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# Centennial Hills Active Adult Center business plan

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# **Centennial Hills Active Adult Center Business Plan**

By

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# CHAAC Business Plan

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## **Executive Summary**

The economic indicators for the state of Nevada indicate a bleak financial future. The foreclosure rate of the Las Vegas Valley is five times the national average and the highest rate in the country (Hoak, 2010). Sales tax revenues continue spiraling down and fell by 6.6 percent in December 2009 from December 2008 (Garcia, 2010). State politicians face an estimated budget deficit of \$3.5 billion.

Local conditions are equally dire. The City of Las Vegas faces a budget shortfall of nearly \$69 million for this fiscal year (Choate, 2010). City administrators struggle to find creative solutions to fill financial gaps and must make difficult decisions to reduce, consolidate or eliminate services and programs. The city's Department of Leisure Services is no exception and administrators are examining ways to make fiscal cuts to the unit's budget and increase efficiency. The department, which strives to bolster residents' quality of life, provides services to all Las Vegans and has programs specifically targeting youth, seniors, and low-income families. The department has historically operated under what staff members describe as a social model, making decisions that maximize access without looking at data or efficiency. In light of current fiscal concerns, they hope to make the switch to a business enterprise model of operations that will maximize efficiency and allow for a focus on cost recovery that does not price out Las Vegans from utilizing services.

To assist with city administrators' aspirations to increase cost recovery throughout the department, this paper examines the fiscal and operational challenges at one of six Las Vegas senior centers in an effort to gauge the price elasticity of demand for services. Based on qualitative and quantitative data, the authors crafted seven recommendations to

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help the Centennial Hills Active Adult Center (CHAAC) create a business plan that allows for the cost recovery of at least 15% of its operational expenses. Those recommendations consist of the following: a change in pricing; increased emphasis on data collection and marketing; more efficient scheduling; an emphasis on seeking alternative funding; the development of a strategic plan for the center to include specific goals, objectives and performance measurements; a review of the center's relationship to the YMCA; and increased transportation to and from the center. These recommendations will ensure the seniors of Las Vegas have an opportunity for a continuing relationship with the leisure services department. The authors hope this research may assist city officials in the months to come as they deliberate difficult decisions that will impact thousands of Las Vegas seniors and help administrators protect vital services.

### **About the Centennial Hills Active Adult Center**

The center represents only a small piece of the Department of Leisure Services' operations, but like other units within the department it is highly subsidized. Senior services receives \$4 million of the department's \$28 million budget. The unit employs approximately 30 people. The senior services program has a cost recovery rate of 3% with the city subsidizing the remaining 97 percent of its expenses. Each of its six centers caters to Las Vegans age 50 and older, but each has a unique facility and serves a unique set of local residents. In fiscal year 2009, the CHAAC spent approximately \$349,000 and brought in approximately \$29,000. Located a block north of the intersection of U.S. 95 and I-215 in the northwest quadrant of the valley, it has the second highest existing cost recovery of all of the senior centers at 8.16%, with the highest being the Northwest Senior Center, which only has \$1,500 in annual expenses and boasts a 12.16% cost

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recovery rate (Leisure Services Department Cost Recovery Report, 2009). The CHAAC has three full-time and six part-time employees in addition to several paid instructors, and volunteers. Serving approximately 3,200 clients, the center is accessible to those that live nearby and due to the proximity of the center to major highways, it is also conveniently located for those that must travel a greater distance. Activities range from movie marathons to daytime excursions, from ballroom dance instruction to water aerobics, and from diabetes awareness to on-site tax assistance. Information about these activities, programs and classes is detailed and delivered to the membership through a monthly newsletter available at the center's front desk.

The center currently brings in little revenue, indicative of the social model that administrators have historically depended upon to operate leisure service programs. The \$2 rate of membership is the greatest source of revenue for the center and yet barely covers the cost of the materials to produce the \$1.87 membership card, which members must use to enter the center. The city hired Pros Consulting, LLC., to review the department's price points and recommended an increase of the annual membership fee to \$12 a year and then an increase to \$24 in the second year (P. Priest, D. Mattson, personal communication, 3-23-10). The city council has yet to improve an increase in any fee for the centers (R. Fuller, personal communication, 7-28-10). A day excursion that costs the city \$45 to provide is free to members (P. Priest, D. Mattson, personal communication, 3-23-10). The rate of the instructors' salaries is incorporated into the total salaries and benefits for all of the employees of the CHAAC, which comprises \$311,500 of the center's \$348,885 in annual expenditures (Leisure Services Department Cost Recovery Report, 2009). Whereas fitness instructors may receive \$11 to \$25 an hour, a client is

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only charged \$15 dollars for a month of as many classes as they can attend. The center provides several meals throughout the month that are generally priced around \$5 and do not come close to covering the cost of producing the meal (R. Fuller, personal communication, 6-16-2010).

