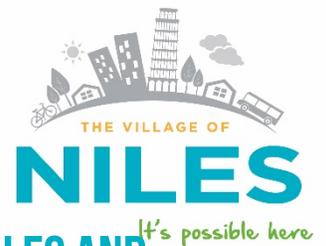


## FREQUENTLY ASKED QUESTIONS



# PROPOSED LEASE AGREEMENT BETWEEN THE VILLAGE OF NILES AND YMCA OF METROPOLITAN CHICAGO

### MEMBERSHIP

#### Will NFFC members get money back?

If the agreement is approved, please be assured that the YMCA will honor existing memberships through their expiration date. If any NFFC member cancels their membership before the YMCA takes over, the Village will refund memberships. More details on the membership questions will be released if the Niles Board of Trustees approves the agreement.

#### Will seniors, or Niles residents for that matter, be able to use the walking track without joining the Y.

The only way non-members will be able to use the walking track is by purchasing a day pass (cost is \$10, with a discount for seniors). However, day passes are intended for temporary use only. For more permanent regular access, visitors should get a membership.

#### If I'm currently a member at the Fitness Center, what happens to my membership?

If the agreement is approved, please be assured that the YMCA will honor existing memberships through their expiration date. If any NFFC member cancels their membership before the YMCA takes over, the Village will refund memberships. More details on the membership questions will be released if the Niles Board of Trustees approves the agreement.

#### If I don't want to be a YMCA member, can I get a refund on my NFFC membership?

If any NFFC member cancels their membership before the YMCA takes over, the Village will refund memberships.

## **I'm not a member of NFFC or the YMCA, how do I sign up for a new membership?**

Membership details will be finalized after vote on September 15<sup>th</sup>. Potential new members will be able to join after that time by visiting the YMCA of Metro Chicago's website ([ymcachicago.org](http://ymcachicago.org)).

## **What type of memberships will the YMCA be selling?**

YMCA will be offering special prices on youth, young adult, adult, family and senior membership packages for the Village of Niles location. The YMCA also offers financial assistance to low-income members.

## **If the facility is closed in October, what happens to my current membership?**

Current members of the NFFC (those who are annual) who wish to maintain their membership going into the Niles YMCA will have their membership expiration date extended to reflect this period of closure. Monthly memberships will be transitioned into the YMCA membership model. Details will be provided on how to do so after the agreement is finalized.

## **Will this lead to higher membership fees?**

The YMCA's rates will be comparable to current rates. Members will receive reciprocity and can use their membership at any of the other 14 centers within the YMCA of Metro Chicago Association. Financial assistance is also available to those families who qualify. Nevertheless, though the YMCA prides itself on maintaining affordable rates for individuals and families, rates are subject to change in the future.

YMCA will be offering special prices on youth, young adult, adult, family and senior membership packages for the Village of Niles location.

## **Are Senior Center members to be charged for YMCA membership? What is the difference in pricing for seniors?**

Yes, as with their current membership with the NFFC, seniors will be charged a membership to the YMCA. As a welcome gesture, the YMCA tells us they are happy to offer a discounted rate for seniors at this location.

## BENEFITS OF THE PARTNERSHIP

### How do current Niles Family Fitness Center members benefit from this?

Continued access to high-quality family recreational programming and services. Specifically, youth-focused programming (Summer Camp, after school care, and character development), and whole-family engagement programming (Y Kids Zone, the fellowship of members). Sustainable affordable rates. Detailed membership information will be available after the Board votes.

### How is this helping our community or offering the same service as the NFFC?

This proposed Lease Agreement allows the Village of Niles to exit the business of subsidizing a fitness facility and reallocating these financial resources (estimated \$8.4 million over the first 15 years) to higher priority community needs such as roads and other infrastructure. The fitness center services provided to the community with affordable rates for members and seniors does not go away, they are simply under new management and enhanced under a new exciting YMCA brand. The YMCA also provides added benefits to the community through financial assistance, youth-focused programming and whole-family engagement.

