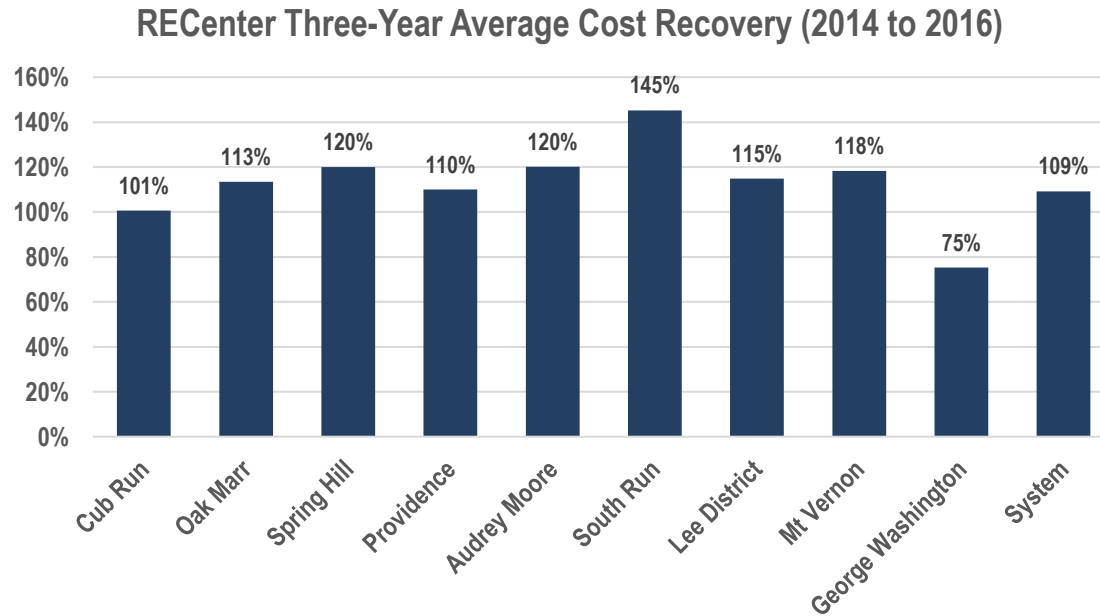


FIGURE 9.3: Three-Year Average Cost Recoveries

RECenter 2016 Site Revenues

Figure 9.4 to the right examines gross revenues at each RECenter in 2016. Oak Marr had the greatest total at \$4.2 million and is followed closely by South Run at \$4.0 million, Lee District at \$3.9 million, and Spring Hill at \$3.6 million. In contrast, George Washington has the lowest revenue at \$350,000. Providence, Cub Run, and Mt. Vernon all had similar revenue totals, which each measuring between \$2.7 and \$2.8 million.

The figure at the bottom of the page examines year-over-year revenue increases at each RECenter. The red shading indicates negative or tepid revenue growth, whereas the green shading indicates strongest revenue growth. Major increases in revenue highlighted in the table are attributable to renovation processes at South Run (2009), Oak Marr (2015), and Spring Hill (2015, 2016). In contrast, revenue has stagnated or declined at many sites in recent years, including Audrey Moore, Cub Run, and George Washington. Strong revenue growth at Spring Hill, Oak Marr, and, to a lesser extent, Lee District have prevented stagnation in system revenues.

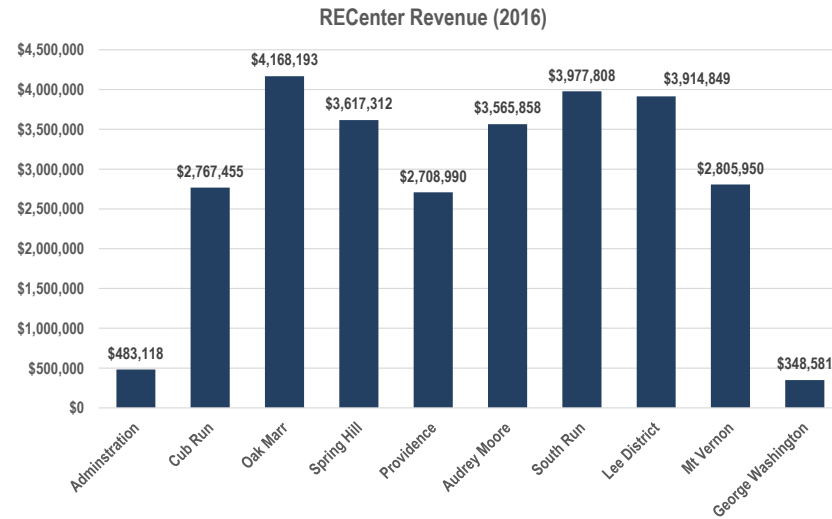


FIGURE 9.4: RECenter Revenue (2016)

Net Revenue Growth	2008	2009	2010	2011	2012	2013	2014	2015	2016
Administration	\$20,726	-\$54,267	\$61,849	\$24,708	\$1,046	-\$20,133	\$56,768	\$212,061	-\$42,068
Cub Run	\$257,154	-\$101,698	\$47,025	\$110,600	\$179,231	\$69,612	-\$72,722	-\$32,766	-\$94,438
Oak Marr	\$164,947	-\$125,892	\$449,539	\$277,656	\$62,248	\$125,217	-\$532,187	\$844,747	\$270,720
Spring Hill	\$86,840	\$68,447	-\$45,016	-\$232,230	\$390,729	\$148,726	\$57,212	\$296,501	\$547,872
Providence	\$210,682	-\$15,082	\$44,942	\$45,196	\$174,702	\$38,179	\$168,182	-\$55,948	\$121,193
Audrey Moore	-\$51,373	\$271,920	-\$184,108	-\$36,377	-\$105,696	\$161,693	-\$62,283	\$24,641	\$31,916
South Run	\$108,928	\$577,730	\$393,734	\$238,005	\$398,345	-\$70,028	\$52,060	-\$109,706	\$62,555
Lee District	\$66,671	-\$64,519	-\$291,768	\$534,392	\$295,926	\$293,405	-\$799	\$252,954	\$5,173
Mt. Vernon	\$146,370	\$93,757	\$246,520	\$141,863	\$108,154	\$63,393	\$204,969	-\$49,604	\$72,921
George Washington	\$57,685	\$61,846	\$37,855	\$28,362	\$24,220	\$26,624	-\$10,770	-\$53,824	-\$91,058
Year-over-Year Total	-	\$712,242	\$760,572	\$1,132,177	\$1,528,905	\$836,687	-\$139,571	\$1,329,055	\$884,787

Source: FCPA

FIGURE 9.5: RECenter Net Year-Over-Year Revenue Growth

RECenter 2016 Site Expenses

Figure 9.6 to the right examines expenses at each RECenter in 2016. In comparison to the revenue graph above, site expenses exhibit a comparatively narrower range of outcomes. Expenses range from \$2.4 million at Mt. Vernon to \$3.3 million at Lee District. Administration expenses on the far left stand at \$2.2 million, far exceeding administration revenue of nearly \$500,000.

The table below examines year-over-year expense increases at each of the sites. In contrast to before, red shading indicates significant additional expenses whereas green indicates a reduction in expenses. As seen in the table, the greatest expense increases were for administration in 2011 and 2013, followed by increases in expenses associated with Oak Marr and Spring Hill in 2015 and 2016. The system has seen a relatively consistent increase in expenses with the exception of 2010, which was likely a reflection of post-recession conditions.