There exists a delicate balance between increasing cost recovery and the social value of providing access to programs and services to all seniors without pricing out individuals. With no strategic operating plan or performance measurements, the center will find it challenging to maintain a forward course to reach new goals, obtain sustainability and will be more vulnerable to micromanaging by political officials who can use leisure services for political capital.

The CHAAC has a unique relationship to the YMCA, with which it shares a building. The two are connected through an internal door way, allowing CHAAC members access to the 86,385-square-foot YMCA at set times during the day. For \$2 a year, CHAAC members have a premium rate to access YMCA amenities, compared to YMCA members, who pay hundreds of dollars a year to belong to the gym (P. Priest, personal communication, 4-12-2010). The City of Las Vegas constructed the facility and leases the space to the YMCA at a discounted rate of approximately \$15,600 a year, which is less than some people pay to rent a two-bedroom apartment in Las Vegas. The city spends \$1.2 million a year on utilities and maintenance for the YMCA, compared to \$116,441 for utilities at the 12,000-square-foot senior center (P. Priest, personal communication, 4-21-2010). The YMCA gym provides an added bonus to CHAAC members, giving seniors access to an indoor and outdoor pool, weight and cardio room, two basketball courts, and multiple fitness classrooms.

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The modern design of the CHAAC provides administrators with flexibility to offer members a variety of activities. Open Monday through Friday, from 8 a.m. to 8 p.m., the senior center includes classrooms, a computer lab, a state-of-the-art kitchen and a library/reading room. Through observation, the authors noticed that many of the rooms within CHAAC remained empty, particularly during the later hours of the day from 6 p.m. to 8 p.m. A significant increase in membership or a change in schedule to hours that might be more popular would not appear to overtax the center.

### **Research Methods**

The CHAAC has few existing revenue generating mechanisms by which to augment cost recovery, specifically membership and class or activity fees. So the authors of this paper set out to determine the price elasticity of demand of membership and activities to find out what the market would bear without decreasing demand. They deployed a 12-question survey to a representative sample of the center's population to obtain basic demographic information and determine how much clients are willing to pay for membership and classes. The appropriate price point for both of these services is important to find to prevent the center from pricing out low-income seniors and losing members and revenue to competing entities.

To better understand what organizations compete against the CHAAC, the authors examined direct and indirect competitors. An analysis of the competition is important in the construction of any business plan not only to help determine price points but also to obtain alternative solutions to challenges shared within the field (Albo, 2008). The authors looked at peer cities' senior programs that comprise direct competition to Las Vegas senior centers. To perform an analysis of competition systematically, the authors



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gathered comparison data from interviews with employees from Boulder City, Henderson, North Las Vegas, Phoenix and Salt Lake City. All five cities have an established senior program, which consist of stand-alone senior centers. Due to the close geographic proximity, Boulder City, Henderson and North Las Vegas are viewed more as direct competitors to the CHAAC because Las Vegas seniors can always move to nearby cities that provide better amenities. Phoenix and Salt Lake City are viewed more from a benchmark standpoint and provided the authors with alternative solutions to consider while crafting recommendations.

An 18-item interview instrument was created to gather a consistent set of responses from each of the cities. The interview instruments can be viewed in Appendix, Items 5 - 8. A summary of interview responses is available in Table 11-1. Unfortunately, complete responses were not obtained from Salt Lake City, which diminishes the benchmark portion of this analysis. The authors did not anticipate perfect parity between CHAAC and the other senior programs. However, they felt it was important to assess senior center programs in neighboring cities, because they represent an alternative choice to CHAAC among an aging demographic.

### **Survey Design**

For the purpose of this survey, the authors set out to determine what the current clients of the CHAAC would be willing to pay for membership and classes and gather basic demographic information about these citizens, including information about budget and income, to determine what resources CHAAC members have available to them.

#### *Research Question:*

Are the current clients at CHAAC willing to pay more for an annual membership and classes and if so, how much more?

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H1: The clients at CHAAC will be willing to pay more for the annual membership and classes.

H0: The clients at CHAAC will not be willing to pay more for the annual membership and classes.

Many public and private entities contemplating such changes to a business model grapple with finding the perfect price point and the extent to which clients are willing and able to pay more for services (Glaser, Hildreth, 1999). Researchers have long needed a method to determine the market potential of a service or good that is not yet available for actual testing. There is a similar need to gauge the social value of public or non-market goods in markets that do not yet exist in a natural state. While there are preference-regression models available that can be used to pre-test the introduction of a product into the actual market, scholars have largely relied on the “contingent valuation” (CV) method to assess willingness to pay so long as the attributes of the proposed service or product can be accurately described (Cameron, James, pp. 389-390, 1987).