- The average yearly loss of the Niles Fitness Center that all Niles taxpayers “cover” or “bear the burden” is \$385,000
- Niles 2010 Census: 29,803 residents
- \$385,000 loss/deficit per year is \$13/Niles resident/year (this is pre-COVID19)
- 732 Niles residents are members of the facility (as of Feb 2020) – 2.5% of the Niles population
- The 885 non-resident members benefit as well with subsidized rates- More non-residents benefit from the resident subsidized NFFC than residents
- This agreement would allow the Village to maintain a family-friendly, state of the art fitness facility in the Village while saving taxpayers \$560,000 per year. That’s saving almost \$19 per person in Niles per year (based on 2010 census). Over 15 years, that saves each Niles resident almost \$300. (That number is larger on a per household basis)
- A 4.9% property tax increase raised the property tax by around \$21 to the average household last year
- FY20 Property Tax income FY19/20 into General Fund: \$3,642,170

- o \$365,000 makes up 10% percent of the total property tax income to the Village

### Why is the Village doing this?

While the Village did not solicit proposals for an operational take-over of the NFFC, a partnership opportunity presented itself due to many factors. With the Leaning Tower YMCA facility planning to close its doors and the pandemic taking a toll on the local economy, the Village Board and YMCA Executive Board established agreeable win/win business terms that are the basis for this Lease Agreement between the Village of Niles and the YMCA of Metropolitan Chicago. This Lease Agreement allows the Village of Niles to exit the business of operating an unsustainable fitness facility and reallocating financial resources (estimated \$8.4 million over 15 years) to higher priority community needs, while continuing to support affordable rates for seniors and residents, continuing a Village employee discount, and increasing area retail sales as a result of increased YMCA patronage. The YMCA also provides added benefits to the community through financial assistance to low-income residents, youth-focused programming such as summer camps, after-school care and character development, and whole-family engagement such as Y Kids Zone and fellowship of members.

### Is the proposed closure about money?

While the Village did not solicit proposals for an operational take-over of the NFFC, a partnership opportunity presented itself due to many factors. With the Leaning Tower YMCA facility planning to close its doors and the pandemic taking a toll on the local economy and fitness centers in general, win/win business terms were identified as the basis for a Lease Agreement between the Village of Niles and the YMCA of Metropolitan Chicago.

This proposed Lease Agreement allows the Village of Niles to exit the business of operating an unsustainable fitness facility and reallocating these financial resources (estimated \$8.4 million over the first 15 years) to higher priority community needs such as roads and other infrastructure. The fitness center services provided to the community with affordable rates for members and seniors does not go away, they are simply under new management and enhanced under a new exciting YMCA brand. The YMCA also provides added benefits to the community through financial assistance, youth-focused programming and whole-family engagement.

### How does the Village benefit from this new partnership?

- The YMCA is allowed to remain in the community while continuing to provide affordable fitness center services for residents and reduce the annual financial burden on the Niles taxpayer and free up valuable resources for priority infrastructure needs. Continued access to high-quality family recreational programming and services for its residents (same as above)
- Sustainable affordable rates for its residents.
- Opportunity to partner with a trusted brand that is known for building strong families and nurturing kind, decent children.
- Opportunity to leverage the YMCA's nonprofit status to attract more resources to the community (private grant support, donations, volunteers, etc.)
- Financial support to allow low-income families to access programs and services (through the Y Scholarship Fund)

### How does the YMCA benefit from this new partnership?

- The Y is able to continue serving a community that they have proudly served for the past 60 years.
- The Y gains access to a modern, spacious facility where it can offer quality programs.

### Is the Village projected to achieve an operating surplus under the proposed deal?

Yes. These funds will be reallocated to infrastructure improvements and help to reduce tax losses due to the pandemic.

### How much is the Village estimated to save internally, in Internal Service Funds?

Total annual savings related to the NFFC across other departments are estimated to be more than \$61,000 annually.

### How much will the Village save under this proposed agreement?

The Village is projected to save approximately \$8.4 million over 15 years, or over \$560,000 annually.

## Does this arrangement with the YMCA mean the residents of Niles lose a level of service provided by a Village run fitness center?

No, on the contrary. If the YMCA agreement moves forward, Village residents retain access to a local fitness center and actually gain the benefits of whole family and youth-focused programming. In addition, eliminating the level of Village subsidy associated with operating a fitness center, the Village may now reallocate resources to other municipal priorities such as intersection safety improvements, infrastructure, public safety, and financial losses due to the Covid-19 Pandemic.

## YMCA LEANING TOWER PERFORMANCE

How is the YMCA a "profitable business model" when it has permanently closed two local facilities during COVID19 (the Leaning Tower Y and the Lattoff Y) along with the Naperville Y due to financial difficulties.

