

WELLNESS CENTER PROSPECTUS

Introduction

Shepherd University took the initiative in 2003 to develop five, ten and thirty year facility master plans. The underlying concept of the master plans is growth – from a college to a university and from a predominately commuter school to a more residential institution, uniquely located in the Eastern Panhandle. The successful implementation of the master plans will depend on the careful coordination of their key components.

A new wellness center is one of those key components. Originally built in 1952 as an athletic building, Sara Cree Hall now houses the wellness center, a studio theater, West Virginia Public Radio and campus police offices. The existing wellness center faces many challenges:

- overcrowding
- dated locker room facilities
- a short (23-yard) and narrow (3 lanes) pool
- the pool is under the original gymnasium roof, which contributes to humidity control issues
- no sound separation between the weight and fitness areas, and a makeshift group exercise studio
- only about a third of a basketball court

A wellness program self-study in Fall 2004 confirmed that a new facility would benefit the University while Sara Cree has limited ability to meet current demand, let alone future growth. Further, the campus master plan recommends moving the wellness center to the athletics part of campus to free its current central location for a potential student center and dining facility.

Recognizing that a feasibility study would be required to develop a project concept for a wellness center on a new site, in February 2005 Shepherd University retained Brailsford & Dunlavy to assist with the process and analyses. Hughes Group Architects were also retained to add preliminary programming and design input.

Work Plan

Brailsford & Dunlavey developed a work plan that included the following tasks:

- **Sara Cree and Butcher Center tours** to understand the constraints of the existing structures and site;
- **Strategic Asset Value assessments** to identify the gaps in achieving mission-related efforts that this facility project can assist in closing;
- **Interviews** with various stakeholders to understand the range of facility users, their needs and the overall operations;
- **Benchmarking** with ten regional comparable institutions to put Shepherd's facilities in context with peers and competitors;
- **Off-campus market analysis** to identify the status of the existing facilities available to meet the community demand;
- **Focus groups** with students, faculty and staff, and community members to hear their perspective on the functionality of the existing facility and any vision for what recreation, fitness, and wellness can become at Shepherd;
- **Internet-based surveys** for students, faculty and staff to gather quantitative data on current and potential usage of recreation, fitness and wellness spaces and programs;
- **Paper-based surveys** sent to one third of the community to gather quantitative data on current and potential usage of recreation, fitness and wellness spaces and programs;
- **Demand-based programming** to identify priority order and appropriate sizes of activity spaces for Shepherd's campus;
- **Outline program development** on which to base capacity analyses, staffing requirements, capital costs and expense projections;
- **3-D modeling of the existing building** and its surrounding site; and
- **Budget estimating** to identify the order of magnitude of the required capital and to reconcile debt service with annual net operating income.

The working committee consisted of representatives from the Wellness Center, Auxiliary Services, Facilities, HPERS, Athletics and students. Throughout the process, the committee kept the following criteria in mind for defining a feasible concept:

- Has all of the high-priority activity spaces, appropriately sized
- Has a developed operating paradigm
- Is sensitive to the campus master plan
- Is financially achievable

Findings

- The peer institutions in the benchmarking average 80,750 SF of recreation space (versus just under 20,000 SF at Shepherd).

- The peer institutions in the benchmarking average 8.5 SF/student (versus 4.7 SF/student at Shepherd).
- Monthly membership fees for the five regional health clubs cost approximately \$32 on average for students and \$34 for non-student members.
- There is enough market for another facility.
- A center with a gymnasium, indoor jogging track, and competitive pool would be the only one in the area to offer these amenities at one location.
- On the Internet-based survey, when given the chance to customize a facility and related fee, the average student fee created was \$213/semester.

Recommendation

The committee developed a final recommendation for a 73,500 square foot wellness facility adjacent to the Butcher Center. The following elements were sized to accommodate the projected demand from future student enrollment, approximately 40% of the faculty and staff as members, approximately 550 community members, and various other users (athletics, high school swimming, rental groups, camps, etc.):

- a two-court gymnasium;
- an elevated jogging track;
- a 25 meter x 25 yard, eight-lane competitive pool with spectator seating for 250;
- a 6,000 square foot weight and fitness area;
- two multi-purpose rooms / group exercise studios;
- two racquetball courts;
- a juice bar and casual seating area;
- a meeting room; and
- appropriate locker rooms and administrative offices.

