

Request for Decision

Fitness Centre Membership Fees - Recommendations

Presented To: Community Services
Committee

Presented: Monday, Feb 03, 2014

Report Date Friday, Jan 24, 2014

Type: Referred & Deferred
Matters

Recommendation

Recommendation #1

WHEREAS at the August 12, 2013, the Community Services Committee requested additional information and options related to the fitness membership fees, and;

WHEREAS the options requested by Committee included 75% net operating cost recovery and a 70% net operating cost recovery, and;

WHEREAS the options are to include phasing in the membership fee increases over a 2 year period (April 2014 / April 2015), and;

WHEREAS the Community Services Committee requested options to develop a pre-authorized payment plan for ease of payment by members;

THEREFORE BE IT RESOLVED THAT the City of Greater Sudbury approve option _____ to increase overall fitness membership fees, and;

THAT the Miscellaneous User Fee Bylaw be amended to reflect the recommendation approved in accordance with the report dated January 24, 2014 from the General Manager of Community Development; and,

THAT the additional fees generated annually up to \$20,000 will be placed in a fitness equipment replacement reserve fund for the purchase of replacement fitness equipment.

(Option 1 - THAT the City of Greater Sudbury approve a blended user fee structure for municipally operated fitness centres resulting in a revenue increase estimated at \$53,576, approximately 62% cost recovery).

(Option 2 - THAT the City of Greater Sudbury approve an increase in Fitness Centre user fees to realize a 70% net operating cost recovery resulting in a revenue increase estimated at \$74,798.)

Signed By

Report Prepared By

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Manager of Recreation
Digitally Signed Jan 24, 14

Division Review

Real Carre
Director of Leisure Services
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Recommended by the Department

Catherine Matheson
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Recommended by the C.A.O.

Doug Nadorozny
Chief Administrative Officer
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Recommendation #2

WHEREAS the City of Greater Sudbury through the Healthy Community Strategy recognizes the value of access to recreation for all, and;

WHEREAS the Feel Free to Feel Fit initiative has been successful in enabling universal access to pools weekly at all sites;

THEREFORE BE IT RESOLVED THAT the City of Greater Sudbury undertake a pilot initiative at Dowling Leisure Centre effective April 1 - June 30, 2014 providing one free day/week for use of the fitness centre, and;

THAT the impact of this pilot be brought back to Committee in July 2014 for consideration.

Finance Implications

Given that the renewal of membership with the new fee structure is uncertain at this time, and membership renewals may vary, the operational budget will be adjusted based on the year end actual. In addition, an annual contribution of \$20,000 will be made to the fitness equipment replacement reserve fund from the increase in user fee revenue realized.

Background

At the Community Services Committee meeting on August 12th, 2013, a report and presentation regarding city owned fitness centres was presented. The report contained a recommendation regarding an increase in user fees in order to achieve a cost recovery rate of 75%. The Committee deferred the matter, requesting a report to include:

- the cost to the City to provide automatic monthly withdrawals from bank accounts to cover yearly membership fees;
- option of increasing membership fees over a period of two years;
- option for 70% cost recovery;
- options for youth and senior rates.

Table 1: 2012-2013 Fitness Centre User Fee Schedule

	<i>Daily</i>	<i>1 Month</i>	<i>3 Month</i>	<i>Annual</i>
HARC	\$5.53		\$68.14	\$185.84
Rayside	\$6.19	\$41.59	\$105.31	\$331.86
Dowling	\$3.10	\$36.28	\$92.04	
Capreol	\$3.10	\$25.66	\$63.72	\$221.24
Falconbridge	\$3.10	\$25.66	\$63.72	

The membership fees review and recommendation presented at the August 2013 Community Services Committee provided an opportunity to redesign the membership structure taking into consideration the facility amenities (space, equipment, programs, etc.). Members had requested flexible memberships for use at other City operated fitness centres. A rate structure established 3 levels of memberships. Based on this structure the rates were developed to achieve a 75% cost recovery (see attached report from August 2013). The following table provides data from various fitness centres, from other Ontario municipalities and local privately operated facilities.