In late May, the Y had to make the difficult decision to permanently close three of its Y centers, including the Leaning Tower Y in Niles (others were the Lattoff YMCA in Des Plaines and the Kroehler Family YMCA in Naperville). In all three cases, the main reason why they had to be closed was due to the old buildings that housed the three centers and the rising costs of maintaining them. Simply, they had all exceeded the end of their serviceable life. The financial difficulties associated with the centers date back many years that preceded this leadership team and have accumulated over time, even after having received significant capital investments over the last five years.

The Y fully acknowledges that the building conditions of the Leaning Tower and Lattoff Y centers were not ideal and that the aging building is what ultimately led to declining membership and program enrollment in recent years. The Y assures us where they have newer facilities, similar to the Niles Family Fitness Center, they experience very sustainable operations. The Y feels that ultimately the absence of a quality building, in many ways, hindered its ability to serve families in the same quality way it can serve families in their other locations. They feel that having a top-quality facility in Niles from which to offer their programs will be a game-changer and are committed to maintaining the building for this reason.

## NFFC PAST PERFORMANCE

### What has the Village done in the past to address the “bleeding money” of the NFFC?

The Village has taken actions in the past to reduce operational expenditures (improved utility efficiencies, personnel reorganization, and in-house capital improvements), increase memberships with a membership coordinator, and increase membership rates.

In 2015, a fitness center operational study was conducted to analyze how to get spending in line with revenue. It was determined that memberships needed to be increased, program revenue needed to be increased, and staff pay needed to be reduced. In today’s environment, fitness center business models must now be reinvented to respond to increased home gyms and the impacts of a pandemic.

The current facility business plan and overwhelming personnel costs must change or a tax revenue source identified to fund it.

### Is the NFFC a not-for-profit?

No.

### How has the NFFC been performing as far as attracting new members?

Although the NFFC promotes membership specials continually with every residential home and business in Niles and outside populations, increased competition from private fitness centers, swim schools, and a growing at home gym industry, membership fees—the largest source of revenue—declined by approximately 10% between FY2014 and FY2019

Revenues at NFFC have been steadily declining since FY2008. Due to recent Covid-19 impacts on the fitness industry, losses are expected to be exacerbated unless the center can pivot and expand.

- Membership fees—the largest source of revenue—declined by approximately 10% between FY2014 and FY2019
- Revenues at NFFC have been steadily declining since FY2008

### How much money has the NFFC lost?

- The NFFC’s cumulative operating loss (revenues less expenses) since 1998 has been \$4.5 million

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- The Village has transferred nearly \$4.7 million from the General Fund/reserves to the NFFC to account for its losses

### How much does it cost the Village to operate the NFFC?

It will cost the Village over \$10.2 million to operate & maintain the NFFC over the next 15 years.

### Why didn't the Village just restructure and raise rates?

In order to offset the average annual loss of \$385,000 per year, the Village would need to take drastic measures that would affect staffing, morale, membership and community perception in a negative light at a time the fitness center business needs to pivot and reimagine services to become more profitable. The YMCA has been operating fitness centers substantially longer than the Village of Niles and they have already developed a sustainable and updated business model.

90% of the Niles Fitness Center membership revenue goes to personnel costs. The Village would need to cut personnel expenses by more than 50% and change the business model to be more profitable. However, current center amenities do not warrant much higher costs.

Membership prices would need to be increased 25% to cover operating expense (that does not include building improvements or capital expenses). Note, memberships have been declining since 2008 due to competition in all facets from birthday parties, to indoor swimming lessons, to camps and especially fitness.

It could be argued that local government should not use taxpayer dollars to provide a service already provided by both private and other public entities when an extraneous need is not being met (i.e. obesity epidemic, lack of open space, lack of fitness facilities, etc.) or a certain service level is not already provided

### Why didn't the Village do something about the NFFC losing money sooner?

The Village has taken actions in the past to try to turn the NFFC around, including building upgrades, staffing changes, software improvements, hiring marketing personnel, retrofitting the building for utility savings, studying the business operations in 2015, and raising membership rates.

## RFP/BIDS

### Was it advertised as for sale?

No.