The CV method’s purpose is to assess citizens’ preferences for public goods by determining what they would be willing to pay for a specific item or service. The CV method presents survey recipients with hypothetical market environments in which they are given the opportunity to buy the goods or services in question (Mitchell, Carson, pp. 2-3, 1990). Often CV methods present respondents with a range of increasing dollar amounts until the respondent finds the maximum amount he or she is willing to pay.

A major challenge with the CV method is finding an unbiased way to determine the willingness to pay amount. Critics of this survey method argue respondents will strategically respond to the question to influence policymakers. Mitchell and Carson reviewed theoretical and empirical literature from several disciplines that examined what they defined as “strategic responses” and whether surveys can accurately measure

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preferences for public goods. Their literature review determined that even when experimentalists tried to invoke such behaviors, respondents rarely provided dishonest responses in an attempt to get what they wanted. Mitchell and Carson conclude that people are generally aware that lying has consequences and they risk possible exclusion from the public good or service if they do not answer honestly with their true value preference (Mitchell, Carson, pp. 148-150, 1990).

Another obstacle in creating a willingness to pay survey is avoiding what Mitchell and Carson call “starting point bias,” which happens when a respondent selects the value range closest to the current value of the service rather than the value the respondent feels the service is worth (Mitchell, Carson, p. 7, 1990). To prevent this, surveys should not provide initial starting points but instead offer a variety of potential responses including the current amount the user is paying as well as amounts below and way above it (Mitchell, Carson, p. 100, 1990).

The CHAAC survey was administered at random to a sample of the members to generate descriptive statistics that are generalizable to the entire population of members at the center. The population of members is 3,200 senior citizens age 50 and older. The authors needed a sample size of 343 members to comprise the unit of analysis to obtain results with a confidence interval of plus or minus 5 at a 95% confidence level. (Sample size calculator, 2010). After more than 16 shifts of at least two hours, the authors obtained 339 responses for a confidence interval of 5.03. The authors drew dates and times for survey shifts at the center at random from a hat full of all possible dates and hours of operation to administer the survey and ensure a representative sampling of key strata. This eliminated the potential for sampling error (Schutt, 2009). All surveys were

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offered to respondents to complete on a clipboard after the client signed into the facility, a process that every member must complete before being admitted into the center.

The authors conceptualized their research questions by selecting nominal-, ordinal-, interval- and ratio-level variables that they believed could help determine if members wanted to pay more and could pay more. The entire survey is available in the Appendix, Item 1. The first five questions were operationalized to obtain basic demographic information concerning age, work status, household income, monthly budget and frequency of use of the center. The respondents were given three to six closed-end responses depending on the question. Respondents were allowed to write their favorite aspect about the center and responses were classified into the following answers: classes, use of gym, people, facilities and location.

The final four questions were about willingness to pay. The survey provided a range of closed-ended responses to those respondents who had already said they wanted to pay more than \$2 for an annual membership. The responses went up in increments of \$10, based on the price point plan the consulting company Pros Consulting developed for the city (Pros Consulting, LLC, 2009). To allow for the freedom of valuation and to avoid a starting point bias as Mitchell and Carson discuss, the authors also provided an open-ended response opportunity, whereby the respondent could write in any amount to express his or her valuation of annual membership or classes. The authors operationalized these questions based on the suggestions of Mitchell and Carson and modeled these four questions from a willingness to pay study conducted by Riley, Northrop and Esteban (Riley, Northrop & Esteban, 2006). Many respondents (17.7%) took advantage of the write-in option and chose to write in their own values for the annual membership

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question and many wrote an amount far lower than lowest closed-ended option of \$12 or far higher than the largest closed-ended option of \$43.

Example:

- A. \$12 per year
- B. \$22 per year
- C. \$33 per year
- D. \$43 per year
- E. Suggested \$\_\_\_\_\_per year (If A-D are unsatisfactory, please write in the maximum you are willing to pay for an annual membership).

All of the responses were then coded numerically and entered into SPSS to obtain basic frequency information.

### **Analytical Considerations**

The authors have considered measurement validity in the choice of questions and believe that the survey measures what they set out to measure: The value preferences of the CHAAC population. They did not use regression or focus on causation and so internal validity is not applicable. Based on the results of the survey, the authors conclude that the results do not have external validity and are not cross-generalizable to populations outside of CHAAC (Schutt, p. 50-53, 2009). This is because the CHAAC differs substantially from other centers because of its connection to the YMCA gym, which many of the respondents remarked was their favorite aspect about the center. Without the gym, there may be a different demographic attracted to the center. The survey instrument is modeled after Elsie Riley, Andrew Northrop and Nicole Esteban's 2006 study of visitors' willingness to pay additional park fees on the Dutch island of Statia. That study was initiated by the non-governmental St. Eustatius National Parks Foundation and used many of the methods discussed in Mitchell and Carson's book, "Using Surveys to Value Public Goods: The Contingent Valuation Method," which extensively covers research

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and experiments using the CV method. The questions were exhaustive and mutually exclusive. All of these measures help protect the integrity of the results and allow the authors to generalize the results to the entire CHAAC population of 3,200 members.