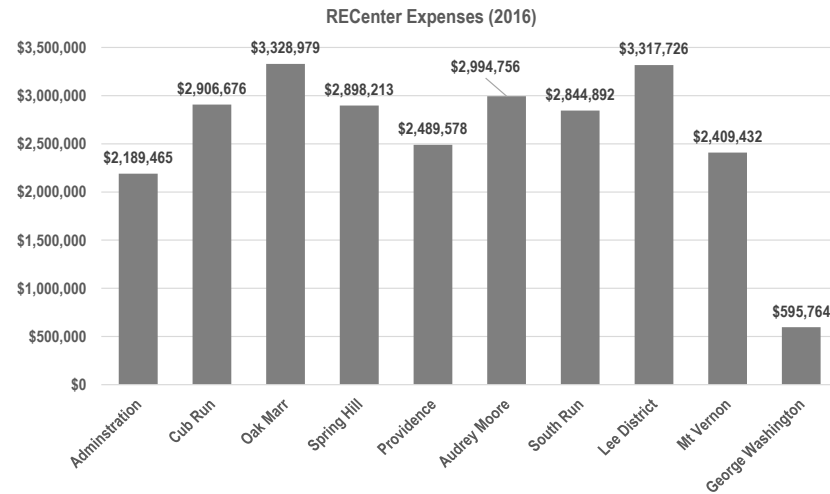


FIGURE 9.6: RECenter Expenses (2016)

Expense Growth	2008	2009	2010	2011	2012	2013	2014	2015	2016
Administration	\$124,188	\$51,806	-\$147,230	\$649,115	-\$23,440	\$541,877	-\$390,484	\$287,919	\$168,230
Cub Run	\$124,977	-\$50,512	\$51,356	\$75,962	-\$46,049	-\$3,136	\$235,980	\$12,220	\$112,998
Oak Marr	\$276,494	\$277,748	-\$72,949	\$63,820	\$92,866	\$321,241	-\$130,043	\$421,542	-\$99,663
Spring Hill	\$11,780	\$196,366	-\$307	\$51,308	\$74,795	-\$16,269	\$252,727	-\$9,924	\$416,759
Providence	\$16,511	\$183,598	-\$21,929	\$36,850	-\$13,310	\$225,887	\$49,471	\$75,851	\$85,149
Audrey Moore	\$95,000	\$206,490	\$144,837	-\$216,523	\$39,420	-\$47,605	\$156,498	\$19,084	\$65,922
South Run	\$159,480	\$203,338	\$114,955	\$243,367	-\$42,219	\$94,777	\$274,396	\$76,228	\$120,787
Lee District	\$333,544	\$44,216	-\$237,686	\$196,783	\$450,293	-\$160,290	\$288,276	-\$107,245	\$31,996
Mt. Vernon	\$189,698	\$175,480	-\$118,950	\$309,757	-\$78,622	\$19,976	\$186,268	\$62,504	\$64,257
George Washington	-\$11,071	\$24,140	-\$10,443	\$6,670	\$55,818	\$15,797	-\$9,630	\$28,931	\$22,578
Year-over-Year Total	-	\$1,312,668	-\$298,345	\$1,417,110	\$509,551	\$992,254	\$913,458	\$867,110	\$989,016

Source: FCPA

FIGURE 9.7: RECenter Year-Over-Year Expense Growth

RECenter Portfolio

B&D classified each RECenter according to the Boston Consulting Group’s growth-share matrix. The vertical axis examines market growth, whereas the horizontal axis measures profitability. Depending on a number of factors, B&D has subjectively plotted the current location of each site according to these two metrics. Based on the location, sites are considered one of four types of assets, which include “question marks,” “dogs,” “stars,” and “cash cows.” A brief explanation of each is provided below:

- ✓ **Question marks** are assets that operate in a high-growth environment, though questions persist regarding the asset’s marketability. No RECenter falls within this quadrant due to the RECenter system’s longevity.
- ✓ **Laggards** operate in low growth markets and have limited profitability. In many instances, divestiture of assets is recommended to stem losses and reinvest capital into more profitable enterprises. However, with the understanding that profit is not the sole motive of the Park Authority, divestiture of a RECenter site is not warranted. Instead, limited investment in these sites is appropriate considering the restricted growth opportunities.
- ✓ **Pillars** are those sites that generate significant returns but must be invested in to maintain their standing. Four facilities fall within this category due to tepid growth
- ✓ **Stars** are those that possess a high market share within a fast or lucrative industry. Only two facilities are firmly considered stars (Spring Hill and Oak Marr).

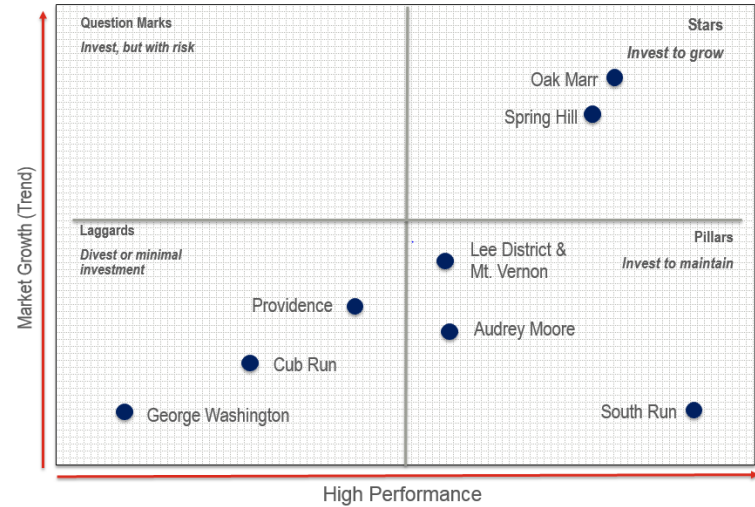


FIGURE 9.8: RECenter Growth-Share Matrix

The purpose of classifying these sites is to A) conceptually identify the appropriate level of investment in consideration of each RECenters financial performance and growth characteristics and B) understand if sites can be moved from dogs or a question mark to a cash cow or star through facility improvements. This matrix is revisited at the conclusion of this analysis with sites re-plotted based on their projected performance.

Factors Influencing Performance

Financial performance at RECenters is a result of several converging factors. In an effort to understand how these factors influence financial performance, B&D scored each RECenter site from 1 to 5 based on five weighted criteria. George Washington was not included in this analysis since its cost recovery and building program characteristics skew the results. The resultant score for each site was plotted against site cost recoveries to examine the correlation between the criteria and financial performance.

B&D identified five criteria that influence financial performance based on professional experience, the RECenter system’s unique configuration, and input from Park Authority staff. The criteria include curb appeal, visibility, strategic siting, program adequacy, and competitive landscape. A brief explanation of each is provided below:

- ✓ **Curb appeal** pertains to the attractiveness the site and RECenter has when viewed from its nearest street.
- ✓ **Visibility** is the extent to which the site is visible from major transportation arteries.
- ✓ **Strategic siting** pertains to both the siting of the facility in relation to other RECenters and alternative consumer options,
- ✓ **Program adequacy** measures the extent to which the building program is comprehensive and responsive to market demand.
- ✓ **Competitive landscape** relates to the level and type of alternative consumer options in a market.

Based on survey results and a review of alternative consumer options, B&D assigned different weights to each category due to their apparent varying levels of impact on performance. Accordingly, competitive landscape is assigned a 35% weight, program adequacy a 25% weight, strategic siting and visibility a 20% weight, and curb appeal just five percent.