Table 2: Fee Comparisons with other Municipalities and local Private Fitness Centres (2012-2013)

Municipality	Daily	1 month	3 month	6 month	Annual
Ajax	\$8.85	n/a	\$153.00	\$237.00	\$407.00
Oakville	\$8.63	n/a	\$146.02	n/a	\$384.96
Barrie	\$6.14	\$52.50	n/a	\$140.25	n/a
Espanola	\$8.48	\$29.75	\$79.00	n/a	\$245.75
Thunder Bay	\$8.19	\$60.00	n/a	n/a	\$522.00
Private Fitness Centre	Daily	1 month	3 month	6 month	Annual
YMCA	\$11.42	\$53.86	n/a	n/a	n/a
Laurentian	\$11.50	n/a	\$175.00	\$325.00	\$600.00
Good Life	\$13.27	\$50.00	\$150.00	\$300.00	\$600.00
Snap Fitness	\$8.85	\$49.95	\$149.85	\$299.70	\$551.40

As per the motion to defer in August 2013, a schedule to achieve a 70% overall cost recovery was developed using the same 3 tier membership level structure, as per the request of the Community Services Committee in August 2013.

Table 3: Rates required to achieve an overall 70% cost recovery

Level 1 (HARC, Dowling)	daily	10 visit	Monthly	3 Month	Yearly
Adult	\$9.40	\$65.80	\$47.00	\$126.90	\$451.20
Senior	\$8.46	\$59.22	\$42.30	\$114.21	\$406.08
Student	\$8.46	\$59.22	\$42.30	\$114.21	\$406.08
2nd member	\$6.58	\$46.06	\$32.90	\$88.83	\$315.84
3rd and subsequent family members	\$4.70	\$32.90	\$23.50	\$63.45	\$225.60
Level 2 (Rayside)	daily	10 visit	Monthly	3 month	Yearly
Adult	\$8.46	\$59.22	\$42.30	\$114.21	\$406.08
Senior	\$7.61	\$53.30	\$38.07	\$102.79	\$365.47
Student	\$7.61	\$53.30	\$38.07	\$102.79	\$365.47
2nd member	\$5.92	\$41.45	\$29.61	\$79.95	\$284.26
3rd and subsequent family members	\$4.23	\$29.61	\$21.15	\$57.11	\$203.04
Level 3 (Capreol, Falconbridge)	daily	10 visit	Monthly	3 month	Yearly
Adult	\$7.52	\$52.64	\$37.60	\$101.52	\$360.96
Senior	\$6.77	\$47.38	\$33.84	\$91.37	\$324.86
Student	\$6.77	\$47.38	\$33.84	\$91.37	\$324.86
2nd member	\$5.26	\$36.85	\$26.32	\$71.06	\$252.67
3rd and subsequent family members	\$3.76	\$26.32	\$18.80	\$50.76	\$180.48

Proposed Fee Structure

In order to offer a fair and simple rate structure to fitness centre users, the following rate chart is proposed. The structure would allow for a tiered system, based on amenities available at each facility, and would provide for a competitive fee. Senior and student rates have been established as a percentage of the recommended fees (70%). The Senior/Student fee would also reflect “junior” and “2nd family member

rates". The proposed rate schedule would generate a cost recovery of approximately 62%, which is an overall increase in cost recovery estimated at 60% for 2012.

Table 4: Blended Fee Structure (2 Tiers)

<i>Tier 1 (HARC, Rayside, Dowling)</i>	<i>Daily</i>	<i>Monthly</i>	<i>3 Months</i>	<i>Annual</i>
Adult	\$8.00	\$45.00	\$115.00	\$350.00
Senior/Student/2nd member				\$245.00
3rd and subsequent family member				\$175.00
<i>Tier 2 (Falconbridge, Capreol)</i>	<i>Daily</i>	<i>Monthly</i>	<i>3 Months</i>	<i>Annual</i>
Adult	\$5.00	\$30.00	\$70.00	\$275.00
Senior/Student/2nd member				\$192.50
3rd and subsequent family member				\$137.50

Table 5: Comparison of Current vs Proposed Adult Rates

	<i>Daily</i>		<i>1 Month</i>		<i>3 Month</i>		<i>Annual</i>	
	<i>current</i>	<i>proposed</i>	<i>current</i>	<i>proposed</i>	<i>current</i>	<i>proposed</i>	<i>current</i>	<i>proposed</i>
HARC	\$5.53	\$8.00		\$45.00	\$68.14	\$115.00	\$185.84	\$350.00
Rayside	\$6.19	\$8.00	\$41.59	\$45.00	\$105.31	\$115.00	\$331.86	\$350.00
Dowling	\$3.10	\$8.00	\$36.28	\$45.00	\$92.04	\$115.00		\$350.00
Capreol	\$3.10	\$5.00	\$25.66	\$30.00	\$63.72	\$70.00	\$221.24	\$275.00
Falconbridge	\$3.10	\$5.00	\$25.66	\$30.00	\$63.72	\$70.00		\$275.00

Pre-Authorized Payments

As presented to the Community Services Committee in December 2013, a process will be established in early 2014, in time for the programming offered in the Spring/Summer Leisure Guide, to allow for fitness centre memberships to be purchased via pre-authorized payments.