However, after the first few shifts of employing the survey it became clear there were some problems with the survey's design. Each of the four authors took separate shifts to employ the survey; therefore the authors are uncertain that each respondent filled out the survey only once. Another complication was that some of the respondents did not follow directions for the willingness to pay questions, which may in hindsight have been too complex. More than a dozen respondents said they were willing to pay more for both membership and classes, specified how much they were willing to pay and then answered the final question asking why they were not willing to pay more, usually answering C, stating they could not afford to pay more for classes or membership fees. The authors believe the questions should have been clearer to help guide respondents more accurately, but they do not believe this impacts the final results gleaned from the survey.

### **Survey Results**

Although city officials had stated they believed younger seniors populated the center (D. Mattson, P.Priest, personal communications, 3-23-2010), it appears that the majority, 45.4%, are age 61-70. The youngest generation, those age 50-60, only comprise 20.4% of the population.

The survey showed that the majority are retired (81.4%) and likely on a fixed annual income between \$26,000 and \$50,000 (27.7%). In addition, the majority (49.3%) stated they have some discretionary income. The second largest group (29.2%) said they have ample discretionary income and a significant group (18%) stated they have no

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discretionary income. These results will be significant in determining how much the city can charge for annual membership and classes.

The authors learned that members value the people they interact with at the center, classes and activities, and the gym the most of all the services the center provides, respectively.

In terms of willingness to pay, the results for annual membership were significant. An overwhelming 79% of the population would be willing to pay more for the membership. An increase of the fee from \$2 to \$12 is supported by 38.9% of respondents. A significant number of respondents –17.7% -- chose to “write in” their preferred value for the membership. Those values ranged from about \$100 to \$3. The authors questioned whether those values might change the ratio of responses if factored into the results and went through the responses and estimated their value closest to the ranges provided in the closed-ended questions. So if a respondent wrote in that they felt the membership increase should go from \$2 to \$25, the authors marked answer C, which was \$33. That said, if respondents wrote in \$5, their answers were closest to the initial \$2 fee, and thus the authors changed their answer to question No. 7, from A (yes they would support an increase) to B (no they would not support an increase.) This was done for anyone who selected a value of \$6 or less for the annual membership fee in accordance with the rounding method used for all other amounts. Because an increase in the fee from \$2 to \$6 would matter little in terms of changing the center’s overall cost recovery, the authors feel comfortable factoring the write-in values that were below \$6 in this way. Subsequently if respondents wrote in that they felt that the membership was worth \$100 a year, the authors changed their responses to letter D, or \$43 – the highest suggested

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valued in the closed-ended responses. Once the write-in suggestions were factored in, the main significant changes were that there were higher response rates for those preferring an increase to \$12 and \$22. The percentages preferring those values went from 38.9% and 9.7%, respectively, to 41.9% and 12.7%, respectively. The total number of respondents preferring to pay more for membership fees went down from 78.8% to 72.9%. In the end it made little difference in terms of the number of people supporting a fee increase as both percentages represent an overwhelming majority of the center's population.

Finally for the question of whether respondents support an increase in class fees, respondents provided no clear directive. It was almost neck and neck with 36.6% versus 35.7% for those supporting a class-fee increase and those who did not, respectively. There were also a significant number of respondents who did not participate in classes (22.4%), which may account for the fact that there was no clear majority for this question. Only 3.2% of respondents wrote in an amount for their value preference for classes and when the write-ins were factored in, no significant changes occurred.

The full SPSS results for each question are located in the Appendix, Item 2, and the results with the write-in responses factored in can be viewed in the Appendix, Item 3.

### **Analysis of Competition**

This analysis focuses on two sources of competition: Indirect competition from private sector businesses, such as casinos and athletic clubs, and direct competition from public senior centers in other jurisdictions. The approach the authors used to carry out this competitive analysis included interviews with Lori Decreny, Executive Director, Boulder City Senior Center; Dirk Richwine, Recreation Superintendent, City of



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Henderson; Elen O'Reilly, Recreation Coordinator, Parks & Recreation Department, North Las Vegas; Robin Lacata, Senior Program Supervisor, Phoenix Senior Services; and Anna Dresel, Assistant Director of Aging Services, Salt Lake City.

