

Request for Decision

Fitness Centre Operations Review

Presented To:	Community Services Committee
Presented:	Monday, Feb 04, 2013
Report Date	Monday, Jan 28, 2013
Type:	Managers' Reports

Recommendation

WHEREAS at the December 3, 2012 Community Services Standing 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 Council approve Option ____ 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.

Signed By

Report Prepared By

Bruce Drake
Co-ordinator of Financial &
Performance Measurement
Digitally Signed Jan 28, 13

Division Review

Real Carre
Director of Leisure Services
Digitally Signed Jan 28, 13

Recommended by the Department

Catherine Matheson
General Manager of Community
Development
Digitally Signed Jan 28, 13

Recommended by the C.A.O.

Doug Nadorozny
Chief Administrative Officer
Digitally Signed Jan 28, 13

Finance Implications

The 2014 budget impact is dependent on the option chosen.

Background

See attached report.

Background

At the Community Services Committee meeting held on December 3rd, 2012, the committee reviewed the City owned and operated fitness facilities and directed staff to provide additional information related to fitness classes and programs directly operated by the City. In addition, information was requested related to fitness fee comparators and the net cost recoveries including capital.

History

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
- Dowling Leisure Centre
- Falconbridge Recreation Centre
- Capreol Millennium Centre

The McClelland Squash and Fitness Centre located at the McClelland Arena is operated by a community based, non-profit organization, attracting participants from Walden, Copper Cliff/Vale, South End and West End of the City.

Rayside Balfour Workout Centre

The workout centre is located at the Lionel E. Lalonde Centre (LELC) and occupies 6589 sq. ft. The facility includes: free weights, universal weights, cardio equipment, stretch room, sauna and access to the gymnasium when available. There are a number of tenants occupying space at the LELC. The tenants are charged a lease cost which helps offset the overall net operating cost of the facility. The total annual lease cost for the fitness centre is \$58,000 annually. The fitness centre has approximately 3372 months of usage which is approximately 350-450 unique users per year. The monthly membership is estimated at approximately 281 monthly paid members. The 2013 revenue is budgeted at \$75,750 which represents \$22.42 per month, per member.

Howard Armstrong Recreation Centre

The multi-use facility measures approximately 51,857 sq. ft. The fitness facility occupies approximately 9,915 sq. ft. and includes 4 squash courts, an indoor 110 metre walking/jogging track, a weight room with universal equipment and free weights, exercise bikes, elliptical, treadmills and saunas. The fitness facility has approximately 14,400 months of usage which is approximately 1800-2200 unique users per year. The monthly membership is estimated at approximately 1,469 monthly paid members. The 2013 revenue is budgeted at \$411,000 which represents \$23.36 per month, per member.

Dowling Leisure Centre

The multi-use facility measures approximately 34,235 sq. ft. The fitness centre occupies approximately 12,850 sq. ft. of space. The fitness facility includes: 2 squash courts, an indoor 10 metre walking/jogging track, multi-use room (gym), weight room with universal equipment and free weights, an elliptical cross-trainer and sauna. The fitness facility has approximately 1187 months of usage which represents approximately 200-250 unique users per year. The monthly membership is estimated at approximately 132 monthly paid members. The 2013 revenue is budgeted at \$37,378 which represents \$23.61 per month, per member.

Falconbridge Wellness Centre

The multi-purpose facility measures approximately 13,700 sq. ft. The fitness centre is located as part of the Falconbridge Community Centre. The centre occupies approximately 1,400 sq. ft. The facility includes a modern weight room with equipment including: treadmills, elliptical cross-trainers, bikes, stationary and free weight equipment. The Wellness Centre was developed by converting the former indoor pool into a fitness facility in 2004 through the efforts of the Nickel Centre Community Association. Xstrata Nickel provided capital funds to develop the facility. Employees from Xstrata Nickel continue to use the facility on a regular basis. Xstrata has expressed interest in continuing to support the fitness facility related to facility upgrades. The Wellness Centre has approximately 638 months of usage which represents approximately 100-140 unique users per year. The monthly membership is estimated at approximately 71 monthly paid members. The 2013 revenue is budgeted at \$25,892 which represents \$30.45 per month, per member.