### Why didn't the Village issue an RFP?

The YMCA approached the Village of Niles with a proposal that would allow the YMCA to remain in the community while continuing to provide affordable fitness center services for residents and reduce the annual financial burden on the Niles taxpayer and free up valuable resources for priority infrastructure needs. It was not a long-term plan to transfer operations of the NFFC to another entity, but the opportunity presented itself to the Village.

### Will this be opened up to more private sector bidding opportunities?

This was not a bidding process. The YMCA approached the Village of Niles with a proposal that would allow the YMCA to remain in the community while continuing to provide affordable fitness center services for residents and reduce the annual financial burden on the Niles taxpayer and free up valuable resources for priority infrastructure needs.

## PROCESS/TIMELINE

### How long will the Niles Family Fitness Center be closed if this lease goes through?

While the timeline is not set in stone, it is estimated to be closed for 2-4 weeks.

### When will the Fitness Center transition to the YMCA?

Both organizations will work together to ensure a smooth transfer of the facility's operations if the proposal is approved. It will remain open as the Niles Family Fitness Center until end of day September 30, 2020. The building will be closed for an undetermined period of time to undergo moderate renovations and rebranding before reopening as the YMCA of Niles before the end of October, 2020.

### Will the facility be closed at all and when?

Should the Village Board approve the lease agreement, both organizations will work together to transition the facility's operations smoothly. The



building will remain open as the Niles Family Fitness Center until the end of the day September 30, 2020. The building will be closed for a period to undergo moderate renovations and rebranding before reopening as the YMCA of Niles before the end of October, 2020.

### **What has the process been to get to this point?**

The Village and YMCA have been negotiating for several months to bring agreeable terms to both parties' Boards. The proposal went before the Board in Executive Session two times. Staff was notified on Wednesday and Thursday August 19 and 20 in order to notify them before the public. Community partners were notified on Friday August 21 before the agenda was posted, Then the proposed agreement came before the Board again in a public meeting on August 25.

A public hearing is being held September 1<sup>st</sup> and the board will vote on September 15<sup>th</sup>.

### **Has this deal been approved yet?**

No. The Village Board must vote on the lease agreement on Tuesday September 15, 2020 in order for the deal to be approved.

### **Is this a done deal?**

No. Village officials are listening to constituents and considering all the implications and the future of Niles before they make their decision. There is a public hearing September 1<sup>st</sup> and the vote takes place September 15, 2020.

### **What staff were involved in the negotiations?**

The Village Manager's Office and the Economic Development Director were the lead on negotiations for the Village of Niles.

### **What Trustees were involved in negotiations?**

The Board was consulted during the process.

## CONFIDENTIALITY

### Why weren't Niles taxpayers informed sooner of a pending consideration of such a change?

- YMCA has confidential information to protect - we couldn't share that their Touhy location was going to close - not our information to share
- Negotiations continued through August and we can't go public with a deal that isn't certain
- Any real estate deal can remain private and open meeting act exceptions allow for that (along with personnel)
- Had to protect the Fitness Center business - if we announce it might not be NFFC and become YMCA, people may leave and our business is hurt before a deal is even struck
- Had it been announced pre-maturely, we could have lost staffing and closed early or morale would be hurt and image hurt if we announced it before it was done deal
- Similar to other Village contracts (unions, utilities, construction, software, etc.), staff negotiates the best deal that they have, reviews the terms in Executive Session (if provided it meets the exemption criteria) and reviews the proposal before the Board in a public meeting for approval.

## STAFFING/HIRING

### What options do the part time employees have, being laid off during a pandemic (if the deal is approved)?

Employees of the NFFC will be able to apply for open positions at the YMCA and file for unemployment.

### Has staff already been laid off?

No. Staff was notified before the public as a courtesy that if this partnership is approved, they could be laid off in one month (9/30/20). Follow-up meetings were held in person with staff.

### Is severance or guaranteed jobs offered to part time staff?

Niles employees (full and part time) will be laid off and have the opportunity to apply for positions with the YMCA of Metropolitan Chicago, or other YMCA locations. If operations were to be transferred to the YCMA, severance packages are being offered to full time employees who would be losing their jobs due to no fault of their own.

### Is the link to apply for jobs available to VON staff first and then the public or public first?

The link to apply for open positions at the Niles YMCA (should the Board approve the partnership) will be available only to NFFC personnel first.

