



AGENDA ITEM SUMMARY FORM

MEETING DATE: 5/24/2022

PREPARED BY: Megan Mainer, Director of Parks & Recreation, and Kyle Livesay, Assistant Director of Parks and Recreation.

AGENDA CONTENT: Discussion and possible action on Ordinance No. 20220510-XXX of the City of Angleton, Texas amending the Parks and Recreation tables in the fee schedule in the consolidated schedule of fees of the code of ordinances of the City of Angleton, Texas, revising and providing for an increase in the rates to be charged for membership by the City of Angleton; providing for repeal of conflicting ordinances; providing severability clause; providing for an open meetings clause; providing a penalty; and providing an effective date.

AGENDA ITEM SECTION: Consent Agenda

BUDGETED AMOUNT: \$0.00

FUNDS REQUESTED: \$0.00

FUND: \$0.00

EXECUTIVE SUMMARY:

Parks and Recreation staff have been meeting routinely since December 2021 to assess Angleton Recreation Center operations and annual revenue. The primary goal of this assessment was to determine opportunities to generate increased revenue. Staff analyzed several factors that impact Angleton Recreation Center revenue including how the facility compares to competitors within the market, needs of past and current ARC members, membership structure and offerings, as well as existing facility usage and conditions. Based on data collected, staff will propose recommendations in each of these respective areas to improve Angleton Recreation Center operations.

MARKET COMPARISON BACKGROUND

Enclosed, staff has provided a **local market comparison** of similar facilities and service offerings in the immediate area and includes information like the year facilities were established, hours of operation, daily entry rates, membership rates, and other information related to facility services. Three facilities we assessed opened prior to the Angleton Recreation Center and seven facilities opened after the Angleton Recreation Center. Angleton Recreation Center is one of the only facilities that is open on Sundays. Unlike most facilities, the Angleton Recreation Center offers facility usage until 9pm on Saturday with the exception of 24-hour gyms and gyms with class times as specified hours. Additionally, the Angleton Recreation Center is priced competitively in

comparison to other local offerings and has several daily admission rates available. Lastly, Angleton Recreation Center is the only facility that offers private pool party rentals.

MEMBERSHIP STRUCTURE & OFFERINGS

Staff determined additional revenue could be captured by incorporating scheduled payments via credit/debit card/ACH drafts for monthly membership renewals. Staff has developed a model projection of potential draft revenue collection for review. The Angleton Recreation Center had a successful membership draft system in place until the change in recreation management platforms that took place in early 2019. Upon the 2019 change, initial challenges were encountered with draft payments and staff determined to not utilize the draft process and moved to month to month purchasing for all monthly memberships.

- Over the course of 2021, the ARC sold monthly memberships to 889 different households.
- The average number of months for holding a monthly membership per individual household was 2.3 months.
- The average number of total transactions for monthly memberships was about 163.

Given this information, it can be estimated that the Angleton Recreation Center retains about 18.3% of households over a 1-year period. Because the ARC averages about 163 monthly membership sales per month, it can be estimated that about 60.5 of the 163 are lost at the end of each month.

The Angleton Recreation Center carries 163 memberships per month on average. It can be assumed that an average of 60.5 households per month are being cycled out of our membership base each month.

Industry membership retention averages are usually in the range of 60-70% annually for all memberships. By implementing an automatic draft to monthly memberships, it is reasonable to estimate that 40% retention could be met or exceeded within 6-12 months of implementing the changes. However, staff does not recommend an initial target of greater than 40% until at least 1-year after implementing automatic drafts for monthly memberships.

Staff, also, assessed membership categories and types to get a better understanding of who is purchasing membership and what our most valued membership types are. The Angleton Recreation Center currently offers 34 different types of memberships. Top membership types include monthly Family, Annual Family, Annual Senior Family, Individual Monthly, SilverSneaker/Silver & Fit, and Annual Employee Family memberships. Staff determined quarterly and semiannual membership offerings are not frequently purchased. Additionally, various membership types could be eliminated by embedding discounts into family and individual membership types to reduce the number of offers.