Healthy Community Pilot Program - Dowling Fitness Centre

In addition to seeking a fair and simple rate structure for municipally owned fitness centres, there is also an opportunity for further expansion of the concept of affordable access to recreation.

As indicated in the Healthy Community Charter adopted by the City of Greater Sudbury, the Active Living / Healthy Lifestyle pillar provides that a healthy community is one that:

- encourages individuals to take ownership of their health and well being
- supports individual and family wellness and safety programs
- assigns appropriate resources to build capacity and equitable access for all

The Feel Free to Feel Fit swim program has been very successful in offering universal access to recreation. Feel Free to Feel Fit has provided over 8,000 free swims per year with minimal impact on operations and no increase in the operating budget. There is an opportunity to expand this model to fitness centres. A pilot project to offer one free day per week at the Dowling Fitness Centre to promote affordable access to

recreation for a pilot period of three (3) months is provided in the options for consideration. The Dowling facility has been selected as, based on usage analysis, this facility has been under utilized in past years relative to other centres. This pilot could begin on April 1, 2014. Post 3 month trial, a full analysis will be brought to Committee for future decision making. Follow up report will occur in July 2014.

Options

Option 1

THAT the City of Greater Sudbury approve a blended user fee structure for municipally operated fitness centres resulting in a revenue increase estimated at \$53,576 (approximately 62% cost recovery). This structure would establish a two (2) tier membership fee, with an enhanced membership (tier 1) that would allow members to use any municipally operated fitness facility, and a general membership (tier 2) that would allow for use of Capreol and Falconbridge facilities only.

Option 2

THAT the City of Greater Sudbury approve an increase in Fitness Centre user fees to realize a 70% net operating cost recovery resulting in a revenue increase estimated at \$74,798 and a membership structure with three (3) tiers as described in past reports.

Additional Considerations/Recommendations

The following recommendations are also provided for consideration:

1. Increased marketing and promotion of City run facilities
2. For HARC, to coincide with the 2014 Leisure Guide, membership in fitness centre would no longer include swimming lessons
3. Additional fees generated annually, up to \$20,000, will be placed in a fitness equipment replacement reserve fund for the purchase of replacement fitness equipment



Presented To: Community Services Committee

Presented: Monday, Aug 12, 2013

Report Date Thursday, Aug 01, 2013

Type: Presentations

Request for Decision

Fitness Centre Membership Fees - Recommendation

Recommendation

WHEREAS at the February 4, 2013, Community Services Standing Committee meeting, Council approved an increase in fitness centres fees to realize a 75% net operating cost recovery resulting in a revenue increase estimated at \$120,706.00, and;

WHEREAS a new fitness membership fees structure has been established for all City owned and operated fitness centres to meet the approved cost recoveries target;

THEREFORE BE IT RESOLVED THAT the new membership fees rate structure be approved and implemented as of January 1, 2014, and;

THAT the incremental increase in user fees be adjusted in the 2015 operating budget, and;

THAT a fitness equipment replacement reserve fund be established, and;

THAT the expected increase in 2014 user fees of \$20,000 be reserved into the fitness equipment replacement reserve fund, and;

THAT an annualized amount of \$20,000 be reserved for the fitness equipment replacement reserve fund.

Signed By

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Finance Implications

If approved, the fitness fee membership increase at the cost recovery of 75% represents an expected additional revenue of approximately \$120,700. Given that the uptake of memberships with the new fee structure is uncertain at this time, and membership renewals may vary, the 2015 operational budget will be adjusted to reflect the actual revenue in 2014. Also, 2014 additional fees generated up to \$20,000 will be placed in reserve. In addition, an annual contribution of \$20,000 will be made to the Fitness Equipment Replacement Reserve Fund, from the increase in user fee revenue realized.

Background

The purpose of the report is to provide the Community Services Committee with a recommendation on fitness fee increases and fees structure in order to achieve a 75% net operating cost recovery. The following resolution was passed on February 4, 2013:

CS2013-10: WHEREAS, at the December 3, 2012, Community Services Committee meeting, Council requested additional information on the City operated Fitness Centres related to user fees, net operating cost recoveries and fee comparisons with other fitness facility operators;

AND WHEREAS additional information has been provided as requested along with options for revenue increases to meet specific cost recovery targets;

THEREFORE BE IT RESOLVED THAT the City of Greater Sudbury approve Option 3 (That the fitness centres fees be increased resulting in a 75% net operational cost recovery) to increase overall revenues at fitness facilities in order to increase the net cost recoveries;

AND THAT staff be requested to review the current fitness membership fees structure at all City owned and operated fitness centres and recommend increases to realize approved net cost recoveries as noted above;

AND THAT the user fee increases, once approved, be implemented for the 2014 season.

