

**BOARD REPORT NO. 11-3-104B**

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Tom Bauer, Director of Auxiliary Services, (650) 358-6782

**PROPOSED FEE INCREASE FOR SAN MATEO ATHLETIC CLUB COMMUNITY MEMBERS**

The San Mateo Athletic Club (SMAC) opened to the public on April 1, 2010. At this time, we propose a very modest increase in the monthly dues for community and corporate members of no more than 5% effective May 1, 2011. The impact of this increase will have a minimal overall impact on a member's yearly rate and in many membership cases will be completely negated by referring just one new member and receiving a \$50.00 dues credit for doing so.

Increases in member dues for fitness facilities are traditionally implemented on an annual basis coinciding with the club's anniversary and are designed to address increased operating costs due to staff salary and benefit increases and increases in supplies and other vendor services. While we do our best to minimize the impact of these cost increases by creating efficient staffing levels and expense management protocols, some of these costs we do have to pass along to maintain and improve all aspects of club operations.

At this time, we are proposing an increase to only community and corporate members. There are no increases in the fees for faculty, staff or students at this time.

Included with this report are the current and proposed rates and a membership statistics report as of January 31, 2011 to illustrate the breakdown of our membership.

**RECOMMENDATION**

It is recommended that the Board of Trustees approve the proposed rate increase for community and corporate members of the San Mateo Athletic Club.



# Membership Rates

## Club Hours

Monday through Friday 5:30 A.M.- 10 P.M.

Saturday and Sunday 7 A.M.- 7 P.M.

Rates valid April 1<sup>st</sup> – 30<sup>th</sup>, 2011

	Registration Fee	April Promotion	Monthly Membership Fee
<b>Individual</b>	\$320.00	<b>\$145.00</b>	\$67.00/ <del>70.00</del> (36)
<b>Couple</b>	\$440.00	<b>\$185.00</b>	\$102.00/ <del>107.00</del> (60)
<b>Family</b>	\$560.00	<b>\$250.00</b>	\$122.00/ <del>128.00</del> (72)
<b>Community Member</b>			
<b>Individual</b>	\$200.00	<b>\$100.00</b>	\$59.00/ <del>62.00</del> (36)
<b>Couple</b>	\$320.00	<b>\$160.00</b>	\$94.00/ <del>99.00</del> (60)
<b>Family</b>	\$440.00	<b>\$200.00</b>	\$114.00/ <del>119.00</del> (60)
<b>Senior</b>			
<b>Individual</b>	\$150.00	<b>\$80.00</b>	\$49.00/ <del>51.00</del> (24)
<b>Couple</b>	\$240.00	<b>\$105.00</b>	\$78.00/ <del>81.00</del> (36)
<b>Corporate</b>			
<b>Individual</b>	\$150.00	<b>\$60</b>	\$ 49.00/ <del>51.00</del> (24)
<b>Couple</b>	\$240.00	<b>\$75</b>	\$ 78.00/ <del>82.00</del> (48)
<b>Family</b>	\$330.00	<b>\$95</b>	\$ 98.00/ <del>103.00</del> (60)
<b>Faculty/Staff</b>			
<b>Individual</b>	\$150.00	<b>\$55</b>	\$ 40.00
<b>Couple</b>	\$240.00	<b>\$65</b>	\$ 69.00
<b>Family</b>	\$330.00	<b>\$100</b>	\$ 89.00
<b>Student</b>			
<b>Individual</b>	\$ 75.00	<b>\$50</b>	\$ 35.00
<b>Couple</b>	\$120.00	<b>\$60</b>	\$ 56.00
<b>Family</b>	\$165.00	<b>\$75</b>	\$ 76.00

**Family:** Family rates defined as a household with two adults with two children/dependents, living at home, between the ages of 15-22. Children between the ages of 15-17 must be accompanied by an adult unless enrolled in a supervised program.

Each additional child is \$15.00 per month.

**Senior:** Age 62 and above. A senior couple rate will be extended when one individual is a senior and the other is not, however, this applies to those couples who are married or are domestic partners. It does not apply to a Senior and another adult living in the same household.

**Student:** Students are those with Minimum of six enrolled units, per semester, with student schedule verification.

**Student Couple:** A student couple rate will be extended when one individual is a student and the other is not, however, this applies to those couples who are married or are domestic partners. It does not apply to a student and another adult living in the same household.