Capreol Millennium Centre

The multi-purpose facility measures approximately 54,000 sq. ft. The fitness centre occupies 2,300 sq. ft. The centre includes free weights, cardio and universal equipment. The facility has approximately 900 months of usage which represents 60-75 unique users per year. The yearly numbers do not include the use of the fitness facility by C.N. workers since the use of the fitness facility is part of the facility leasing agreement regarding the use of the rooms located at the facility. The monthly membership is estimated at approximately 36 monthly paid members. The 2013 revenue is budgeted at \$17,421 which represents \$40.42 per month, per member.

The following chart provides a summary of the square footage designated for the fitness centre in each of the City facilities.

Facility	Total Building Sq. ft.	Fitness Facility Sq. ft.	% of Total Building
Rayside Balfour	*6,589	6,589	100%
Howard Armstrong	51,857	9,915	19.12%
Dowling Leisure	34,235	12,850	37.53%
Falconbridge Wellness	13,700	1,400	10.22%
Capreol Millennium	54,000	2,300	4.26%

*Workout Centre Only

2013 Net Operating Cost Recoveries

	HARC	Rayside	Capreol	Dowling	Falconbridge	Total
Revenue	\$411,651	\$75,575	\$17,421	\$37,378	\$25,892	\$567,917
Expenses	\$442,987	\$178,271	\$19,345	\$199,991	\$77,570	\$918,165
Deficit	-\$31,336	\$102,696	-\$1,924	\$162,613	-\$51,678	-\$350,247
# of Monthly Members	1,469	281	36	132	71	1,989
Net Operating Cost Recovery %	93%	42%	90%	19%	33%	62% Overall Cost Recovery

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.

	Daily	1 mth	3 mths	6 mths	Annual
Municipality					
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
GoodLife Fitness Centre	\$13.27	\$50.00	\$150.00	\$300.00	\$600.00
Snap Fitness	\$ 8.85	\$49.95	\$149.85	\$299.70	\$551.40

City of Greater Sudbury Adult 2012-2013 Rates

Facilities	Daily	1 mth	3 mths	6 mths	9 mths	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	\$63.73	\$115.93	\$167.26	n/a

Average Adult Fitness Membership Fee Comparators

Comparator	Daily	1 mth	3 mths	6 mths	9 mths	Annual
City of Greater Sudbury	\$4.20	\$32.30	\$78.59	\$143.19	\$188.50	\$246.31
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

*Fitness fee rate comparisons from other Municipalities and private sector could include membership privileges to access additional programs/services within the Recreational Complex.

Municipal Fitness Programs

Facility	Program Name	Age Group	Length of Program	Type of Facility	Fees (before HST)	With Facility Membership
Minnow Lake Place	Tae Kwon Do	5-12 yrs	10 weeks	Community	\$78.75	
	Tae Kwon Do	8-13 yrs	10 weeks	Community	\$78.75	
	Tae Kwon Do	14 yrs & up	10 weeks	Community	\$78.76	
Holy Cross Elem. School	Ms. Fits Program	18 yrs & up	11 weeks	Community	\$39.82	
Penage Road C.C.	Walden West	18 yrs & up	12 or 14 weeks	Community	\$30.97	
Naughton C.C	Aerobics Body Shaping	18 yrs & up	20 weeks	Community	\$45.13	
Lively Citizen Service Centre	Moderate Fitness	55 yrs & up	14 weeks	Community	\$30.97	
	Yoga	18 yrs & up	16 weeks	Community	\$92.96	
Ben Moxam C.C.	Yoga	18 yrs & up	16 weeks	Community	\$92.96	
Falconbridge Wellness Centre	Tae Kwon Do	9-12 yrs	10 weeks	Fitness Centre	\$78.76	
	Tae Kwon Do	13 yrs & up	10 weeks	Fitness Centre	\$78.76	
Dowling Leisure Centre	Morning Aerobics	18 yrs & up	Ongoing	Fitness Centre	\$3.25 per day	\$0.00
	Aerobics	16 yrs & up	10 weeks	Fitness Centre	\$22.12	