Factor Weight Assignments

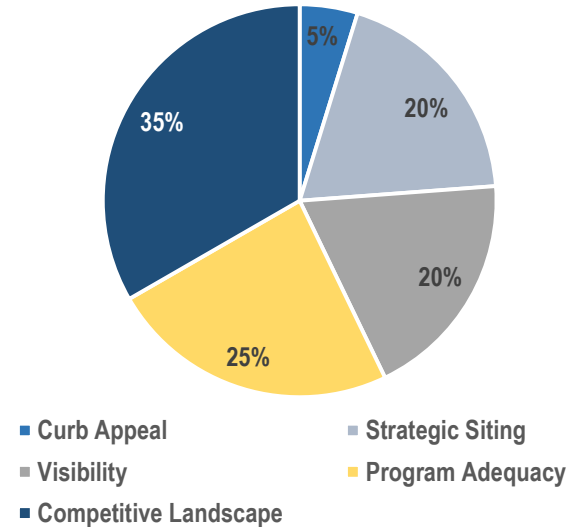
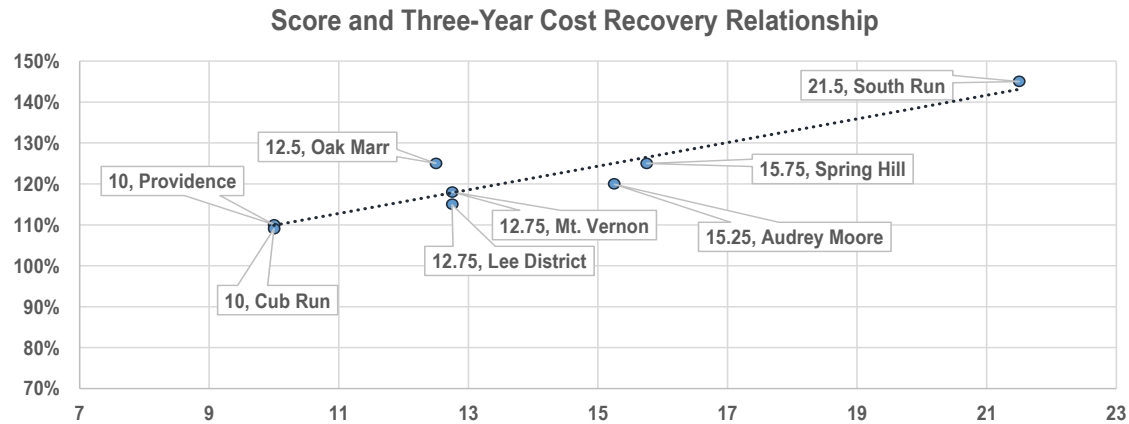


FIGURE 9.9: Factor Weight Assignments

The score for each site is plotted below. Scores range from 21.5 at South Run to 10 at Providence and Cub Run. Spring Hill and Audrey Moore rank second and third at 15.75 and 15.25, respectively. Three facilities, Mt. Vernon, Lee District, and Oak Marr all have scores between 12.5 and 12.75, while Cub Run and Providence each have scores of 10. Each site is plotted on the horizontal axis according to this score, while the site’s cost recovery is plotted on the vertical axis. The chart indicates that, due to circumstances surrounding operation of South Run, the cost recovery is in accordance with circumstances that influence performance at the site. Oak Marr performs at a level significantly above what otherwise may be expected; the score at Oak Marr, 12.5, is a reflection of its extremely competitive marketplace, which received the lowest ranking of “1” in the table below. The remainder of sites generally fall along the trend line, suggesting that the criteria and weighting system employed by B&D are an accurate formula to predict financial performance at each site.



RECenter	[1] Cost Recovery	Curb Appeal	Visibility	Strategic Siting	Building Program	Competitive Landscape	Site Score
Cub Run	109%	5	1	1	3	2	10
Oak Marr	125%	4	3	2	4	1	12.5
Spring Hill	125%	3	3	4	4	2	15.75
Providence	110%	2	1	3	2	2	10
Audrey Moore	120%	1	1	3	4	4	15.25
South Run	145%	5	4	5	3	5	21.5
Lee District	118%	1	3	1	3	4	12.75
Mt Vernon	118%	2	3	1	3	3	12.75

[1] Cost recoveries excludes renovation years

Source: FCPA

FIGURE 9.10: Score and Three-Year Cost Recovery Relationship

EXTRAPOLATION OF EXISTING CONDITIONS

OBJECTIVES

The purpose of this extrapolation of existing conditions is to project the future performance of the RECenter system if each site did not receive capital investment. This is a conceptual exercise designed to provide an understanding of site- and system-wide performance based on an extrapolation of existing conditions. The projection is then compared and contrasted with the projections resulting from improvements to examine the impact of investment on the system's financial performance.

METHODOLOGY

The extrapolation of existing circumstances was developed by analyzing trends underlying each RECenter's visitation and financial performance over the previous five years. Based on these observations, B&D ultimately determined if sites were trending down, slightly down, stable, slightly up, or up from a financial standpoint. The financial performance for these sites over the next 20 years largely reflects a continuation of these conditions. Actual growth projections were developed over a seven-year time horizon and then extrapolated over the next 13 years to develop the forecast. Projections over the remaining 13 years utilize the same compound annual growth assumptions from years 1 to 7. For instance, if revenue grew at 3.25% over the first seven years of the model, then the remaining 13 years would rely on this assumption.

Historic System Revenue and Expense Trends

System revenue grew from \$20.2 million in 2007 to \$23.9 million in 2011, equating to compound annual growth of 4.3%. In contrast, from 2012 to 2017, compound revenue growth for the system was just 2.7%. Although Oak Marr and Spring Hill’s renovations have yet to take full effect, the decline in growth is reflective of increasingly competitive market conditions and revenue stagnation at many sites. In contrast, compound expense growth was 4.9% for Oak Marr and 4.0% for Spring Hill, respectively, over the same duration.

Two site-specific factors also have had a significant impact on system performance over the five previous years. First, South Run’s decline from \$1.6 million in net operating income to \$1.1 million has significantly impacted performance. South Run’s decline is due to the impact of new market entrants; as such, performance is very unlikely to rebound without investment. Further, if Oak Marr’s renovations had not taken place and the site returned its average profit of \$533,000 between 2012 and 2013, then system operating income would be \$2.6 million in 2014. Overall system net operating income would have decreased from \$3.2 million in 2012, to \$2.6 million in 2014, to \$2.4 million in 2016. It is totally clear the system is on a downward trajectory in consideration of contemporary financial trends.

Year	Revenue	Growth	Expense	Growth	NOI	Recovery
2007	\$20,244,632	-	\$17,952,059	-	\$2,292,573	112.8%
2008	\$21,313,262	5.3%	\$19,272,660	7.4%	\$2,040,602	110.6%
2009	\$22,025,504	3.3%	\$20,585,328	6.8%	\$1,440,176	107.0%
2010	\$22,786,076	3.5%	\$20,286,983	-1.4%	\$2,499,093	112.3%
2011	\$23,918,252	5.0%	\$21,704,093	7.0%	\$2,214,159	110.2%
2012	\$25,447,157	6.4%	\$22,213,644	2.3%	\$3,233,513	114.6%
2013	\$26,283,844	3.3%	\$23,205,898	4.5%	\$3,077,946	113.3%
2014	\$26,144,272	-0.5%	\$24,119,356	3.9%	\$2,024,916	108.4%
2015	\$27,473,328	5.1%	\$24,986,466	3.6%	\$2,486,861	110.0%
2016	\$28,358,114	3.2%	\$25,975,482	4.0%	\$2,382,632	109.2%

Source: FCPA

FIGURE 9.11: Historic Revenue and Expense Trends

System Five-Year Projections

The extrapolation of system financial performance through 2022 is shown in the table to the right. Over the next five years, B&D projects compound annual revenue growth of 2.8% and expense growth of 3.3%. As a result, net operating income will fall from a projected \$2.9 million in 2017 to \$2.4 million in 2022. B&D projects a \$500,000 increase in net operating income in 2017 over 2016 due to renovations at both Oak Marr and Spring Hill.