### *Private Sector Indirect Competition*

Casinos represent formidable competition to the city's senior centers, providing older Las Vegans with food, alcohol and transportation to and from their facilities (P. Priest, personal communication, 3-23-10). The authors judge that casinos and other private entities represent indirect competition because they do not offer the same services as senior centers but indirectly compete for seniors' time and dollars. Their belief is supported by various research studies that have found gambling to be a popular leisure interest among seniors. In addition, the elderly may use gaming to cope with life changes such as retirement, death of a spouse, physical limitations, emotional pain due to loss and loneliness, and lack of opportunities to socialize (Bjelde, p. 425, 2008).

Casinos target the elderly by offering senior citizen discounts, including slot machine club cards that may give up to 50% off prescription and over-the-counter drug costs. Gaming establishments may provide free transportation from retirement homes, offer low-cost or free buffets, or free beverages. Some provide needle disposals for diabetics in the restrooms and heart defibrillators on the casino floor (Bjelde, p. 429, 2008). According to one Laughlin casino executive, "From October to April, at least three quarters of the casino's patrons are retired people, and this group provides a strong customer base for the casino during the rest of the year" (Loroz, p. 323, 2004).

Out of all of the enticements the gaming industry can offer, including free transportation, discount coupons, slot clubs, dance clubs, or discount prescription offers,

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discounted meals are the most effective tool to attract seniors. In their 2000 research on gambling attitudes and behaviors, McNeilly and Burke found that inexpensive meals were the only gambling industry-supported promotion cited by older adults as a gambling motivator (McNeilly, p. 412, 2000). This finding is in harmony with the observations of leisure services staff that have noticed that without food, seniors do not come to the centers (P. Priest, personal communication, 3-23-10).

There are other private sector businesses that represent a competitive threat to the CHAAC. This is only reasonable as businesses can depend upon this demographic to grow as modern medicine continues to progress and the baby boomer population thrives. More companies are looking at their marketing strategies to see how they can capitalize on this growing body of consumers. By 2030, the U.S. Census Bureau predicts the number of Americans older than 65 will nearly triple to more than 70 million, or 1/5th of the population, including close to 9 million people over 85 (Henderson, p. 20, 1998).

Because of the unique partnership between the CHAAC and the YMCA, local fitness clubs like the Las Vegas Athletic Club (LVAC), and 24-Hour Fitness, are logical competitors. However, LVAC does not spend any money marketing toward the 50 and over age group. While the company does spend dollars to entice residents age 18 to 49 to the club, the business depends on word-of-mouth to bring in seniors (B. Fitzgerald, personal communication, 7-13-2010). LVAC is not alone. In fact, the majority of health club operators list word of mouth as their biggest source of member recruitment (Hurley, 5, 2004). This finding is optimistic for the CHAAC, which does not have the large advertising budget that private sector competitors have.

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Competitive pricing is an important component to attracting seniors. Although LVAC allows residents to join free, with a monthly fee ranging from \$22 to \$32, research on the fitness club industry in New York, Los Angeles, and Seattle found that most gyms charge membership fees of varying amounts, ranging from 24 Hour Fitness' \$103 to LA Fitness' \$249 and that monthly fees vary from 24 Hour Fitness' \$31.99 to Equinox's \$170 (Hodges, D2, 2008). Therefore, the authors believe that the center's current \$2 fee for annual membership will not be under-priced by private fitness clubs and that the center could increase the fee without losing clients to private gyms.

### *Public Sector Direct Competition*

The interviews of peer cities' senior programs revealed interesting similarities as well as striking differences with respect to the models other cities operate under, how they view their competition, how membership and program fees are established, and finally, how they market themselves. Locally, neither Boulder City, Henderson, nor North Las Vegas has a partner relationship with an athletic facility like the CHAAC does with the YMCA. Some Phoenix senior centers are standalone facilities while other sites are multi-generational facilities run by the Parks and Recreation Department. These findings suggest a partnering relationship like the one CHAAC has with the YMCA is a competitive advantage.

With the exception of Boulder City, all of the senior programs surveyed reported operating under an exclusive social model or a combined social and business model. Competitive differences included annual membership fees, which ranged from no fee in Salt Lake City to \$20 for non-residents to use the senior centers in Phoenix. Henderson and North Las Vegas have annual membership fees of \$2 and \$3, respectively. Three of

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the respondents cited budget or economy related factors as their toughest challenge. In contrast, Dirk Richwine, Recreation Superintendent for the City of Henderson, felt that bringing three groups of people, young retirees, seniors who are between ages 60 and 80, and older seniors, all under one roof was one of Henderson's greatest challenges (D. Richwine, personal communication, 7-12-2010).