### Is the YMCA going to be hiring?

Yes. The Y is open to exploring employment opportunities with the Niles Family Fitness staff. The Y has created a special link exclusively for Niles Family Fitness Center staff to apply for consideration. We are committed to building a staff team to meet the unique needs of the Niles community. We encourage and welcome all Niles Family Fitness Center staff to apply for opportunities with the Y and join our family

## OTHER TOWNS

### What other municipalities have Fitness Centers?

In the immediate area, we are not aware of any municipality that is separate from the Park District and owns their own fitness facility. Most municipally-owned fitness facilities are within municipalities that have a Parks and Recreation Department and not a separate Park District.

## PUBLIC PARTICIPATION

### Can residents voice their concerns?

Yes, information is available on the Village's website on how residents can participate in Board meetings or submit feedback before the vote. There is a public hearing September 1.

### How can residents participate in board meeting?

Information is available on the Village's website on how residents can participate in any Village public meeting.

### Do trustees take resident feedback into consideration?

Yes, absolutely.

## RESIDENTIAL

### Is there a housing component to this proposal?

No.

## SUMMER CAMPS

### Are the YMCA buses in the parking lot related to this deal?

No, those buses belong to the summer camps that have rented space in the Niles Senior Center, which is currently closed to the public due to COVID19. They are not related to the potential Fitness Center/YMCA partnership.

### Will there still be summer camp?

The summer camps at the Niles Senior Center from the YMCA were unrelated to this proposed agreement. However, the YMCA does plan to continue hosting summer camps should this deal be approved.

## YMCA-SPECIFIC QUESTIONS

### How does the YMCA keep their fitness equipment maintained?

The YMCA rotates new equipment in at a minimum of every three to four years and sooner if needed. They also use a contracted service that provides preventative maintenance, installation, and relocation.

### How many Niles residents had paid memberships at Leaning Tower YMCA?

The YMCA's membership data is confidential to their organization.

### **How does the YMCA keep their facility clean?**

The YMCA is committed to maintaining a clean and sanitary environment for our members, participants, and staff. It contracts with a cleaning company to ensure the cleanliness of all of its facilities. Before the pandemic, this meant cleaning the entire facility daily - from locker rooms, fitness areas, and common spaces to pools and child care areas.

During the pandemic, this protocol has been enhanced. YMCA centers are deep-cleaned daily using hospital-grade disinfectants by the Y's contracted cleaning company. The staff has added an additional level of cleanliness due to COVID. Membership centers have been equipped with protective barriers to limit contact, hand sanitizer stations throughout the facilities, and touchless fixtures such as soap dispensers, faucets, and toilet flushers. Finally, the Y closes its fitness areas and locker rooms after each session to ensure the cleaning of all high-touch areas.

### **What is the management style of the YMCA?**

The YMCA's management style is centered around its mission: to develop strong children, families, and communities across metro Chicago through its guiding focus areas (academic readiness, character development, violence prevention, and fitness and healthy living.) This mission and focus areas are carried through every aspect of the Y's work - from the programs they offer and how they design their centers, to how staff is selected and trained.

### **Do you think the YMCA staff who do not know the current members would bother taking these additional steps?**

As thousands of Y members and program participants across the Chicagoland area can attest to, a commitment to customer service is one of the YMCA's top priorities. The Village feels confident that the Y is committed to keeping its members happy. Throughout its 160 years of service in Chicago, it has continuously reinvented itself time and time again to respond to the changing needs of families, and we believe they will do so again here in Niles. The Y has served the Niles community for close to 60 years, and they want to remain in this area and continue to build on existing relationships.

### **Is the YMCA's Christian affiliation unethical for the Village to do business with?**

Although the YMCA was initially founded on Christian principles more than 165 years ago, it does not espouse any religion or way of life. It prides itself

on being a pluralistic community organization open to all, which has been demonstrated repeatedly over the years at the Leaning Tower YMCA. Therefore, this lease agreement is independent of any religious affiliation.

This is a neutral lease that is independent of religious affiliation.

### What is the history of the YMCA in Niles?

- The Y's been doing fitness and recreation for over 120 years in Chicago. Pivoting in times of crisis is their historic specialty.
- Check out their “y on the go” programs that were developed in response to Covid. They are in the process of developing more virtual experiences as the community navigates back to a “better” normal.
- <https://www.ymcachicago.org/pages/yonthego>
- <https://www.ymcachicago.org/pages/history>

### What happens to the YMCA location on Touhy?

That fitness center location has been closed. The housing component remains open.