The project concept is a comprehensive recreation facility – self-directed, instructional, league /intramural and rental opportunities. The blend and sizing of components is integral to achieving particular revenue targets, so any future changes should not be made without a thorough analysis of their impact. To the extent possible, efforts should be made to identify potential shared uses with academics and athletics.

The facility is expected to be self-sufficient, mostly reliant on a \$1.1 million State appropriation to Shepherd's base budget, a student fee, and faculty, staff and community memberships. The student fee would be approximately \$60 - \$65 per semester when the facility opens, targeted for Fall 2008. The faculty and staff fee would be the annual equivalent of this (approximately \$150). The requested total estimated project budget is \$21,600,000.

The following pro forma reflects the projected operating revenues and expenses following construction.

Conclusion

The vision for a new Wellness Center at Shepherd is a positive step in achieving the campus master plan as well as in achieving the following University objectives:

- continue and expand wellness education and life-long skills;
- support means of mitigating stress;
- provide leadership development (ex. intramural and clubs);
- celebrate a range of quality of life facilities to potential new students;
- allow for student-faculty-staff interactions.

All committee members support and recommend moving forward with a new building project adjacent to the Butcher Center as a comprehensive Wellness Center appropriate for the continued growth and goals of Shepherd University for the decades to come.

Next Steps

The next steps for implementing the project would include the following:

- initiate a design team to begin design and confirm the program within the proposed site
- maintain broad support and involvement on a design committee
- maintain awareness and momentum with the regular distribution of information
- confirmation of financial planning such as the logistics of implementing the student fee

The following resolution is recommended for adoption by the Board:

RESOLVED, That the Shepherd University Board of Governors approves the Wellness Center Project Prospectus as presented in the agenda book and directs the President to proceed with management of the project.

**Shepherd University
Butcher Center Addition**

Cash Flow Summary

Concept B+: The Place (with an additional fitness studio) - September 2008 opening