Marketing strategies used to advertise a senior center seemed to run the gamut from utilizing a local public television station to networking and outreach efforts. Henderson's most effective advertising tool is the *Henderson Happenings*, which officials estimate is read by about 70% of the community, or about twice the national average of community newsletters' readership (D. Richwine, personal communication, 7-12-2010).

Compared to other jurisdictions, the pricing for programs/classes at the CHAAC is competitive, although it may not achieve sufficient cost recovery. For example, a benchmark analysis done for the City of Las Vegas by Pros Consulting in 2009 found senior-based fee classes to range from \$3 to \$14 in Clark County and up to \$5 in North Las Vegas, compared to \$15 at the CHAAC. Additionally, fees for senior special events range from \$0-\$28 in Henderson and \$2-10 in Clark County, compared to \$0-\$15 in Las Vegas (Pros Consulting LLC, 2009).

### **Recommendations**

Based on quantitative and qualitative research, the authors recommend the center make the following changes to increase sustainability and efficiency: increase membership fees to \$17 a year and allow for a sliding scale for low-income residents; increase data collection and low-cost marketing efforts; seek grants and alternative

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funding for operations and subsidies; create a more efficient schedule based on data; develop a strategic plan for the center to include specific performance measurements; review the city's memorandum of understanding with the YMCA; and increase transportation to and from the center.

### **New Pricing Schedule:**

The authors found clear support for a new membership price. The membership fee of \$2 has not changed in the last seven years and it is time for an increase. With approximately 80% of CHAAC members willing to pay more, the City of Las Vegas can be confident that seniors are ready to bear a little more of the burden of operating the center that the majority of members (38%) use avidly or more than 11 times a month. Of those willing to pay more for the membership, the majority (76%) were comfortable paying between \$12 and \$22 a year. The authors felt that this was more than adequate support for an increase to \$17 a year, the median between \$12 and \$22. With 3,200 members this would bring in approximately \$54,400 to the center or \$48,416 once the cost of producing the \$1.87 membership cards is factored into the equation. Currently, the \$2 membership fee brings in \$416 to the center once the cost of producing the membership cards is included. Additional recommendations below include an emphasis on increasing membership, but if CHAAC's membership remains static, a \$17 membership fee increases the center's cost recovery to 15.5% without including any other revenues the center brings in for activities and classes. While collecting survey data, the authors received many positive comments from clients about how the CHAAC and staff continually increases their quality of life. Many remarked that they would be willing to pay a lot more to "save" the center. Although the center appears to be in no

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danger of closing, these anecdotal statements also support not only a willingness to pay more for services, which has been proved through the methodologically sound survey, but a *desire* to see increased prices to ensure sustainability.

To assist with the city's desire to remain accessible, the authors believe a sliding-scale membership fee for qualifying low-income residents may be suitable. Alternative funding such as grants could be used to subsidize such discounts.

### **Data Collection and Marketing:**

Second to increasing the price structure, the most important recommendation authors had for the center was to re-evaluate its data collection and marketing activities. On a grandeur scale, the department needs more data about who uses each of their six senior centers and why. If there are needs that are unmet, the city needs to identify what those are. Using that data, the city can then market information about the center more efficiently, targeting specific populations that are statistically attracted to specific centers. The CHAAC clearly serves a niche market for those looking for fitness services in the northwest quadrant of the valley. The other five centers likely have niche markets as well.

#### *Data Collection:*

Trying to compete on a dollar for dollar marketing level with the multi-million dollar casino industry would be futile and ill advised. But there is much to learn from gaming. To maintain and attract new members, the CHAAC needs to accurately identify the types of programs and activities that members and prospective members want. The survey depicted in Appendix, Item 1, that was administered to CHAAC clients between May and June 2010, revealed some useful information regarding what clients enjoy the most about CHAAC. For instance, 21.5% of respondents reported that classes were what

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they enjoyed most about the center. Remaining competitive means being more aggressive about increasing membership. CHAAC administrators need to delve further into client preferences to design a menu of programs and classes that will retain existing clients and attract future clients.

A survey such as the one depicted in Appendix Item 4, “Senior Center Participant Survey,” is a publicly accessible document that can be retrieved from the Performance Outcomes Measures Project (POMP) website at: <https://www.gpra.net/SCmain.asp>.

POMP is a project sponsored by the Administration on Aging, which is designed to assist states with assessing the performance of their senior programs. The “Senior Center Participant Survey” is the type of model survey that should be administered to CHAAC members on at least an annual basis to obtain a clearer picture of the types of classes and programs members desire. This survey would provide CHAAC administrators with the robust demographic information that it currently does not collect and assist with grant writing efforts to obtain alternative funding that are discussed below.

