

**BOARD REPORT NO. 15-6-105B**

TO: Members of the Board of Trustees

FROM: Ron Galatolo, Chancellor

PREPARED BY: Tom Bauer, Vice Chancellor, Auxiliary Services 358-6782

**APPROVAL TO RENEW THE MANAGEMENT AGREEMENT WITH EXOS/MEDIFIT, INC.  
TO CONTINUE OPERATING THE SAN MATEO ATHLETIC CLUB AND OTHER DISTRICT  
OWNED COMMUNITY BASED FITNESS CENTER(S) IN PARTNERSHIP WITH THE  
DISTRICT**

On January 27, 2010, the Board of Trustees approved the recommendation for the District to enter into a management agreement with Medifit Corporate Services, now known as EXOS/Medifit, to operate the San Mateo Athletic Club and Aquatic Center (SMAC) located on the campus of College of San Mateo. During the RFP process in 2009, the District was focused on finding a partner who was an industry leader offering innovative, award winning programs. In addition, we were focused on identifying a vendor who could achieve profitability in a reasonable amount of time and manage expenses effectively while creating a dynamic marketing and outreach program. We were seeking a partner that would exemplify the high customer service standards of this District and demonstrate the ability to partner with our academic professionals.

Since opening our doors on April 1, 2010, all of the measures of success one would use to judge the operations of SMAC have been exceeded. Financially, we have exceeded our goal year after year; membership is now just over 5,400 members. Initial projections were for SMAC to have 2,500 members after five years of operation. SMAC members made 288,276 visits last year averaging 24,023 each month. Students enrolled in Kinesiology classes at College of San Mateo made 61,745 visits last year, averaging 4,728 each month. The group exercise programming has grown year over year with now more than 4,300 classes taught each year with attendance in those classes exceeding 73,000 last year. The aquatics program boasts the award winning San Mateo Masters Swim Team with more than 300 members and the Bulldog Swim Club with more than 200 youth swimming for the team, along with two junior Olympic qualifiers. The program also hosts a number of countywide swim meets, clinics and workshops and supports charity events including Swim Across America and the Special Olympics each year.

SMAC's net revenue before other District expenses and program support exceeds \$1.9 million through the end of fiscal year 2014 with a projection of an additional \$1 million added when we close fiscal year 2015. SMAC has absorbed and/or donated a total of \$964,837 in expenses that would have otherwise been charged to Fund 1 last year with a projection of an additional \$400,000 at the close of fiscal 2015. In the years since the initial recommendation to the Board, there have been more than 20 written reports to the Board detailing the success of SMAC as well as information reports given at a number of Board meetings. The goals of the District in partnering with EXOS/Medifit have been achieved beyond our initial expectations and we continue to grow the membership as a now mature health club. SMAC also provides

our community broader access to the College of San Mateo and demonstrates in a very real way that the District is a community-based organization serving a wide spectrum of educational and training opportunities.

SMAC, through its partnership with EXOS/Medifit, has exceeded every expectation the District had when we first started down this path back in 2008, exploring the concept of creating a community-based fitness facility operating side by side with our own exceptional academic program in an active classroom environment. EXOS/Medifit has brought a wealth of industry experience and specialized club management expertise combined with a firm belief in fitness as a lifestyle. This partnership has resulted in SMAC which is now known to be among the top fitness clubs in San Mateo County and the Bay Area working to improve people's lives every day.

### **RECOMMENDATION**

It is recommended that the Board of Trustees authorize the Executive Vice Chancellor to negotiate and execute an agreement with EXOS/MediFit to operate the San Mateo Athletic Club in addition to any other community-based fitness center(s) owned by the District for a period of five years beginning July 1, 2015 with an option for a five year renewal at the sole discretion of the District.