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December 19, 2005

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TO: John Szerlag, City Manager

CITY OF TROY
CITY MANAGER'S OFFICEFROM: Brian Murphy, Assistant City Manager/Services
John Lamerato, Assistant City Manager/Finance
James Nash, Financial Services Director
Carol K. Anderson, Parks and Recreation Director

SUBJECT: Recreation Pass Fee Recommendations for 2006

RECOMMENDATION

Staff recommends that the City Manager approve adjustments for recreation pass fees beginning February 1, 2006 for new members and March 1 for current pass holders in order to account for projected increases in operating costs at the Community Center. As previously authorized, the City Manager can establish fees for services in the Recreation Program Division (Resolution #2003-11-596).

EXECUTIVE SUMMARY

The Community Center operating expenses have increased steadily since the facility opened in March 2002. These expenses are covered by user fees and the allocated subsidy. In order to meet projected expenses, revenues must increase. Two options exist to increase revenues; increase pass sales or increase pass fees. As pass sales have increased and use is nearly at capacity, the better alternative is to raise fees. This proposed increase is minimal and affects all on-going pass holders equally.

BACKGROUND

Pass fees were increased in February 2005 to compensate for cost increases in utilities (21%), personnel (19%) and operating supplies (6%). It is projected that a 1.5% increase in operating costs will occur in 2005-06. To account for this increase, a minimal increase in fees is being proposed resulting in a 3% increase in revenue to offset the projected increase.

Pass sales and facility usage has increased steadily since the facility opened in 2002. Membership is currently at 7800 and usage in the fitness room and gym is up approximately 27%. Some increases in memberships and usage occurred after the pass reclassification and subsequent increase in pass fees last February which indicates that the membership fees are perceived as a good value from residents.

Under this proposal, the recreation pass fees would increase by \$1/month for an adult member and \$.50/month for a youth member (under 18 years of age). Monthly and daily pass fees would remain the same. A table of the proposed rate change and financial breakdown of this proposed pass plan as it compares to the current pass plan is attached.

Recreation Pass Fee Projections

Proposal: Increase Pass Fees By \$1/mo for Adults and \$.50/mo for Children

Pass Type	Current Prices			Proposal		
	Members	Pass Price	Revenue	Members	Pass Price	Revenue
ON GOING PASS						
Resident Adult	3694	\$198	\$731,412	3694	\$210	\$775,740
Resident Youth	1929	\$99	\$190,971	1929	\$105	\$202,545
Resident Comp	251	\$0	\$0	251	\$0	\$0
Resident Matinee	139	\$150	\$20,850	139	\$162	\$22,518
Family Plan		\$495	\$0		NA	
Employee Adult	914	\$246	\$224,844	914	\$258	\$235,812
Employee Youth	132	\$123	\$16,236	132	\$129	\$17,028
Employee Matinee	75	\$180	\$13,500	75	\$192	\$14,400
Senior	486	\$180	\$87,480	486	\$192	\$93,312
Low Income Adult	57	\$180	\$10,260	57	\$192	\$10,944
Low Income Youth	34	\$90	\$3,060	34	\$96	\$3,264
Disabled Adult	27	\$180	\$4,860	27	\$192	\$5,184
Disabled Youth	7	\$90	\$630	7	\$96	\$672
Corporate	44	\$246	\$10,824	44	\$258	\$11,352
TOTAL	7789		\$1,304,103	7,789		\$1,392,771

MONTHLY	Quant	No Fee Increase		No Fee Increase		
		Price	Revenue	Price	Revenue	
Resident Montly	798	\$33	\$26,334	798	\$33	\$26,334
Resident Summer	185	\$75	\$13,875	185	\$75	\$13,875
Employee Montly	65	\$44	\$2,860	65	\$44	\$2,860
Employee Summer	15	\$99	\$1,485	15	\$99	\$1,485
Senior Monthly	48	\$30	\$1,440	48	\$30	\$1,440
Senior Summer	5	\$67.50	\$338	5	\$67.50	\$338
TOTAL	1,116		\$46,332	1,116		\$46,332

DAILY	Quant	No Fee Increase		No Fee Increase		
		Price	Revenue	Price	Revenue	
Resident (Child)	1884	\$6	\$11,304	1884	\$6	\$11,304
Resident (Adult)	2096	\$8	\$16,768	2096	\$8	\$16,768
Employee	123	\$10	\$1,230	123	\$10	\$1,230
Guest	869	\$12	\$10,428	869	\$12	\$10,428
Guest Booklets	35	\$90	\$3,150	35	\$90	\$3,150
Hotel Guests	192	\$8	\$1,536	192	\$8	\$1,536
Punch Card-Child	69	\$40	\$2,760	69	\$40	\$2,760
Punch Card-Adult	90	\$60	\$5,400	90	\$60	\$5,400
TOTAL	5,358		\$52,576	5,358		\$52,576

Overall Pass Revenue	\$1,403,011	\$1,445,347
Other Sources of Revenue (Projected)	\$460,000	\$460,000
Revenue with No Fee Increase	\$1,863,011	\$1,905,347
Subsidy	\$1,000,000	\$1,000,000
Gross Revenue Projection	\$2,863,011	\$2,905,347
Projected CC Expenses	\$2,405,360	\$2,441,440
Surplus	\$457,651	\$463,907

Plan assumes current level of passholders will remain the same in 2005-6.
All projections are based on 2005-06 expenses.

In a survey of other Community Recreation Centers and Health Clubs in Metro Detroit, the proposed Community Center resident fees compare favorably:

Community Centers	Annual Adult Resident Fee	Annual Youth Resident Fee
Troy	\$210	\$105
Canton	\$250	\$250
Dearborn	\$336	\$204
Lifetime Fitness	\$828	Free (12 and under)
Livonia	\$200	\$155
Macomb Township	\$300 and \$180 (Spouse)	\$120
Warren	\$230	\$199
YMCA	\$708	NA

Approved:



John Szerlag, City Manager

Prepared by: Kraig Schmotlach, Community Center Facility Manager

Both:
Green Memo, and distribute to
Authors.

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