### *Marketing:*

The next challenge for the city to assess is how to market senior centers and other leisure services on a limited budget. All of the senior centers researched in the competitive analysis reported they rely on in-expensive forms of advertising such as word of mouth, newsletters, community magazines, or public television.

The CHAAC has product differentiation among competing senior centers. The authors recommend the center leverage its partnership with the YMCA to stand out among local senior center competitors as the fitness center. To some extent, the CHAAC is already doing this by calling itself an “active adult” center, but the authors recommend

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the CHAAC go further and start with low-cost marketing mediums such as working with reporters at the *View* newspapers to highlight CHAAC programs and events and using Las Vegas Public television to market its modern facilities and unique access to YMCA amenities. The authors also suggest establishing networking relationships with area hospitals, hospices, fire and police stations, homeowners associations and retirement communities to assist with the word-of-mouth advertising strategies that private gyms found so successful. The CHAAC could provide its monthly newsletter at these external locations. All efforts to market the center should emphasize the fitness classes offered at the center and the YMCA because the future of the elderly fitness business is in programs such as swimming in therapeutic pools, which is offered in water aerobics classes at the YMCA, and mind-and-body activities such as yoga, which is frequently offered at the CHAAC (Henderson, 1998).

### **Alternative Funding:**

A diverse stream of revenue will help stabilize operations at the center and could assist with subsidies or sliding-scale fees for low-income seniors for membership, classes and meals. The authors recommend the center provide training to at least one staff member in grant writing, which could provide supplemental sources other than tax dollars and fees to support the center. For instance, the senior center in Salt Lake City has no fees and is entirely funded through the federal Older Americans Act (OAA), which was created in 1965 to ensure support for community social services for the elderly. The OAA, which is up for reauthorization in 2011, funds critical services, including senior centers, transportation and meals, to keep seniors healthy and independent, all of which are services the CHAAC provides (NCOA, 2010).



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### **Scheduling:**

Based on the new data collected on membership attendance and desired improvements, the center should examine the creation of a new schedule that better accommodates the needs of members, attracts would-be members and uses the space more efficiently. The authors noticed anecdotally that few if any seniors were at the center from 6 p.m. to 8 p.m. on most weekdays and suggest that the center examine through surveys the popularity of shortening weekday hours and adding limited weekend hours or renting out the facility to neighborhood groups, homeowners associations, elected officials and other community organizations for weekend meetings.

During the regular hours of the day, 8 a.m. to 5 p.m., the authors noticed much of the CHAAC is underutilized. The authors spent more than 32 hours at the facility at different times of the day and different days of the week and noted that the center was rarely half full. The CHAAC has the advantage of having several classrooms that can house many different programs and classes. The authors recommend surveying those that use the facility and determining what specific type of classes or group activities they would like to attend. Almost a quarter of those using the facility feel classes are why they attend the facility and almost a third of users feel the most important reason they attend the center is for interaction with other people. It seems that if the center offers more classes that can bring more people to the facility, then more people would have a more enjoyable experience. The two should go hand in hand.

Some ideas the authors generated to increase membership included programming specific rooms, or specific days, using different themes. A general-purpose room, for example, could become the card room and host poker tournaments one day and the next

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provide space for large groups to gather for canasta or gin rummy. A whole day could be devoted to a “fix it” theme, during which plumbers, electricians, and mechanics could lead discussions or provide how-to lectures on simple repairs and safety concerns. To attract more seniors it may even be necessary to update rooms to accommodate larger groups or install upgrades to sound systems, video equipment, and televisions.

The kitchen at the facility is also state of the art and larger than most commercial kitchens. The stoves, ovens, sinks, and counter tops are all stainless steel and there is a large prepping area. As previously discussed, low-cost meals are one of the most significant incentives to attracting seniors. Cooking classes would allow seniors to create and try their own meals for the fee of the class. Local high school groups or the College of Southern Nevada’s culinary students could use the kitchen either to cook for the seniors, or as a classroom. Professional chefs could also visit the facility and teach cooking classes and prepare specialty meals that are easy to replicate at home. The authors believe the kitchen is the most underutilized part of the center and has the most potential to draw more seniors to the facility, however administrators must be cognizant of the expense of cooking classes, which will cost more to operate than fitness classes due to the expense of raw materials, and charge fees that at the very least cover the expense of putting on the class. Grants and other subsidies can be helpful again in providing assistance for low-income seniors.