**Parking:** A parking permit can be added to your membership for a rate of \$7.50 per month. This will provide unlimited parking and will be automatically assessed each month along with normal membership fees. There are also metered spaces available for \$2.00 per day.

Access to the swimming pool and some group exercise classes, including yoga and spin, are free to San Mateo Athletic Club members. Additional fees will be charged for personal training, Pilates classes, private swimming lessons, group swimming, youth aquatics, drop-in swimming and rental of the pool.



**SAN MATEO**  
**ATHLETIC CLUB**  
 AT  
**COLLEGE OF SAN MATEO**

## Membership Statistics

Active Memberships through January 31<sup>st</sup>, 2011

		Memberships
<b>Community Member</b>		
Individual		624
Couple		353
Family		98
	<b>Total</b>	<b>1075</b>
<b>Senior</b>		
Individual		204
Couple		152
	<b>Total</b>	<b>288</b>
<b>Faculty/Staff</b>		
Individual		85
Couple		43
Family		3
	<b>Total</b>	<b>131</b>
<b>Corporate</b>		
Individual		162
Couple		47
Family		11
	<b>Total</b>	<b>220</b>
<b>Student</b>		
Individual		405
Couple		67
Family		14
	<b>Total</b>	<b>486</b>
<b>Grand Totals</b>		<b>2268</b>
<b>Active Members</b>		<b>3162</b>
Avg. per member per membership		1.39

Mandelkern asked if the possession of firearms and other weapons is also covered in the student policies; Vice President Hughes said it is.

8.17 – Trustee Miljanich asked if petty cash funds are subject to audits; Chancellor Galatolo said they are.

After this discussion, the motion to approve the revisions, as amended, and to remove policies 7.73 and 7.05, carried, all members voting “Aye.”

**PROPOSED FEE INCREASE FOR SAN MATEO ATHLETIC CLUB COMMUNITY MEMBERS (11-3-104B)**

It was moved by Trustee Hausman and seconded by Trustee Miljanich to approve the fee increase as detailed in the report. Tom Bauer, Director of Auxiliary Services, introduced Kurt Atherton, Chief Operating Officer of Medifit’s Community Division, and Diana Thomas, General Manager of the San Mateo Athletic Club (SMAC). Mr. Bauer said SMAC has been in operation since April 1, 2010. There are currently more than 3,000 active members. To address ongoing staffing concerns and operating expense increases, staff is recommending a modest fee increase to community members.

Trustee Schwarz said that, since membership is higher than anticipated, she is surprised to see a request to raise fees. Ms. Thomas said that along with increased membership comes increased utilization. The demand has to be met in a number of ways, including more staff to conduct additional group exercise classes and more supplies and materials. Ms. Thomas said it is common in commercial club practice to introduce a nominal fee increase on an annual basis, usually commensurate with an anniversary date and usually between 3-5%, based on increases in business expenses, including staff and vendor fees. The fee increase for seniors would be lower. Students, faculty and staff would be exempt from the increase.

Trustee Schwarz said her original goal was to give District classified staff the opportunity for jobs at SMAC and she asked if this was taking place. Ms. Thomas there are no classified staff working at SMAC. There are adjunct faculty and students; approximately 42% of employees are students and most are students within the District. Mr. Bauer said staff looked at what positions classified staff might fill. He said there are very few people at SMAC who work in roles that classified staff would traditionally hold. For example, very little money is handled at SMAC; 99% of dues are deducted automatically and the books are handled at Medifit. Steve Pang in the District Office does work with Medifit in balancing books and auditing what they are doing.

Trustee Schwarz asked if the goal is to make SMAC a more District-run operation. Mr. Bauer said the District has a three-year agreement with Medifit with an option for two one-year renewals. The relationship will be continually evaluated up to the time when a decision must be made about whether to renew the agreement. Mr. Bauer said he is pleased that the District partnered with Medifit; they have done an outstanding job which the District could not have done alone.

Regarding the statement that the fee increase is a reflection of both direct cost increases and a routine annual increase, Vice President Mandelkern asked what the balance is between those two factors. Mr. Atherton said a significant majority of the increase is directly related to expected cost increases. He said that, because not all members will receive the increase, the actual increase across all membership would be a little less than 4%, which essentially would cover the anticipated cost of the operation. Very little, if any, of the increase would be attributable to the idea of a routine annual increase.

