

## Centennial Hills Active Adult Center (CHAAC)

### Business Plan Summary

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It is our opinion that the City of Las Vegas Leisure Services Department should develop cost effective methods that improve sustainability at the Centennial Hills Active Adult Center (CHAAC), one of six senior facilities operated by the City of Las Vegas. It is our recommendation that moving from a social model of management to a business model will improve the long-term success of the center. Improving cost structures and marketing strategies should be developed to meet the needs of the seniors that currently use the facility, as well as, senior populations that currently do not use the facility (but may in the future), and also the next generation of users. Improving cost structures and marketing of the facility will also improve the cost recovery of the center. The current cost recovery is 8%, and the City of Las Vegas has supplemented operating costs at the center from the City's the general fund. However, with recent budget cuts to the general fund, the sustainability of the center is in jeopardy. It is our opinion that through improved cost structures and increased marketing efforts, cost recovery at the CHAAC can improve.

A big part of the solution to cost recovery is related to the annual membership fee. The current fee is \$2 dollars per year and, it turns out, is the greatest source of revenue for the CHAAC. However, this fee barely covers the cost of the materials to produce the membership card which is \$1.87. Therefore, the City is only realizing .13 cents per person per year. This

source of revenue needs to be improved on. Data collected from surveying the seniors that use the facility support an increase of up to \$20 per year for membership fees.

The City of Las Vegas is also looking to use a fee-for-service format, which links demand to willingness to pay. The city's senior program services are in direct competition with private entities, including casinos, and live-in centers. If fees are raised too high, the city runs the risk of deterring citizens from joining and using the active adult center, or pricing them out. If they are too low, then the city loses the opportunity to recover costs. Many public entities contemplating such changes to a business model struggle with this problem and the extent to which clients are willing and able to pay more for services and accept a new business model.

Surveying the seniors that use the facility was needed to gather data to support or not support our recommendation for improving cost recovery. We developed a survey that collected data which would enable us to determine what the current clients of the CHAAC would be willing to pay for annual membership and class fees. We also wanted to gather demographic information about these citizens, including information about age, budget, and income.

The survey was administered onsite to random members of the CHAAC. The goal was to generate descriptive statistics general to the members using the center. The amount of seniors (50 and older) that are current members at the facility is 3,200. Therefore, we needed a relevant sample size of 343 members to take the survey that would give us a confidence interval of plus or minus 5 percent at a 95 percent confidence level. Our group conducted the surveys in 16 shifts at two hours per shift. We were able to obtain 339 responses for a confidence interval of 5.03. As a result, we are confident that the data we received is representative of those that use the facility, and can be used to influence the City of Las Vegas to implement the recommendation of increasing membership fees to improve cost recovery.

There are actions that the CHAAC has implemented that are consistent with strategies that other local and regional municipalities are doing to improve cost recovery. There are other strategies, such as marketing, that CHAAC should be more aggressive about. To achieve its cost recovery goal in a competitive environment, the CHAAC needs to be aware of competitors, both public and private, and adopt methods that are consistent with achieving cost recovery goals and to discontinue practices that are counterproductive to meeting their goal. One other recommendation is to improve transportation to and from the facility. Many seniors that we talked to mentioned that many of their friends would join as members if they could get to the facility. We feel there is opportunity to increase membership if transportation could be offered. Working with the RTC/CAT and other non-profits, such as Nevada Hand could help with this need.

It is our opinion that the CHAAC can be more self-sustaining in the future. This can be accomplished by the department working together with the senior community, other senior advisory groups, and local community organizations. The facility is in great condition and the staff that works there are very responsive to the seniors. The strategic plans, marketing plans, and cost recovery recommendations that have been discussed will work based on the data that we have received and processed. It is just a matter of getting buy-in from department senior staff, city management, and city council. We contend it is the goal of the City of Las Vegas, and those in the senior community, to have a successful and self-sustaining active adult center that can be enjoyed now and in the years ahead.