Site Projections

The table below provides an overview of net operating income projections at each site. The table does not include administration revenue or expenses. The “trending” column provides a description of the direction that each site’s financial performance is trending. Overall site performance is stable with \$4.7 million in 2017 in comparison to \$4.9 million in 2026. As such, the convergence in system revenues and expenses is primarily attributable to the system’s administration costs, which are assumed to increase at 5% annually from a 2017 estimate of \$2.3 million.

	Year	Revenue	Growth	Expense	Growth	NOI	Recovery
Actuals	2012	\$25,447,157	-	\$22,213,644	-	\$3,233,513	115%
	2013	\$26,283,844	3.3%	\$23,205,898	4.5%	\$3,077,946	113%
	2014	\$26,144,272	-0.5%	\$24,119,356	3.9%	\$2,024,916	108%
	2015	\$27,473,328	5.1%	\$24,986,466	3.6%	\$2,486,861	110%
	2016	\$28,358,114	3.2%	\$25,975,482	4.0%	\$2,382,632	109%
Projections	2017	\$29,710,000	4.8%	\$26,830,000	3.3%	\$2,880,000	111%
	2018	\$30,500,000	2.7%	\$27,730,000	3.4%	\$2,770,000	110%
	2019	\$31,340,000	2.8%	\$28,650,000	3.3%	\$2,690,000	109%
	2020	\$32,200,000	2.7%	\$29,610,000	3.4%	\$2,590,000	109%
	2021	\$33,100,000	2.8%	\$30,610,000	3.4%	\$2,490,000	108%
	2022	\$34,030,000	2.8%	\$31,640,000	3.4%	\$2,390,000	108%

Source: FCPA

FIGURE 9.12: Historic Revenue and Expense Trends – Projections and Actual

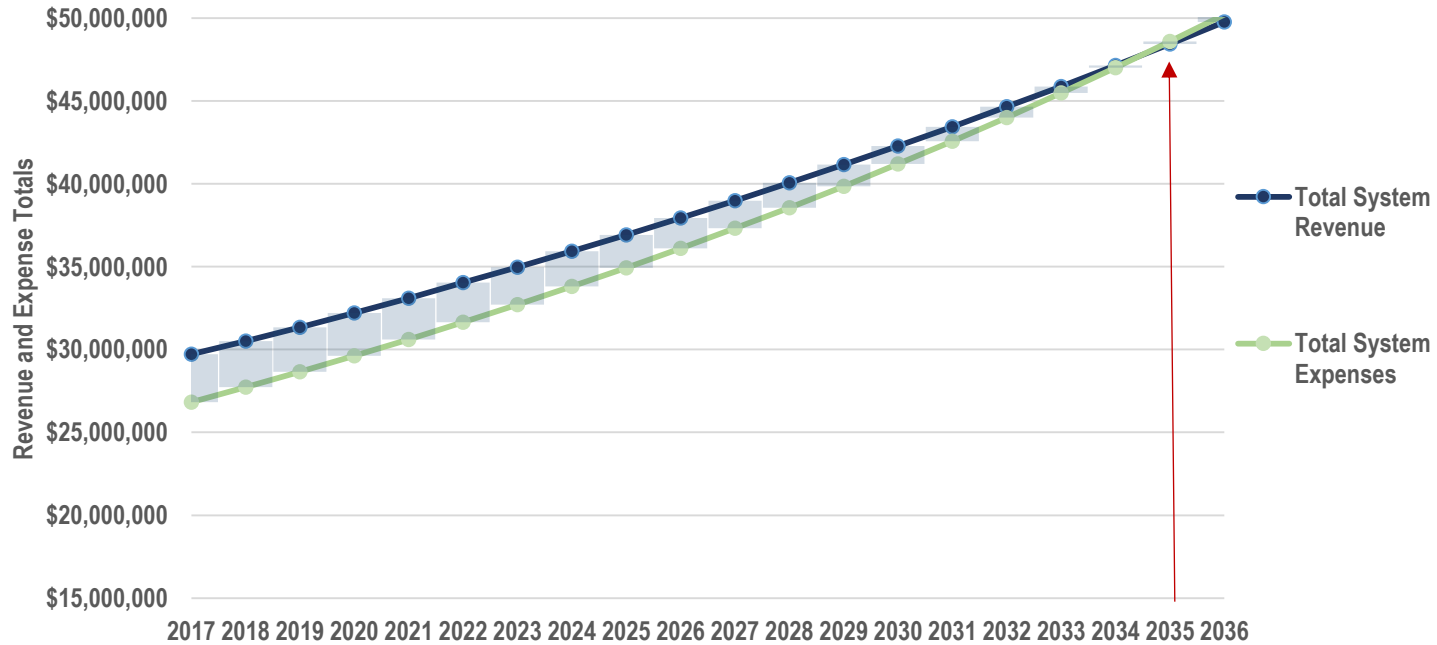
Net Operating Income	Trending	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Cub Run	Down	\$50,000	\$20,000	-\$30,000	-\$80,000	-\$120,000	-\$170,000	-\$210,000	-\$260,000	-\$310,000	-\$360,000
Oak Marr	Up	\$1,030,000	\$1,050,000	\$1,080,000	\$1,110,000	\$1,140,000	\$1,180,000	\$1,210,000	\$1,240,000	\$1,270,000	\$1,300,000
Spring Hill	Up	\$880,000	\$910,000	\$940,000	\$970,000	\$1,000,000	\$1,010,000	\$1,040,000	\$1,050,000	\$1,080,000	\$1,100,000
Providence	Stable	\$250,000	\$250,000	\$260,000	\$250,000	\$260,000	\$260,000	\$270,000	\$270,000	\$280,000	\$280,000
Audrey Moore	Down, Slightly	\$600,000	\$590,000	\$570,000	\$550,000	\$530,000	\$520,000	\$500,000	\$480,000	\$460,000	\$440,000
South Run	Down	\$1,090,000	\$1,070,000	\$1,040,000	\$1,020,000	\$980,000	\$950,000	\$930,000	\$900,000	\$870,000	\$830,000
Lee District	Up	\$530,000	\$540,000	\$570,000	\$590,000	\$630,000	\$660,000	\$710,000	\$770,000	\$810,000	\$850,000
Mount Vernon	Up, Slightly	\$410,000	\$430,000	\$450,000	\$480,000	\$510,000	\$540,000	\$550,000	\$560,000	\$590,000	\$610,000
GW	Down, Slightly	-\$140,000	-\$140,000	-\$150,000	-\$160,000	-\$170,000	-\$170,000	-\$180,000	-\$180,000	-\$180,000	-\$190,000
Site Net Operating Income		\$4,700,000	\$4,720,000	\$4,730,000	\$4,730,000	\$4,760,000	\$4,780,000	\$4,820,000	\$4,830,000	\$4,870,000	\$4,860,000

FIGURE 9.13: Site Net Operating Income Projections (2017 to 2026)

System Twenty-Year Projections

System performance is projected over a 20-year time horizon from 2017 to 2036. The extrapolation relies on 2.7% in annual revenue growth and 3.3% in expense growth. As a result, net operating income is projected to steadily decline from \$2.4 million in 2022, to \$1.7 million in 2027, to under \$700,000 in 2032. By 2035, the system’s expenses would be greater than revenues. This exercise is **purely** conceptual and has its limitations: it does not factor in the threat of new market entrants and assumes consistent market share, it does not factor in potential declining facility conditions, and FCPA is likely to make investments in these facilities. However, the exercise is nonetheless illustrative of the importance of investment to create new revenue streams that otherwise match modest site-level expense growth.