### **Strategic Plan and Performance Measurements:**

Decades have passed since Woodrow Wilson’s politics-administration dichotomy, and by now most public administrators acknowledge that politics sometimes influences administration (Gormley, Balla, 2008). But Wilson’s belief that political officials should

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stick to making policy and administrators to enacting those policies has merit. The authors noted during interviews with department staff that city council members, upon receiving calls from constituent members of the CHAAC or other centers, occasionally influenced the administration of day-to-day operations at the centers. Some of the decisions the elected officials have made involving schedules and activities provided by the center may run counter to the department’s goal to create a more sustainable center and to utilize fewer tax dollars to subsidize senior program operations. Creating a strategic plan for each of the centers would help insulate the CHAAC and the department from political influence. The authors recommend that the city councilmember representing the ward in which the center exists, senior center members and staff, and local residents collaborate to create a cohesive plan that includes a mission and values section as well as long-term objectives. Political officials will be far less likely to use their influence or make decisions that counteract the goals and objectives that they helped create. There is extensive literature available on how to create strategic plans for organizations.

In addition to a strategic plan, the authors recommend the city create performance measurement indicators to ensure the center is meeting desired outcomes.

**Logic Model**

<u>Inputs</u>	<u>Activities</u>	<u>Outputs</u>	<u>Outcomes</u>
Fees	Classes	Classes taught	Add value of socialization
City allocation	Activities	Activities completed	Changes in health
Staff	Interaction	# of members served	Increased physical activity
Volunteers	Education	Hours of service delivered	Improved mental attitudes

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Facilities	Counseling	Educational materials distributed	Decrease in boredom
Equipment	Field trips	Books/movies rented out	Improved quality of life
Supplies	YMCA hours		Decrease in mental health diseases

It is the authors understanding that the goal of the senior program is to improve Las Vegas seniors' quality of life, which in itself is a tough outcome to measure. The authors recommend using features of direct concern and value to the public when determining outcomes for centers (Hatry, p. 24, 2006). Customer satisfaction surveys, and focus groups should provide the necessary data to track the center's success in achieving these outcomes that are extremely difficult to track through quantitative measures (Hatry, p.75-76, 2006).

Finally, it is the authors' hope that a carefully constructed strategic plan developed in cooperation with the Las Vegas City Council, Department of Leisure Services and constituents will help the center move to a new business model of increased sustainability and efficiency, without losing compassionate elements of the social model that protect access to the center for low-income individuals.

### **MOU Review:**

The amount of money that the City of Las Vegas pays to subsidize the YMCA is significant and needs to be addressed. It is understood that the seniors using the facility also use the YMCA and that a good relationship exists between the two that is mutually beneficial. However, it is apparent that the YMCA is getting the better end of the deal. While there are likely other social benefits created by the city's support of the YMCA in

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this neighborhood not related directly to the senior center, this partnership should be reviewed with an emphasis placed on a consistent and more equitable approach to costs, expenses, and revenue. The authors understand the MOU between the city and the YMCA is a politically sensitive issue. Altering the agreement may be beyond the scope of department administrators.

### **Transportation:**

Finally, the CHAAC may increase membership by working with the Regional Transportation Commission (RTC) to further increase transportation to and from the facility. Most of the seniors that use the CHAAC drive there or are dropped off by a family member or friend. But many of the seniors told the authors that there is a population segment that has no transportation to the facility that would gladly use it if they could get there. For example, one CHAAC member stated that he felt fortunate that his daughter could drop him off at the center three to four days per week. If he was not at the facility he would be at home watching television all day. This facility means a lot to him but he recognizes that there are others like him that just cannot get to the center. There are RTC stops near the CHAAC that would require seniors to walk several blocks to get to the center (RTC Southern Nevada Transit Locator, 2010). If possible, it is highly recommended the city partner with the county to obtain bus stops at each of its six senior centers to accommodate those seniors without transportation and thereby increase membership.

### **Conclusion**

The data gathered by the authors indicates that the CHAAC can become a sustainable center that operates efficiently and has members that will support a greater

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portion of the center's operating expenses. To construct and employ a sustainable business model, the seven recommendations can be boiled down to two main action items: increase price points and increase membership.

During these poor economic times, the authors understand there may be some reticence among policymakers to adopt higher price points or to use existing resources to market the center and increase memberships. But the authors' survey results demonstrate that the current clientele of the CHAAC is ready for increased fees. The members expressed frustration and concern to the authors about the state of the city's finances and did not want to see the city's budget problems impact the services at their center. Although there were members who did not favor any increase in fees, many expressed bewilderment at how the city had kept the fees so low for so long.

While the authors acknowledge that their survey results were not generalizable to other senior center memberships in Las Vegas, the authors believe that many of these recommendations may be adopted by the other centers to increase cost recovery. Each center could conduct its own willingness to pay survey based on the methods provided in this paper. By increasing fees and leveraging existing resources to attract more members, policymakers will be able to free up additional city revenue that has previously gone to subsidize 97 percent of the senior program's operations and they will have helped create senior centers that can thrive with more independence from the city's coffers.

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