Vice President Mandelkern said that in an environment in which the District faculty and staff have accepted wage freezes for some years, it does not sit well with him to have a proposal come forward with a request to give salary increases to other employees who work on the campus. Mr. Bauer said the merit increases are comparable to the step increases District employees receive annually on their anniversaries. Ms. Thomas said a large percentage of the merit increases would go to hourly employees who would receive a \$.50 per hour increase.

After this discussion, the motion carried, with Trustees Hausman, Holober and Miljanich voting “Aye” and Trustees Mandelkern and Schwarz voting “No.”

**REQUEST FOR SUPPLEMENTAL AUTHORIZATION OF DISTRICTWIDE UNIT PRICE CONTRACT FOR HAZARDOUS MATERIALS ABATEMENT (11-3-105B)**

It was moved by Trustee Miljanich and seconded by Trustee Hausman to accept the request as detailed in the report. The motion carried, all members voting "Aye."

**INFORMATION REPORTS**

**BUDGET UPDATE (11-3-6C)**

Executive Vice Chancellor Keller said the Community College League of California (CCLC) has put together a simulation page which shows, Statewide and district-by-district, the best and worst-case situations.

1. The best case, reflected in SB 69, incorporates all of the Governor's budget proposals and assumes passage of a June ballot measure to extend temporary tax increases. This still would not be good for community colleges, as it would include \$400,000,000 in Statewide cuts, mitigated in part by increased student fees from \$26 to \$36 per unit, for a total of \$290,000,000 in cuts. Community colleges would serve 150,000 fewer students, or 63,000 FTES, in the coming year. In this scenario, the District would experience a cut of \$5,586,000, with 2,555 lost headcount students; 1,228 lost FTES; and 409 lost course sections.
2. If there is no June election or if the tax extension fails but Proposition 98 is still funded, there would be a \$510,000,000 Statewide reduction for community colleges after an offset for the increase in student fees. Community colleges would serve 264,000 fewer students, or 111,000 FTES. In this scenario, the District would experience a cut of \$9,824,000, with 4,494 lost headcount students; 2,160 lost FTES; and 720 lost course sections.
3. If there is no June election or if the tax extension fails and Proposition 98 is suspended (an option proposed by the Legislative Analyst's Office), there would be an \$805,000,000 Statewide reduction for community colleges, after an offset for an increase in student fees from \$26 to \$66 per unit. Community colleges would serve 417,000 fewer students, or 176,000 FTES. In this scenario, the District would experience a reduction of \$15,506,000, with 7,093 lost headcount students; 3,410 lost FTES; and 1,137 lost course sections. If this occurs, core courses and high-demand courses will be lost.

Executive Vice Chancellor Keller said there might also be a deferral of another \$129 million statewide for community colleges, bringing the total amount of deferred revenues to \$960 million for the year. This forces community colleges to use Tax and Revenue Anticipation Notes to fund what the State is unwilling to pay.

Executive Vice Chancellor Keller said the options for a June election are narrowing. The Governor is now talking about an initiative for November. Chancellor Galatolo said he has heard that Republicans might allow a vote after June 30 because the vote would then be to increase taxes rather than extending existing increases and this would be far less popular with voters. Chancellor Galatolo said he does not foresee an all-cuts budget; rather, the State will continue with more deferrals and other "smoke and mirrors" tactics to project revenues.

Trustee Miljanich asked if the emails coming from Scott Lay of the CCLC provide valid information. Executive Vice Chancellor Keller said they reflect the best and most up-to-date information.

President Holober said that if the Governor goes ahead with a November ballot initiative, which would require a signature gathering effort, the ballot could include a temporary income tax surcharge on taxpayers earning \$500,000 or more, who received a windfall because of the Bush-era tax cuts, to support higher education and other vital social services. This idea was tested in polls and was found to be extremely popular. President Holober would personally like to see this included if a ballot initiative goes forward and believes the element of fairness would make the initiative more popular.

**STATEMENTS FROM BOARD MEMBERS**

Vice President Mandelkern thanked the students from the Save the Garden Club for addressing the Board thoughtfully and respectfully and thanked those who stayed for the entire meeting. He appreciates the spirit of compromise with which the students came and that they brought other offers and potential solutions. He met with President Claire and