RECenter System-Wide Extrapolation of Existing Conditions



Year	Recovery	NOI	Year	Recovery	NOI
2017	110.7%	\$2,880,000	2027	104.5%	\$1,670,000
2018	110.0%	\$2,770,000	2028	103.9%	\$1,490,000
2019	109.4%	\$2,690,000	2029	103.3%	\$1,300,000
2020	108.7%	\$2,590,000	2030	102.6%	\$1,090,000
2021	108.1%	\$2,490,000	2031	102.0%	\$870,000
2022	107.6%	\$2,390,000	2032	101.5%	\$640,000
2023	106.9%	\$2,270,000	2033	100.9%	\$390,000
2024	106.3%	\$2,130,000	2034	100.3%	\$130,000
2025	105.7%	\$1,990,000	2035	99.7%	-\$150,000
2026	105.1%	\$1,840,000	2036	99.1%	-\$450,000

FIGURE 9.14: Extrapolation of Existing Conditions

FINANCIAL PERFORMANCE PROJECTIONS

OBJECTIVES

This section examines revised financial performance at each RECenter and for the system based on the improvements outlined in Section 8.0 – Strategic Recommendations. Financial performance is projected over a 20-year time horizon from 2017 to 2036. Revised performance is then compared with the extrapolation of existing conditions to evaluate the incremental value of the improvements. At the conclusion of this section, sites are plotted in the Boston Consulting Group Matrix to provide an understanding of the RECenter portfolio’s financial performance post-implementation of strategic recommendations. The projected cost recovery at each site is also evaluated within the five criteria framework previously introduced in this section to evaluate the reasonableness of projections based on circumstances influencing performance.

METHODOLOGY

The key to the financial analysis is the comprehensive financial model developed by B&D for each site. The tool allows for understanding of all the financial implications associated with improvements at each site by integrating the facility program, demand projections, revenue calculations, and operating expense calculations into an all-inclusive model. All of these elements and the underlying calculations are dependent on a consistent set of assumptions so that any change in assumptions automatically triggers an adjustment to all of the affected financial elements.

The implementation years utilized by B&D are staggered according to the type of investment each site requires. Depending on the extent of improvements, the stabilization period in which the user base fully adopts the improvement ranges from one to three years. This phasing plan is conceptual in nature and the demand for passes, programs, and rentals will be significantly influenced by the phasing plan and the extent to which recommendations outlined herein are implemented.

QUALIFICATIONS

Due to the volatility of the competitive landscape, economic actions and inactions, and circumstances outside of the author’s control, projected results may vary significantly from the actual project’s performance. Therefore, B&D cannot ensure that the results highlighted in this report will portray the

actual performance of the proposed development project; however, to identify the range of risks inherent in the proposed project, the model allows for testing of multiple performance scenarios to test the project concept under a variety of economic conditions.

RECenter Revenue Projections After Improvements

Figure 9.15 below displays site revenue if improvements were implemented according to the plan specified by B&D. Total revenue, including administration, stands at \$28.4 million in 2016 and escalates to an estimated \$29.7 million in 2017. Based on revenue growth rates ranging from three to eight percent, the system will reach an estimated \$38.9 million in revenue by 2022 and \$44.9 million in revenue by 2026. Oak Marr and South Run are projected to have the greatest site revenues by a significant margin at \$7.2 million and \$6.8 million, respectively in 2026. The Lee District, Spring Hill, Mount Vernon, and Audrey Moore sites all are projected to have between \$5 and \$5.7 million in revenue. Administration revenues are assumed to increase at 3% annually throughout the projection.

Revenue	Actuals				Projections							
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	
Administration	\$483,118	\$470,000	\$480,000	\$500,000	\$510,000	\$530,000	\$540,000	\$560,000	\$580,000	\$600,000	\$620,000	
Cub Run	\$2,767,455	\$2,980,000	\$3,010,000	\$3,020,000	\$3,050,000	\$3,080,000	\$3,270,000	\$3,310,000	\$3,330,000	\$3,430,000	\$3,530,000	
Oak Marr	\$4,168,193	\$4,520,000	\$4,690,000	\$4,840,000	\$5,010,000	\$5,190,000	\$5,770,000	\$6,390,000	\$6,810,000	\$7,000,000	\$7,210,000	
Spring Hill	\$3,617,312	\$3,910,000	\$4,050,000	\$4,220,000	\$4,380,000	\$4,520,000	\$4,930,000	\$5,110,000	\$5,360,000	\$5,520,000	\$5,690,000	
Providence	\$2,708,990	\$2,800,000	\$2,870,000	\$2,950,000	\$3,360,000	\$3,810,000	\$4,080,000	\$4,190,000	\$4,290,000	\$4,420,000	\$4,550,000	
Audrey Moore	\$3,565,858	\$3,660,000	\$3,720,000	\$3,800,000	\$4,060,000	\$4,340,000	\$4,610,000	\$4,850,000	\$4,970,000	\$5,120,000	\$5,270,000	
South Run	\$3,977,808	\$4,050,000	\$4,140,000	\$4,230,000	\$5,150,000	\$5,710,000	\$6,010,000	\$6,200,000	\$6,380,000	\$6,570,000	\$6,770,000	
Lee District	\$3,914,849	\$3,940,000	\$4,040,000	\$4,150,000	\$4,270,000	\$4,410,000	\$4,750,000	\$5,100,000	\$5,360,000	\$5,530,000	\$5,700,000	
Mount Vernon	\$2,805,950	\$2,890,000	\$2,990,000	\$3,110,000	\$3,570,000	\$4,070,000	\$4,390,000	\$4,520,000	\$4,660,000	\$4,810,000	\$4,960,000	
George Washington	\$348,581	\$490,000	\$500,000	\$510,000	\$520,000	\$540,000	\$550,000	\$560,000	\$570,000	\$590,000	\$610,000	
System	\$28,358,114	\$29,710,000	\$30,490,000	\$31,330,000	\$33,880,000	\$36,200,000	\$38,900,000	\$40,790,000	\$42,310,000	\$43,590,000	\$44,910,000	
Growth	-	4.8%	2.6%	2.8%	8.1%	6.8%	7.5%	4.9%	3.7%	3.0%	3.0%	

Source: FCPA

FIGURE 9.15: RECenter Revenue Projection after Improvements

RECenter Expense Projections After Improvements

Figure 9.16 below displays site revenue for the system if improvements were implemented according to the plan specified by B&D. Site expenses are approximately \$26 million in 2016, increasing to \$31.5 million after improvements in 2020 begin to take place. By 2026, expenses will stand at \$39.5 million. Oak Marr has the greatest site-level expenses (\$5.4 million) due to its expansive aquatics offerings, followed closely by South Run (\$4.9 million). Expenses in 2026 otherwise fall within a relatively narrow range of \$3.7 million at Cub Run to \$4.6 million at Lee District.