Fitness Centres

There are 6 fitness centres operating directly from City owned facilities. The City directly operates 5 centres which include:

- Rayside-Balfour Workout Centre
- Howard Armstrong Recreation Centre (HARC)
- Dowling Leisure Centre
- Falconbridge Wellness Centre
- Capreol Millennium Centre

The McClelland Squash and Fitness Centre located at the McClelland Arena is operated by a community based, non-profit organization. On average, the City operated fitness centres have approximately 2,000 monthly members.

Fitness Membership Fees/Structure

A review of current membership fees revealed disparities between membership fees and facilities/programs available to members at different City of Greater Sudbury fitness centres.

The membership fees review and recommendation provides an opportunity to redesign the membership structure taking into consideration the facility amenities (space, equipment, programs, etc.). Members have requested flexible memberships for use at other City operated fitness centres.

The recommended structure would include establishing 3 levels of memberships based upon the following information.

Facilities/Programs Included in Membership

Membership Structure	Weight / Cardio	Change Room / Shower	Gym / Studio	Sauna	Squash	Track	Recreation Swim	Drop in Fitness
Level 1 Membership	X	X	X	X	X	X	X	X
Level 2 Membership	X	X	X	X				
Level 3 Membership	X	X						

Membership Levels/Fitness Centres

Level 1 Membership

Howard Armstrong Recreation Centre
Dowling Leisure Centre/Onaping Falls Community Centre - Pool

Level 2 Membership

Rayside Balfour Workout Centre

Level 3 Membership

Capreol Millennium Centre
Falconbridge Wellness Centre

Major Changes to Membership Include:

- Harmonization and alignment of fees
- Flexible membership for use at other City operated fitness centres
- Recreational swims at Onaping Pool will be added to the membership for the Dowling Leisure Centre
- Drop in fitness classes will be added to Dowling Leisure Centre
- Fitness punch cards will be added to Dowling Leisure Centre
- Squash will be included in the membership Dowling Leisure Centre and HARC and will not be a separate membership category
- Swimming lessons will not be part of membership at HARC
- 10 visit pass for each centre
- The 6 and 9 month membership option will no longer be available

Recommended fee structure: The following is the recommended fitness membership fee structure:

Membership Fees

Level 1 Membership	Daily	10 Visits	Monthly	3 Months	Yearly
Adult	\$ 10.00	\$ 70.00	\$ 50.00	\$ 135.00	\$ 480.00
Senior	\$ 9.00	\$ 63.00	\$ 45.00	\$ 121.50	\$ 432.00
Student / Youth	\$ 9.00	\$ 63.00	\$ 45.00	\$ 121.50	\$ 432.00
Junior / 2nd Member	\$ 7.00	\$ 49.00	\$ 35.00	\$ 94.50	\$ 336.00
3rd and Subsequent Family Members	\$ 5.00	\$ 35.00	\$ 25.00	\$ 67.50	\$ 240.00
Level 2 Membership	Daily	10 Visits	Monthly	3 Months	Yearly
Adult	\$ 9.00	\$ 63.00	\$ 45.00	\$ 121.50	\$ 432.00
Senior	\$ 8.10	\$ 56.70	\$ 40.50	\$ 109.35	\$ 388.80
Student / Youth	\$ 8.10	\$ 56.70	\$ 40.50	\$ 109.35	\$ 388.80
Junior / 2nd Member	\$ 6.30	\$ 44.10	\$ 31.50	\$ 85.05	\$ 302.40
3rd and Subsequent Family Members	\$ 4.50	\$ 31.50	\$ 22.50	\$ 60.75	\$ 216.00
Level 3 Membership	Daily	10 Visits	Monthly	3 Months	Yearly
Adult	\$ 8.00	\$ 56.00	\$ 40.00	\$ 108.00	\$ 384.00
Senior	\$ 7.20	\$ 50.40	\$ 36.00	\$ 97.20	\$ 345.60
Student / Youth	\$ 7.20	\$ 50.40	\$ 36.00	\$ 97.20	\$ 345.60
Junior / 2nd Member	\$ 5.60	\$ 39.20	\$ 28.00	\$ 75.60	\$ 268.80
3rd and Subsequent Family Members	\$ 4.00	\$ 28.00	\$ 20.00	\$ 54.00	\$ 192.00

