

TOWN OF PALM BEACH

Information for Town Council Meeting on December 10, 2019

TO: Mayor and Town Council

VIA: Kirk W. Blouin, Town Manager

FROM: Carolyn Stone, Director of Business Development and Operations

RE: Resolution Approving the Award of the Award of RFP 2020-01, Mandel Recreation Center Fitness Center and Wellness Program Contractor to Health Fitness Corporation in the Annual Amount of \$181,593 and a Proposed Three-year Award of \$544,779 Contingent Upon Satisfactory Performance and Subsequent Budget Approval; **Resolution No. 153-2019**

DATE: November 27, 2019

STAFF RECOMMENDATION

Staff recommends Town Council review the overview of the Business Operation Model for the new Morton and Barbara Mandel Recreation Center, as well as the advantages of outsourcing the operations of the Fitness Center and wellness/fitness programs. Staff also recommends Town Council approval of the Award of RFP 2020-01, Mandel Recreation Center Fitness Center and Wellness Program Contractor, to Health Fitness Corporation in the annual amount of \$181,593 and a proposed three-year award of \$544,779, contingent upon satisfactory performance and subsequent budget approvals.

GENERAL INFORMATION

First who, then what.

In order for the Town to have a successful launch of the Morton and Barbara Mandel Recreation Center, it is necessary to have the right team in place (the who). The work that went to building a beautiful facility is only part of the equation. The programs and those who will operate, market and manage them matter most. We have spent nearly five months researching and formulating a plan that can provide the expertise needed to offer an amazing experience for our resident members of the fitness center. Ultimately, we are looking for more than a fitness center manager; we are seeking a partner who can bring our vision to life by creating a professionally dynamic, engaging, and comprehensive wellbeing experience to the program offerings at the Mandel Recreation Center (the what).

Staff began vetting potential partners through an RFI process in July. Owning and operating a fitness center is new to the Town's portfolio. A fitness center is more than a place to exercise, but also to socialize, and create a feeling of belonging to the community. Beyond that, the fitness center offers a launching pad for residents to engage in a personalized journey of health and

wellness. The state of the art machines are important, but equally as important is the programming menu that will evolve from a well-managed and marketed facility. For the Mandel Recreation Center to serve as the unifier in Town, it is necessary to have a competent, credentialed, and disciplined staff to manage the program offerings and center. Therefore, staff is recommending that the Town execute a contract with *Health Fitness* for the management of the fitness center and related wellness programs at the Morton and Barbara Mandel Recreation Center.

Overview: Why Health Fitness?

Health Fitness brings over 40 years of experience in working with similar clients, to program and drive engagement at fitness center and community recreation facilities. The goal is for Town of Palm Beach residents to engage in programs that are life enhancing, fun, and healthful. The more our client base participates, the more enjoyable their experience will be leading to a healthier community and more satisfied fitness center members and class participants. Health Fitness ensures this engagement happens in a safe and professional manner in accordance with industry best practices and guidelines through certified and high quality staff members. Their mission of improving the health and wellbeing of the people they serve is in lock step alignment with one of our BHAGS (big hairy audacious goals) for the Recreation Department – to make the Town of Palm Beach the healthiest town in America! Health Fitness has done their due diligence in understanding the Palm Beach clientele. They recognize the uniqueness of our community and the demographics we serve. The programming model supports the whole person and community, not just their physical health.

Health Fitness's client base includes 238 national locations and partnerships where they operate nearly all aspects of fitness and recreational programming. Noted clients are Massachusetts Institute of Technology and Harvard University. Their average client tenure is 16 years.

The Experience:

Health Fitness is an experienced partner in the public, private, non-profit and academic world. Their team provides credentialed trainers (health related degree from an accredited university, CPR, First Aid and AED certified and certified personal trainers). Their responsibilities include: staff hiring and development, member orientation and assessments, promoting membership to the fitness center, designing exercise plans and programs for both individuals and groups, developing motivational programs, and providing measurements for program participants. The onsite staff includes a full time program manager and a full-time health fitness professional. Part-time health fitness specialists also provide program and facility coverage and member support. Health Fitness will provide ongoing strategic planning and engagement in collaboration with our Mandel Recreation Center management team. They will work closely with the onsite staff, the corporate team, and local community partnerships to offer an amazing Palm Beach experience. One team, one plan, and one message.