Expenses	Actuals					Projections					
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Administration	\$2,189,465	\$2,300,000	\$2,420,000	\$2,540,000	\$2,660,000	\$2,800,000	\$2,940,000	\$3,090,000	\$3,240,000	\$3,400,000	\$3,570,000
Cub Run	\$2,906,676	\$2,920,000	\$3,020,000	\$3,120,000	\$3,210,000	\$3,330,000	\$3,370,000	\$3,480,000	\$3,590,000	\$3,700,000	\$3,810,000
Oak Marr	\$3,328,979	\$3,510,000	\$3,630,000	\$3,750,000	\$3,880,000	\$4,010,000	\$4,740,000	\$4,900,000	\$5,060,000	\$5,220,000	\$5,380,000
Spring Hill	\$2,898,213	\$3,030,000	\$3,130,000	\$3,240,000	\$3,350,000	\$3,450,000	\$3,930,000	\$4,050,000	\$4,190,000	\$4,310,000	\$4,440,000
Providence	\$2,489,578	\$2,560,000	\$2,640,000	\$2,730,000	\$3,180,000	\$3,290,000	\$3,390,000	\$3,510,000	\$3,630,000	\$3,740,000	\$3,850,000
Audrey Moore	\$2,994,756	\$3,100,000	\$3,200,000	\$3,310,000	\$3,510,000	\$3,630,000	\$3,760,000	\$3,880,000	\$4,010,000	\$4,130,000	\$4,250,000
South Run	\$2,844,892	\$2,960,000	\$3,060,000	\$3,150,000	\$4,090,000	\$4,230,000	\$4,360,000	\$4,510,000	\$4,660,000	\$4,800,000	\$4,940,000
Lee District	\$3,317,726	\$3,400,000	\$3,520,000	\$3,640,000	\$3,750,000	\$3,880,000	\$4,020,000	\$4,170,000	\$4,300,000	\$4,420,000	\$4,560,000
Mount Vernon	\$2,409,432	\$2,480,000	\$2,570,000	\$2,650,000	\$3,230,000	\$3,330,000	\$3,450,000	\$3,570,000	\$3,680,000	\$3,790,000	\$3,900,000
George Washington	\$595,764	\$610,000	\$630,000	\$660,000	\$670,000	\$700,000	\$720,000	\$740,000	\$760,000	\$780,000	\$800,000
System	\$25,975,482	\$26,870,000	\$27,820,000	\$28,790,000	\$31,530,000	\$32,650,000	\$34,680,000	\$35,900,000	\$37,120,000	\$38,290,000	\$39,500,000
Growth	-	3.4%	3.5%	3.5%	9.5%	3.6%	6.2%	3.5%	3.4%	3.2%	3.2%

Source: FCPA

FIGURE 9.16: RECenter Expense Projection after Improvements

RECenter Net Operating Income after Improvements

Figure 9.17 below displays projected financial performance for the system if improvements were implemented according to the criteria above. Four sites – Mt. Vernon, Audrey Moore, Providence, and South Run – all rely on 2020 as an implementation year. The remaining sites are addressed in 2022. System performance increases from 2016’s estimated total of \$2.8 million to \$4.2 million by 2022 to \$5.4 million by 2026. Again, the phasing years are placeholder assumptions and the focus of the analysis should be placed on operating income in 2026.

RECenter	Actuals				Projections						
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Administration	-\$1,710,000	-\$1,830,000	-\$1,940,000	-\$2,040,000	-\$2,150,000	-\$2,270,000	-\$2,400,000	-\$2,530,000	-\$2,660,000	-\$2,800,000	-\$2,950,000
Cub Run	-\$139,222	\$60,000	-\$10,000	-\$100,000	-\$160,000	-\$250,000	-\$100,000	-\$170,000	-\$260,000	-\$270,000	-\$280,000
Oak Marr	\$839,215	\$1,010,000	\$1,060,000	\$1,090,000	\$1,130,000	\$1,180,000	\$1,030,000	\$1,490,000	\$1,750,000	\$1,780,000	\$1,830,000
Spring Hill	\$719,099	\$880,000	\$920,000	\$980,000	\$1,030,000	\$1,070,000	\$1,000,000	\$1,060,000	\$1,170,000	\$1,210,000	\$1,250,000
Providence	\$219,412	\$240,000	\$230,000	\$220,000	\$180,000	\$520,000	\$690,000	\$680,000	\$660,000	\$680,000	\$700,000
Audrey Moore	\$571,102	\$560,000	\$520,000	\$490,000	\$550,000	\$710,000	\$850,000	\$970,000	\$960,000	\$990,000	\$1,020,000
South Run	\$1,132,916	\$1,090,000	\$1,080,000	\$1,080,000	\$1,060,000	\$1,480,000	\$1,650,000	\$1,690,000	\$1,720,000	\$1,770,000	\$1,830,000
Lee District	\$597,123	\$540,000	\$520,000	\$510,000	\$520,000	\$530,000	\$730,000	\$930,000	\$1,060,000	\$1,110,000	\$1,140,000
Mount Vernon	\$396,518	\$410,000	\$420,000	\$460,000	\$340,000	\$740,000	\$940,000	\$950,000	\$980,000	\$1,020,000	\$1,060,000
George Washington	-\$247,183	-\$120,000	-\$130,000	-\$150,000	-\$150,000	-\$160,000	-\$170,000	-\$180,000	-\$190,000	-\$190,000	-\$190,000
System NOI	\$2,378,979	\$2,840,000	\$2,670,000	\$2,540,000	\$2,350,000	\$3,550,000	\$4,220,000	\$4,890,000	\$5,190,000	\$5,300,000	\$5,410,000

Source: FCPA

FIGURE 9.17: RECenter Net Operating Income after Improvements

RECenter Improvements Budget and Phasing Projections

B&D recommends a phased implementation approach for critical improvements in the first two years, assuming a start date in 2020 based on the next construction bond. Phase two in years three and four include core improvements and phase three includes added value improvements in year five. Total project budget included hard costs, soft costs, and escalation is estimated to be \$232,500,000. Figure 9.18 below provides B&D’s recommended project phasing plan and associated budget figures.

Capital Improvements Budget Projection			
Year	Phase	Hard + Soft Cost Budget In 2017 Dollars	Hard + Soft Cost Budget With Escalation
Years 1 - 2	Phase 1 - Critical Improvements	\$70,300,000	\$77,500,000
Years 3 - 4	Phase 2 - Core Improvements	\$91,500,000	\$111,600,000
Year 5	Phase 3 - Added Value Improvements	\$34,000,000	\$43,400,000
Total		\$195,800,000	\$232,500,000

FIGURE 9.18: RECenter Improvements Budget Projection

Projected Cost Recoveries

Figure 9.19 below examines cost recoveries associated with revenue and expense projections outlined above (blue) against those outlined above from 2014 to 2016 (green). South Run is projected to have the greatest cost recovery at 137%, followed by both Oak Marr (135%) and Spring Hill (128%). These sites are followed closely by Mount Vernon (127%) and Lee District (125%). If a cost recovery decreases from existing levels to projected levels it does not mean the site is less profitable. Rather, the facility has likely undergone a significant expansion that introduces significant incremental operating expenses or is trending downward already from a financial standpoint.