***Membership fees do not include HST.**

City of Greater Sudbury Adult 2012-2013 Rates

Facilities	Daily	1 Month	3 Months	6 Months	9 Months	Annual
HARC	\$5.53	n/a	\$68.14	\$127.43	\$162.83	\$185.84
Rayside Balfour	\$6.19	\$41.59	\$105.31	\$181.42	n/a	\$331.86
Capreol	\$3.10	\$25.66	\$63.72	\$115.93	\$167.26	\$221.24
Dowling	\$3.10	\$36.28	\$92.04	\$175.22	\$256.64	n/a
Falconbridge	\$3.10	\$25.66	\$63.72	\$115.93	\$167.26	n/a

Fee Comparisons

The following is a summary of fitness fee comparators charged by other Municipalities and the private sector. The membership fees do not include H.S.T.

Municipality	Daily	1 Month	3 Months	6 Months	Annual
Ajax	\$8.85	n/a	\$153.00	\$237.00	\$407.00
Oakville	\$8.63	n/a	\$146.02	n/a	\$384.96
Barrie	\$6.14	\$52.50	n/a	n/a	n/a
Espanola	\$8.48	\$29.75	\$79.00	\$140.25	\$245.75
Thunder Bay	\$8.19	\$60.00	n/a	n/a	\$522.00
Private Fitness Centres					
YMCA	\$11.42	\$53.86	n/a	n/a	n/a
Laurentian	\$11.50	n/a	\$175.00	\$325.00	\$600.00
McClelland Fitness Centre	\$ 4.42	\$44.25	\$106.19	\$176.99	\$265.49
Good Life Fitness Centre	\$13.27	\$50.00	\$150.00	\$300.00	\$600.00
Snap Fitness	\$ 8.85	\$49.95	\$149.85	\$299.70	\$551.40

Average Adult Fitness Membership Fee Comparators (2012/2013 : *2014)

Comparator	Daily	1 Month	3 Months	6 Months	9 Months	Annual
City of Greater Sudbury	\$4.20	\$32.30	\$78.59	\$143.19	\$188.50	\$246.31
* Proposed 2014	\$9.00	\$45.00	\$121.50	n/a	n/a	\$432.00
Municipally Operated	\$8.06	\$47.42	\$126.01	\$188.63	n/a	\$389.93
Private Sector	\$9.89	\$49.52	\$145.26	\$275.42	n/a	\$504.22

C.G.S. Adult Fitness Fee Rate Percentage Increase (2012/2013)

Facilities	Daily			Monthly		
	2012-2013	New	% of Increase	2012-2013	New	% of Increase
Howard Armstrong Rec Centre	\$5.53	\$10.00	80.83%	n/a	\$50.00	n/a
Dowling Leisure Centre	\$3.10	\$10.00	222.58%	\$36.28	\$50.00	37.82%
Rayside-Balfour Workout Centre	\$6.19	\$9.00	45.40%	\$41.59	\$45.00	8.20%
Capreol Millennium Centre	\$3.10	\$8.00	158.06%	\$25.66	\$40.00	55.88%
Falconbridge Wellness Centre	\$3.10	\$8.00	158.06%	\$25.66	\$40.00	55.88%

Facilities	3 months			Yearly		
	2012-2013	New	% of Increase	2012-2013	New	% of Increase
Howard Armstrong Rec Centre	\$68.14	\$134.00	96.65%	\$185.84	\$480.00	158.29%
Dowling Leisure Centre	\$92.04	\$135.00	46.68%	n/a	\$480.00	n/a
Rayside-Balfour Workout Centre	\$105.31	\$121.50	15.37%	\$331.86	\$432.00	30.18%
Capreol Millennium Centre	\$63.72	\$108.00	69.49%	\$221.24	\$384.00	73.57%
Falconbridge Wellness Centre	\$63.72	\$108.00	69.49%	n/a	\$384.00	n/a

Conclusion

The new membership structure and rates will assist with realizing the approved net cost recovery at 75%. Options are being considered to accommodate a payment plan for ease of payment. As part of additional revenues generated from the membership fee increases, it is recommended that \$20,000.00 be transferred to a fitness equipment replacement reserve fund in order to purchase new fitness equipment and upgrade existing fitness facilities. At the present time, allocated funds are budgeted for repairs and maintenance for fitness equipment only. A resolution has been prepared for Council's consideration.