April 17, 2006

Cash Flow Summary

Source		First Year Factor	1 FY08-09	2 FY09-10	3 FY10-11	4 FY11-12	5 FY12-13	6 FY13-14	7 FY14-15	8 FY15-16	9 FY16-17	10 FY17-18
REVENUES												
Student Fee Revenue	\$472,000	100.00%	\$472,000	\$495,000	\$520,000	\$546,000	\$573,000	\$602,000	\$632,000	\$664,000	\$697,000	\$731,000
Summer and Continuing Student Revenue	\$11,682	0.00%	\$0	\$12,000	\$13,000	\$14,000	\$14,000	\$15,000	\$16,000	\$16,000	\$17,000	\$18,000
Employee Revenue	\$13,201	100.00%	\$13,000	\$15,000	\$20,000	\$21,000	\$22,000	\$24,000	\$25,000	\$26,000	\$27,000	\$29,000
Community Membership Revenue:	\$138,470	100.00%	\$138,000	\$232,000	\$287,000	\$345,000	\$362,000	\$380,000	\$399,000	\$419,000	\$440,000	\$462,000
Other Revenue	\$71,168	100.00%	\$71,000	\$125,000	\$156,000	\$189,000	\$225,000	\$237,000	\$249,000	\$261,000	\$274,000	\$288,000
Existing Sara Cree Rec Facility Budget Transfer	\$142,970	100.00%	\$143,000	\$143,000	\$143,000	\$143,000	\$143,000	\$143,000	\$143,000	\$143,000	\$143,000	\$143,000
Annual State Appropriation	\$1,100,000	100.00%	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000
TOTAL REVENUES	\$1,949,491		\$1,937,000	\$2,122,000	\$2,239,000	\$2,358,000	\$2,439,000	\$2,501,000	\$2,564,000	\$2,629,000	\$2,698,000	\$2,771,000
EXPENDITURES												
Personnel Expense:												
Staff Salaries	\$200,000	100.00%	\$200,000	\$210,000	\$221,000	\$276,000	\$289,000	\$303,000	\$318,000	\$334,000	\$351,000	\$369,000
Full-Time Staff Benefits	\$30,700	100.00%	\$31,000	\$32,000	\$34,000	\$42,000	\$44,000	\$46,000	\$48,000	\$50,000	\$53,000	\$56,000
Full-Time Staff Payroll Taxes	\$15,300	100.00%	\$15,000	\$16,000	\$17,000	\$21,000	\$22,000	\$23,000	\$24,000	\$25,000	\$26,000	\$27,000
Part-Time Staff Payroll	\$197,028	100.00%	\$197,000	\$207,000	\$217,000	\$228,000	\$239,000	\$251,000	\$264,000	\$277,000	\$291,000	\$306,000
Part-Time Staff Payroll Taxes	\$15,073	100.00%	\$15,000	\$16,000	\$17,000	\$17,000	\$18,000	\$19,000	\$20,000	\$21,000	\$22,000	\$23,000
Subtotal			\$458,000	\$481,000	\$506,000	\$584,000	\$612,000	\$642,000	\$674,000	\$707,000	\$743,000	\$781,000
Operating Expenses (Maintenance and Repairs):												
Maintenance	\$25,520	100.00%	\$26,000	\$82,000	\$86,000	\$90,000	\$95,000	\$100,000	\$105,000	\$110,000	\$116,000	\$122,000
Janitorial Contract	\$110,201	100.00%	\$110,000	\$116,000	\$122,000	\$128,000	\$134,000	\$141,000	\$148,000	\$155,000	\$163,000	\$171,000
Facility Repairs	\$29,387	100.00%	\$29,000	\$30,000	\$32,000	\$34,000	\$36,000	\$38,000	\$40,000	\$42,000	\$44,000	\$46,000
Subtotal			\$165,000	\$228,000	\$240,000	\$252,000	\$265,000	\$279,000	\$293,000	\$307,000	\$323,000	\$339,000
Operating Expenses (Other):												
Administrative & Marketing (stabilized)	\$41,635	100.00%	\$42,000	\$57,000	\$60,000	\$63,000	\$66,000	\$69,000	\$72,000	\$76,000	\$80,000	\$84,000
Utilities	\$165,301	100.00%	\$165,000	\$173,000	\$182,000	\$191,000	\$201,000	\$211,000	\$222,000	\$233,000	\$245,000	\$257,000
Insurance & Other	\$0	100.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sports Equipment Repairs	\$10,000	100.00%	\$10,000	\$11,000	\$12,000	\$13,000	\$14,000	\$15,000	\$16,000	\$17,000	\$18,000	\$19,000
Management Fee	\$0	100.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Miscellaneous Expenses	\$25,000	100.00%	\$25,000	\$26,000	\$27,000	\$28,000	\$29,000	\$30,000	\$32,000	\$34,000	\$36,000	\$38,000
Subtotal			\$217,000	\$241,000	\$254,000	\$267,000	\$281,000	\$295,000	\$310,000	\$326,000	\$343,000	\$360,000
Subtotal Expenditures			\$840,000	\$950,000	\$1,000,000	\$1,103,000	\$1,158,000	\$1,216,000	\$1,277,000	\$1,340,000	\$1,409,000	\$1,480,000
<i>non-personnel cost/SF</i>			<i>\$5.20</i>	<i>\$6.38</i>	<i>\$6.72</i>	<i>\$7.06</i>	<i>\$7.43</i>	<i>\$7.81</i>	<i>\$8.21</i>	<i>\$8.62</i>	<i>\$9.07</i>	<i>\$9.51</i>
Debt Service (Mandatory Transfer)			\$1,135,222	\$1,135,222	\$1,135,222	\$1,135,222	\$1,135,222	\$1,135,222	\$1,135,222	\$1,135,222	\$1,135,222	\$1,135,222
Capital Pool for M & R (Non-mandatory Transfer)	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Transfers			\$1,135,222	\$1,135,222	\$1,135,222	\$1,135,222	\$1,135,222	\$1,135,222	\$1,135,222	\$1,135,222	\$1,135,222	\$1,135,222
TOTAL EXPENDITURES & TRANSFERS			\$1,975,222	\$2,085,222	\$2,135,222	\$2,238,222	\$2,293,222	\$2,351,222	\$2,412,222	\$2,475,222	\$2,544,222	\$2,615,222
NET GAIN/(LOSS)			(\$38,222)	\$36,778	\$103,778	\$119,778	\$145,778	\$149,778	\$151,778	\$153,778	\$153,778	\$155,778
DEBT COVERAGE RATIO			0.97	1.03	1.09	1.11	1.13	1.13	1.13	1.14	1.14	1.14
Operating & Replacement Reserve Beginning Balance			\$0	(\$38,222)	(\$1,445)	\$102,333	\$222,110	\$367,888	\$517,665	\$669,443	\$823,220	\$976,998
Interest on Reserves	0.00%		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating & Replacement Reserve Ending Balance			(\$38,222)	(\$1,445)	\$102,333	\$222,110	\$367,888	\$517,665	\$669,443	\$823,220	\$976,998	\$1,132,776

constant or increase