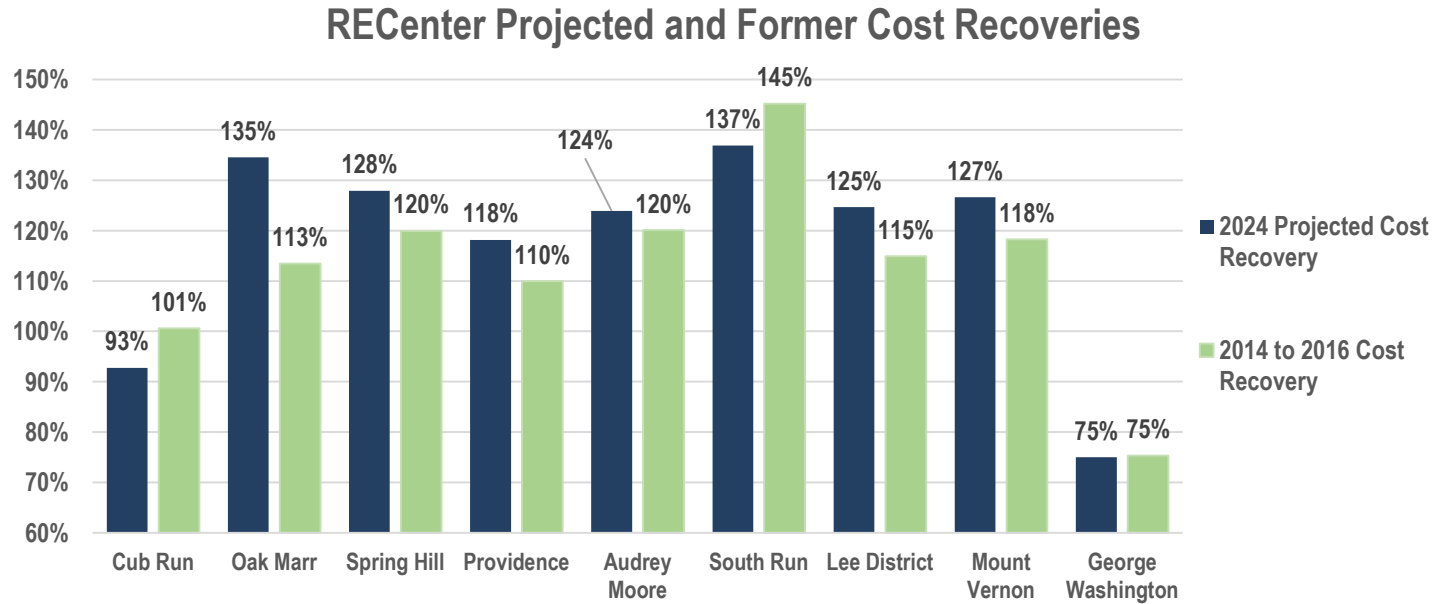


FIGURE 9.19: RECenter Cost Recovery after Improvements

RECenter Portfolio

The RECenter portfolio of sites has been re-classified in the Boston Consulting Group’s matrix after implementation of improvements. In comparison to the matrix to the left (Figure 9.20), which reflects the current portfolio of assets, there is a significantly greater concentration of stars and sites with significantly improved profitability. Oak Marr, South Run, Spring Hill, Lee District, and Mount Vernon all exhibit performance that would be associated with a star. The shift in assets is demonstrative of the value of the investment in these sites. Re-classification of sites after improvements is shown below in figure 9.21.

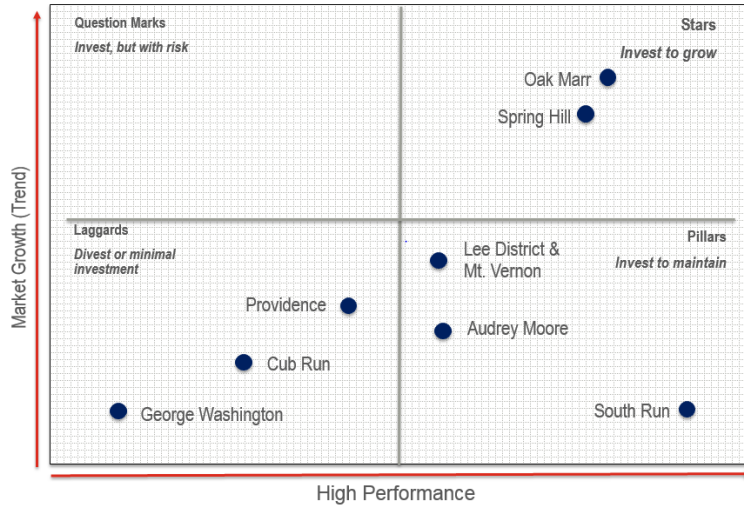


FIGURE 9.20: RECenter Matrix Current Classification

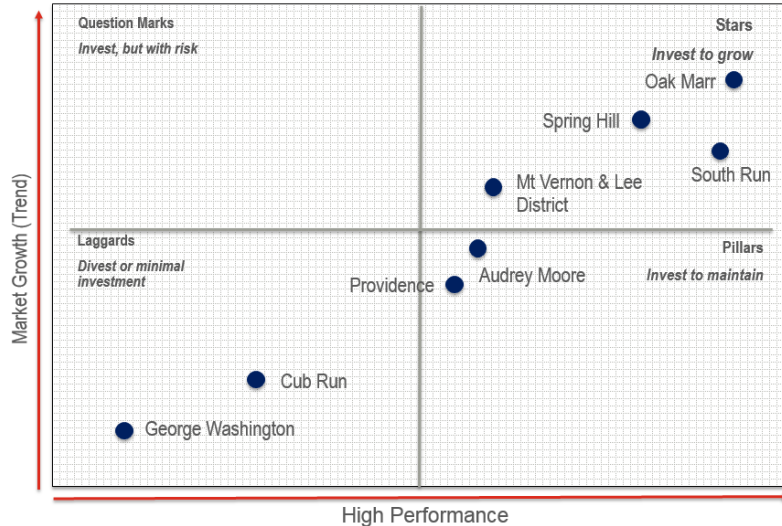


FIGURE 9.21: RECenter Matrix Re-Classification

Trend Line Cost Recovery Projections

The relationship between the five criteria and financial performance are applied to each site after improvements are made. The previous site score represents current conditions, while the revised site score is a result of the improvements. The average site score increases from 13.6 to over 15. Lee District and Oak Marr are beneficiaries of the largest increases in site scores at 3.25 and 2.75, respectively. Based on the revised site score, the implied cost recovery is compared and contrasted with estimated cost recovery in year 2024. An explanation for major variances between 2024 projection and the implied cost recovery are provided below and in Figure 9.22:

RECenter	[1] Cost Recovery	Previous Site Score	Revised Site Score	Net	Implied Cost Recovery	2024 Projection	Difference
Cub Run	101%	10	10	0	110%	93%	-18%
Oak Marr	125%	12.5	15.25	2.75	125%	135%	10%
Spring Hill	125%	15.75	15.75	0	126%	128%	2%
Providence	110%	10	11.75	1.75	114%	117%	3%
Audrey Moore	120%	13.75	14.5	0.75	124%	124%	0%
South Run	145%	21.5	22.75	1.25	147%	137%	-10%
Lee District	118%	12.75	16	3.25	128%	125%	-3%
Mt Vernon	118%	12.75	14.5	1.75	124%	127%	3%