Marketing and Strategic Plan Development:

One of the most critical elements missing in the Recreation Department is marketing. Although we do produce in house marketing pieces and a very basic plan, it is not robust. In order to engage our population, we must have well thought out and professionally designed campaigns. Health Fitness will provide (included in the service fee) turnkey campaigns and program plans that have the look and feel of our 'brand' but tailor targeted promotions to our various constituent

groups. Program calendars and strategies will be prepared each quarter in conjunction with Town staff starting with marketing and communication plans, a health promotion calendar, group fitness class programming, recreation and special event opportunities, motivations and incentive programming, targeted member engagement, integration plan, health and safety promotion, quality assurance and outcomes reporting, and facility management and staff development.

Revenue Opportunities:

Currently, our 'fitness' program offerings include a handful of classes including yoga, tai chi, toning, and stretch. We need to significantly broaden and stay up to date with the latest fitness trends, which would include these offerings plus boot camp style classes, functional wellness, tennis fitness, golf fitness, dance, mat Pilates and the like. Health Fitness staff, as part of their contracted agreement with the Town, will teach these classes at no additional cost, which will lead to increased programming revenue and a more comprehensive program mix. The original business plan accounted for an increase in revenue due to the sale of fitness center memberships only. Adding additional group exercise classes and personal training will add to this revenue (with a conservative estimate of \$50,000 of additional revenue per year).

Expense control:

The Fitness Center and related programming is a seven day a week operation requiring 90 plus hours per week of staff coverage. By collaborating with Health Fitness, we avoid the need to have additional FTEs. Health Fitness will provide full staff coverage of the fitness center and related programs seven days per week.

Human Resources:

With the tightest labor market in decades, finding high quality and properly credentialed staff can be a challenge-especially part time staff. Health Fitness has a pipeline of staff from their national network that they train and promote from within their organization. They also handle all of the human resource functions that ultimately save the Town money and time.

Additional layer of insurance coverage:

Fitness Center operations come with a higher degree of exposure than other recreational assets. The contractor is licensed and insured which adds an additional layer of protection to the Town

FISCAL IMPACT/FUNDING SOURCE

Earmarked funds are in the FY 2020 budget to hire staff to operate the center. These funds would be applied toward the Health Fitness management contract expenses. The increase to the FY 2020 budget for these additional operations is \$212,000, so the contract from Health Fitness at a cost of \$181,593 is fully covered by the approved budget. Partnering with them will lead to a more vibrant program, professional management, reduced liability, fewer town employees and most importantly, a dynamic program. They have a track record of exceptional service delivery and a client focused strategy that will assist us in achieving our cost recovery goals as well as best in class service to our residents.

PURCHASING

The Purchasing Division of the Finance Department facilitated the solicitation, selection committee and all related documentation as well as securing a Best and Final Pricing.

RFP 2020-01, Mandel Recreation Center Fitness Center and Wellness Program Coordinator was issued on October 8, 2019. Eight (8) firms downloaded the solicitation and three (3) firms submitted. One of the three firms had to withdraw due to company restructuring.

The Selection Committee consisted of Carolyn Stone, Jane Le Clainche and Kennie Wells as voting members and Jay Boodheshwar, Mark Bresnahan, Duke Basha and Dean Mealy served as non-voting members.

Health Fitness Corporation initial scoring from the proposal submittals were significantly rated higher than the other submittal and a decision was made to just obtain the oral presentation from Health Fitness Corporation. Voting members unanimously recommend award to Health Fitness Corporation.

Purchasing was able to secure a Best and Final reduction in pricing of \$6,386 annually and a potential savings of \$19,158 for the three-year period.

DUE DILIGENCE

Due Diligence was conducted to determine vendor responsibility, including corporate status and that there are no performance and compliance issues. The review included conducting market research. Purchasing Staff completed extensive outreach to clients currently being served by Health Fitness Corporation and found nothing but the most positive of feedback.

TOWN ATTORNEY REVIEW

This resolution is in a format utilized by the Town in previous recommendations and was approved by the Town Attorney.

cc: Jay Boodheshwar, Deputy Town Manager
John Randolph, Town Attorney
Jane Le Clainche, CPA Finance Director
Dean Mealy, CPPO Town Purchasing Manager
Duke Basha, Assistant Purchasing Manager