Membership Packages				
	Monthly	Quarterly	Semi-Annual	Annual
Individual 18-59 years	\$32	\$85	\$165	\$305
Family up to 6 dependents	\$44	\$120	\$225	\$425
Additional Person	\$8	\$20	\$40	\$75
Senior Individual 60+ years	\$25	\$65	\$125	\$240
Senior Family	\$35	\$95	\$180	\$335
Youth 11-17 years	\$25	\$65	\$125	\$240
Active Military & First Responder Individual	\$25	\$65	\$125	\$240
Active Military & First Responder Family	\$35	\$95	\$180	\$335

Day Pass Sales and Facility Usage

Daily pass user trends were assessed. Staff found that in the FY2020-21, day pass sales accounted for approximately 41% of all visits to the Angleton Recreation Center while the remaining 58% were made up of facility members. In FY2019-2020, day pass sales accounted for about 20% of all visits. It can be assumed that the increase in day pass usage, when compared to membership for facility usage, is a result of patron's sensitivity to a facility membership commitment during the ongoing COVID-19 pandemic.

Additionally, Day Pass sales made up roughly 40% of total recreation revenue in FY2020-2021 in comparison to the 40% of total revenue made up from membership sales. For comparison, day pass sales are about 30% of total recreation revenue to date in FY2021-22 with about 51% of total revenue made up from membership sales. While the total percentage of day pass sales is trending down in comparison to membership for the current fiscal year, the total percentage of day pass sales revenue will likely increase in the months of May-August as demand increases during the summer months.

Considering the option for facility membership at the Angleton Recreation Center, a demonstrated 3:4 or 1:1 ratio of revenue being generated from day pass sales when compared to membership sales indicates that the pricing structure and facility access options are competing with themselves and are likely impacting overall membership retention levels and revenue generation potential.

Negative impacts to retention and revenue may be mitigated by adopting a pricing structure that more effectively encourages facility users to choose to enroll in a facility membership package while adopting a day pass pricing structure that remains as an affordable option for those not interested in facility membership. Day pass options would benefit from a price point that encourages membership enrollment by users who would consider visiting the facility at a rate of four or more times per month.

Proposed Membership Options		
	Monthly (Draft)	Annual (Pre-Pay)
Individual Membership	\$ 35.00	\$ 350.00

Individuals 12 yrs & Up		
Family Membership Up to 6 individuals from the same household	\$ 50.00	\$ 500.00
Silver Sneaker Membership Eligible individuals	Free Enrollment	
Silver and Fit Membership Eligible individuals	Free Enrollment	
Eligible Membership Discounts Seniors (60+), Active Military, First Responder	-\$10	-\$75
Proposed Day Pass		
Single Use Day Pass	\$ 5.00	

Summary of ARC Membership Management Recommendations

- Re-institute automatic credit/debit/ACH drafts for all monthly membership category renewals.
- Eliminate semi-annual and quarterly membership options. Limit options to monthly or annual membership.
- Reduce the number of membership categories from 34 options to five. Monthly Individual, Annual Individual, Monthly Family, Annual Family, and insurance subsidized senior memberships.
- Used age-based pricing and automatic discounting tools to price adjust for youth, senior, military, and employee memberships.
- Adopt a plan for scheduled membership rate increases that take place every 5 years to account for inflationary changes and other economic considerations.
- Standardize the day pass options to a single per person option that remains affordable but encourages membership as the more cost-effective means of long-term participation at the Angleton Recreation Center.
- Implement retention tracking and member recovery efforts to reduce loss of membership continuity due to scheduled account expirations.
- Increase staff efficiency and availability for direct service by leveraging on-line membership sales, account management features, and advanced customer engagement features to reduce transaction volume for patrons and front-line staff. (ex. reduce 12 individual transactions to a single transaction annually for all monthly patrons)

At the April 18, 2022 ABLC meeting, the corporation voted to approve the proposed membership and day pass fees to begin in May 2022 which are enclosed in your summary.

RECOMMENDATION:

Staff recommends City Council approve Ordinance No. 20220510-XXX of the City of Angleton, Texas amending the Parks and Recreation tables in the fee schedule in the consolidated schedule of fees of the code of ordinances of the City of Angleton, Texas, revising and providing for an increase in the rates to be charged for membership by the City of Angleton; providing for repeal of

conflicting ordinances; providing severability clause; providing for an open meetings clause; providing a penalty; and providing an effective date.

SUGGESTED MOTION:

I move we approve Ordinance No. 20220510-XXX of the City of Angleton, Texas amending the Parks and Recreation tables in the fee schedule in the consolidated schedule of fees of the code of ordinances of the City of Angleton, Texas, revising and providing for an increase in the rates to be charged for membership by the City of Angleton; providing for repeal of conflicting ordinances; providing severability clause; providing for an open meetings clause; providing a penalty; and providing an effective date.