[1] Cost recoveries excludes renovation years

Source: FCPA

FIGURE 9.22: Projected vs. Implied Cost Recovery Ranges

- ✓ Cub Run’s site places it at a significant competitive disadvantage. The site already performs (101% cost recovery) at a level that is significantly below what a site score of 10 should justify, which is 110%.
- ✓ Oak Marr faces the most competitive landscape in the county. As such, its site score of 12.5 prior to improvements and 15.25 after is heavily weighed down by its competitive landscape. However, the site currently has a recovery level that is significantly above what would otherwise be projected (125% vs. 117%). As such, the difference between the implied cost recovery and the 2024 projection is a reflection of its central location in the county and its ability to capture a larger than average target market.
- ✓ Spring Hill’s site score remains unchanged after improvements. The primary service area’s extremely wealthy demographic profile allows for specialized offerings that cannot be duplicated in the county, leading to a more profitable program mix, leading to higher recovery levels.
- ✓ South Run’s projected cost recovery of 137% is far below the implied cost recovery of 147%. This does not indicate the site is less profitable. Rather, the facility is projected to produce increasingly positive cost recoveries, but with much greater expense levels due to the expansion. For instance, 2017 projected cost recovery is \$4.1 million against \$3 million in expenses, creating a recovery of 137%. In 2024, recovery is 133% on \$6.2 million in revenues and \$4.7 million in expenses. As incremental expenses associated with the expansion are introduced, maintaining the predicted cost recovery of 147% is nearly unachievable.

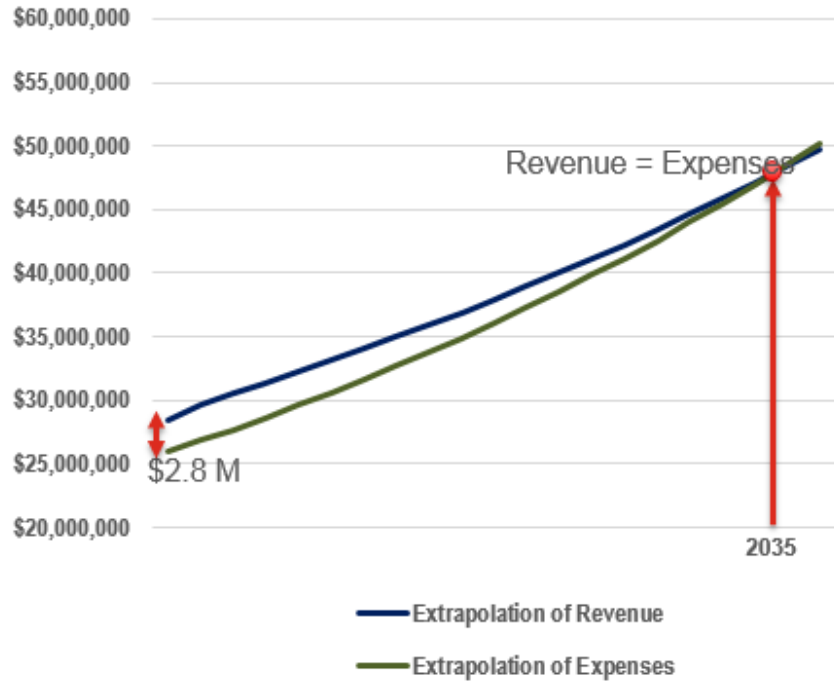
Improved System Performance and Extrapolation of Existing Conditions Comparison

Figure 9.23 and corresponding graphs below (Figures 9.24 and 9.25) compare system-wide net operating income after improvements in relation to the extrapolation of existing conditions. The blue bars represent the improved system revenue and expenses, whereas the green represents the extrapolation of existing conditions. Revenues continue to outpace expenses after improvements, whereas in the extrapolation scenario revenues and expenses converge in 2035. Over a 20-year time horizon, performance is improved by \$72.1 million. Utilizing a discount rate of 3.75%, the net present day valuation of improved RECenter performance is \$41.1 million.

System-Wide Net Operating Income Comparison							
Year	Improved System	Extrapolation	Improvement	Year	Improved System	Extrapolation	Improvement
2017	\$2,840,000	\$2,840,000	-	2027	\$5,570,000	\$1,670,000	\$3,900,000
2018	\$2,670,000	\$2,670,000	-	2028	\$5,740,000	\$1,490,000	\$4,250,000
2019	\$2,540,000	\$2,540,000	-	2029	\$5,910,000	\$1,300,000	\$4,610,000
2020	\$2,350,000	\$2,590,000	-\$240,000	2030	\$6,090,000	\$1,090,000	\$5,000,000
2021	\$3,550,000	\$2,490,000	\$1,060,000	2031	\$6,270,000	\$870,000	\$5,400,000
2022	\$4,220,000	\$2,390,000	\$1,830,000	2032	\$6,460,000	\$640,000	\$5,820,000
2023	\$4,890,000	\$2,270,000	\$2,620,000	2033	\$6,650,000	\$390,000	\$6,260,000
2024	\$5,190,000	\$2,130,000	\$3,060,000	2034	\$6,850,000	\$130,000	\$6,720,000
2025	\$5,300,000	\$1,990,000	\$3,310,000	2035	\$7,060,000	-\$150,000	\$7,210,000
2026	\$5,410,000	\$1,840,000	\$3,570,000	2036	\$7,270,000	-\$450,000	\$7,720,000
						Improved Performance:	\$72,100,000
						Net Present Value of Improved Performance:	\$41,090,000

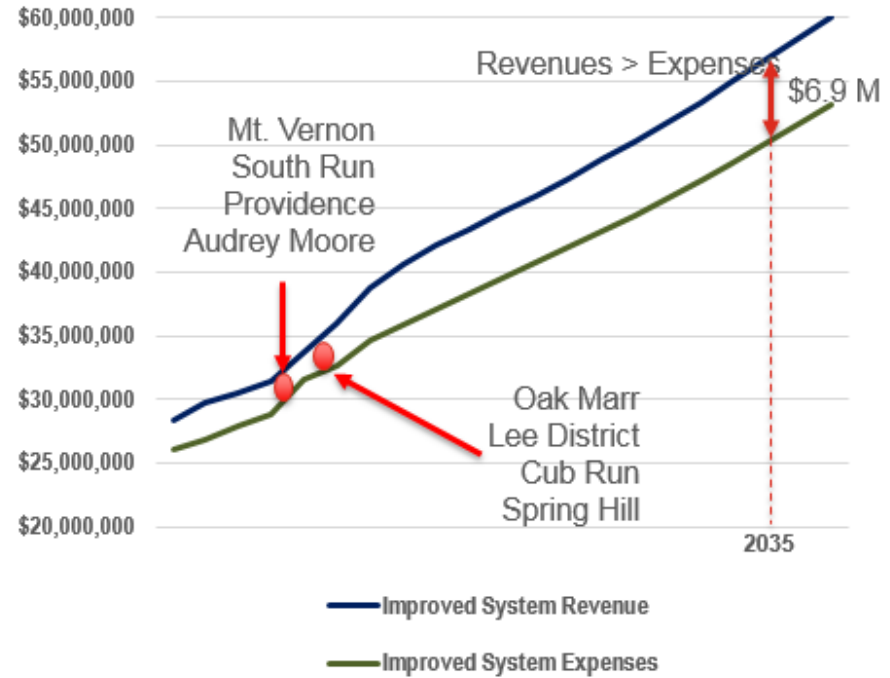
FIGURE 9.23: Improved System Performance and Extrapolation of Existing Conditions

Comparison of Improved System Performance and Extrapolation of Existing Conditions



Existing Conditions with No Improvements

FIGURE 9.24: Extrapolation of Existing Performance



Improved System Performance with Critical, Core and Added Value Improvements

FIGURE 9.25: Improved System Performance