

For Information Only

Preliminary Report on Fitness Centre Membership Fees - Pre-authorized Payments

Presented To:	Community Services Committee
Presented:	Monday, Dec 02, 2013
Report Date	Tuesday, Nov 19, 2013
Type:	Referred & Deferred Matters

Recommendation

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Finance Implications

The estimated cost of maintaining the pre-authorized payment process for membership fees is approximately \$1,000.

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 at 70% of regular fees.

This report will provide information specifically regarding the ability of the City to provide automatic monthly withdrawals from bank accounts, or “pre-authorized payments” (PAPs) for fitness centre members.

Pre-Authorized Payments

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. This ability can significantly improve the current operations of fitness centres, specifically regarding the issue of membership offerings. It should greatly simplify the process.

The proposed process would utilize “RBC Express” to allow users to make monthly payments on a set, standardized annual membership fee. A small administration fee would be included at the initiation of each new membership contract. The estimated cost to the City of maintaining the process is approximately \$1,000 (based on a “per transaction” cost).

Signed By

Report Prepared By

Cindy Dent
Manager of Recreation
Digitally Signed Nov 19, 13

Division Review

Real Carre
Director of Leisure Services
Digitally Signed Nov 19, 13

Recommended by the Department

Catherine Matheson
General Manager of Community Development
Digitally Signed Nov 20, 13

Recommended by the C.A.O.

Doug Nadorozny
Chief Administrative Officer
Digitally Signed Nov 20, 13

Any new rate schedule utilizing PAP will also include a discount for members that choose to pay their memberships in full.

Given that the Pre-authorized Payment process has only recently been provided as an option for municipally owned/operated fitness centres, the following options are recommended:

1. No fee structure changes until April 1st, 2014, when a Pre-authorized Payment process and policy can be established for fitness centres
2. Consideration for a membership pass that would allow for usage of all city run fitness centres
3. Increased marketing and promotion of city run facilities
4. For the Howard Armstrong Recreation Complex, remove swimming lessons from Fitness Centre memberships.

A follow up report will be provided including options for a new rate schedule that will balance cost recovery with the unique needs of the facilities and communities in which they exist. The report will provide options for 75% and 70% cost recoveries. An additional option will be presented to Committee related to a user fee increase specific to each fitness facility based on a percentage rate increase (not based on a net cost recovery). The fee increases will be compared to other municipalities and the private sector and will include a phased in process to achieve the long term goal of establishing a competitive fee structure. In order to effectively assess the facilities, individual operational reviews will be conducted. Options will be explored to find efficiencies, cost reduction and cost avoidance opportunities, as increasing user fees alone is not a viable method of meeting cost recovery targets at these facilities.