	Zumba	16 yrs & up	10 weeks	Fitness Centre	\$53.98	
	Zumbatonic	8 yrs & up	10 weeks	Fitness Centre	\$54.00	
Howard Armstrong	Fitness Cardio	18 yrs & up	Ongoing	Fitness Centre	\$9.25 per day	\$0.00
	Total Body Conditioning	18 yrs & up	Ongoing	Fitness Centre	\$9.25 per day	\$0.00
	Step	18 yrs & up	Ongoing	Fitness Centre	\$9.25 per day	\$0.00
	Zumba Gold	18 yrs & up	Ongoing	Fitness Centre	\$9.25 per day	\$0.00
	Zumba Basic	18 yrs & up	Ongoing	Fitness Centre	\$9.25 per day	\$0.00
	Sweating to Oldies	18 yrs & up	Ongoing	Fitness Centre	\$9.25 per day	\$0.00
	Zumbatonic	4-5 yrs	8 weeks	Fitness Centre	\$44.00	\$0.00
	Zumbatonic	6-8 yrs	8 weeks	Fitness Centre	\$44.00	\$0.00
	Zumbatonic	9-12 yrs	8 weeks	Fitness Centre	\$44.00	\$0.00
	Line Dancing	18 yrs & up	8 weeks	Fitness Centre	\$86.73	\$0.00
	Moving to Music	18 yrs & up	8 weeks	Fitness Centre	\$81.31	\$0.00
	Fitness for Kids	4-5 yrs	8 weeks	Fitness Centre	\$44.00	\$0.00
	Fitness for Kids	6-8 yrs	8 weeks	Fitness Centre	\$44.00	\$0.00
	Fitness for Kids	9 yrs & up	8 weeks	Fitness Centre	\$44.00	\$0.00
	Gymnastics Beginners	4-6 yrs	8 weeks	Fitness Centre	\$44.00	\$0.00
	Gymnastics Experienced	4-6 yrs	8 weeks	Fitness Centre	\$44.00	\$0.00
	Gymnastics Beginners	7-8 yrs	8 weeks	Fitness Centre	\$44.00	\$0.00
	Gymnastics Experiences	7-8 yrs	8 weeks	Fitness Centre	\$44.00	\$0.00
	Gymnastics Experienced	9 yrs & up	8 weeks	Fitness Centre	\$44.00	\$0.00
	Judo	7 yrs & up	8 weeks	Fitness Centre	\$85.00	\$67.50

Capital Facility Needs

The net cost recoveries do not include the capital requirements for the fitness centres. A lifecycle analysis study identifying immediate and future capital needs will be implemented in 2014 in order to obtain accurate information on building/programming equipment needs. As part of the fitness membership fee review and recommendations, a capital levy fee can be incorporated in order to generate capital funds to be used towards improving the fitness centres.

Considerations

As reported, the current net operating cost recoveries for all fitness centres combined is 62%. The following are options for Council's consideration related to increasing the net operating cost recoveries:

	Current Recovery	Option 1	Option 2	Option 3	Option 4
Revenues	\$567,917	\$596,807	\$642,715	\$688,623	\$734,532
Expenses	\$918,165	\$918,165	\$918,165	\$918,165	\$918,165
Net Operating Cost	\$-350,247	\$-321,358	\$-275,450	\$-229,542	\$-183,633
Net Operating Cost Recovery	62%	65%	70%	75%	80%
Revenue Increase	-	\$28,890	\$74,798	\$120,706	\$166,614

A resolution is prepared for Council's consideration related to increasing the net operating cost recoveries regarding City operated fitness centres. The option selected will provide an increase in revenue to attain the approved cost recovery rate. The current membership fitness fees will be reviewed with the objective of realizing the approved net cost recovery. The proposed user fee increases will be presented to Community Services Standing Committee for approval.