## PROPOSED PARTNERSHIP - LOGISTICS OF DEAL

### What is the nature of the potential new partnership?

The YMCA of Metro Chicago will be leasing the building currently known as the Niles Family Fitness Center located at 987 Civic Center Drive.

The Y will manage all operations and programming.

The agreement does not include the adjacent Senior Center and Family Services Department, which the Village will retain and continue to manage.

The Village of Niles will continue to own the building and act as a landlord.

### Is the lease permanent?

No, it is a 15 year lease with optional renewals.

### What is planned for the aquatic portion of the NFFC?

The entire Niles Family Fitness Center would be leased to the YMCA including the pool. The YMCA intends to still operate a pool and typical pool functions (free swim, swim lessons, etc.)

### **What happens if the YMCA fails in this proposed NFFC location?**

The Agreement has a clause for this possibility. Currently, the Village facility is unsustainable due to personnel costs, low membership and low program revenues. This is all exacerbated due to the impacts of the pandemic on the fitness center industry.

If operation of the fitness center was to be transferred back to the Village, it would be an opportunity to reinvent the business model from the bottom up.

### **What parts of the building are planned to be the Y's? How would physical areas of building be divided and secured from the Y vs. Sr. Center, kitchen, the second floor, the wash rooms, the meeting rooms etc.?**

The YMCA will lease the current footprint of the existing Niles Family Fitness Center. Similar security systems will remain in place between the Senior Center and fitness side, which exist today. The YMCA looks forward to working collaboratively with the Senior Center on shared space opportunities to maximize program offerings to the community.

## **OTHER**

### **Does the Village own the YMCA Leaning Tower facility?**

No. The Village owns the Leaning Tower, not the YMCA.

### **Is this partnership/deal due to COVID?**

No. This partnership/deal is driven by the Village of Niles' ongoing commitment to providing its residents with access to high-quality family recreational programming and services. We accept that sometimes that means we need to look further than our own resources to collaborate with external partners who are experienced in administering sustainable community programs.

### **Will the Niles Senior Center of Niles Family Services be affected?**

No. This deal will not affect the Niles Senior Center nor the Niles Family Services Department.

### How much revenue does the Teen Center generate?

In FY20, \$5,434 revenue was generated by the Niles Teen Center. However, the Teen Center is a unique service that is not provided by another entity. That is filling a gap in private/public markets. Unlike fitness centers, these services are not provided by the private sector. The Teen Center, Senior Center, Family Services Department, and Free Bus all generate some revenue, but are not entirely self-sufficient.

### How much revenue does the Senior Center generate?

In FY20, \$177,973 revenue was generated by the Niles Senior Center. However, the Senior Center is a unique service that is not provided by another entity. That is filling a gap in private/public markets. Unlike fitness centers, these services are not provided by the private sector. The Teen Center, Senior Center, Family Services Department, and Free Bus all generate some revenue, but are not entirely self-sufficient.

### How much revenue does the Free Bus generate?

The Free Bus is a complimentary service without fees; therefore it does not generate revenue. There is a cost-sharing agreement with PACE that offsets the cost of the operation. The Teen Center, Senior Center, and Family Services Department all generate some revenue, but are not entirely self-sufficient.

### Is every Village service revenue generating?

No.

### Is there no other avenue for Niles to keep what is a great place to exercise and meet people within the Village of Niles?

If the Board chooses not to pursue a lease agreement with the YMCA, there are alternatives to help the NFFC turn around the growing losses. An immediate study of the operations would be required to determine how best to increase membership, reduce losses, and provide fitness services in a post Covid-19 reality. Based on a similar study completed five years ago, the alternatives must include personnel changes, business model adjustments, and increased membership rates. In addition, the facility will require substantial investment to support rebranding, marketing, and capital improvements such as new locker rooms.



However, staff feels that a more sustainable and viable approach would be to lease the space to the YMCA of Metropolitan Chicago and remove this financial burden from the Niles taxpayer.

### **What would happen to room 127 in-between the Senior Center and Fitness Center?**

Room 127 is considered part of the Senior Center department. That room would continue its current arrangement of a shared space and shared scheduling between the fitness and senior sides.