

Board Members' Budget-Related Proposals

1. Annual Performance Incentives (Bonuses) -

Option 1 – Since the overall average increase of 3% in the salaries and wages line of the proposed budget (exclusive of any increase due to new positions) already assumes that the increase in an employee's salary or wages will be based on performance, bonuses based on performance are redundant and an unnecessary cost.

Option 2 – In addition to average increases in salaries and wages of 3% based on performance, all employees who are eligible for pay for performance are also eligible for bonuses of up to 3%. Bonuses are allowed in any year that the employee receives an evaluation score of 90-100%. Bonuses shall be awarded on the basis of an employee's documented impact on financial and non-financial metrics, not on the basis of the organization's year-end financial results.

Option 3 – In addition to average increases in salaries and wages of 3% based on performance, all employees who are eligible for pay for performance are also eligible for bonuses from a bonus pool equivalent to 1% of total "Salaries and Wages." For FY13 and FY14, employees would be eligible for bonuses of up to 3%. Bonuses are allowed in any year that the employee receives an evaluation score of 90-100%. Bonuses shall be awarded on the basis of an employee's documented impact on financial and non-financial metrics, not on the basis of the organization's year-end financial results.

Justification – The proposed budget already assumes that salaries and wages line in the budget will increase by an average of 3%, exclusive of the impact of any new positions. Each employee's increase will be based on a performance appraisal of that employee. Given that salary and wage increases would already account for employee performance, the question is how much more in compensation based on performance is warranted. Three options are shown, based on various Board member proposals.

2. Changes in basic rates and fees - The maximum increase in the rates and fees for all CA Sport & Fitness, Community Services, and Open Space Management facilities and programs between FY12 and FY13 and between FY13 and FY14 shall be 3%.

Justification – A maximum annual increase in rates and fees of 3% is consistent with the increase in the cost of living index, and it acknowledges that higher rates would not be fair during the difficult economic times that people are currently facing.

3. Rate and fee differentials – In each of the next 5 fiscal years, gradually adjust rates and fees to achieve by FY17 the goal of equitable and reasonable differentials between the following categories of CA services:

- (a) Rate/fee for Columbia resident = 50% of Non-Resident rate/fee, for all Sport & Fitness and Community Services facilities and programs.

- (b) Rate for Two-Member membership = 70% of Family membership, for all Sport & Fitness facilities and programs.
- (c) Rate for Individual membership = 35% of Family membership, for all Sport & Fitness facilities and programs.
- (d) Rate for Renewed membership = 75%, of New membership, for all Sport & Fitness facilities and programs.

Justifications –

(a) CA has an objective of providing value for Columbia's residents. Residents, who pay an average annual charge of about \$1,000 to CA, deserve to receive tangible benefits in return for those payments in contrast to benefits available to non-residents, who do not pay the annual charge. In that vein, the Board recently approved a policy statement that resident membership rates and fees will be significantly less than those of non-residents. While another policy states that membership rates should provide a fair contribution to operating expenses, a resident's annual charge payment already contributes toward paying for those operating expenses in addition to paying the user charge for a membership.

Many people in the Columbia area find it profitable to avoid paying CA's annual charge by purchasing a home on non-CA-assessed land. As a result, they can use CA open space free of charge and use CA facilities at rates and fees that are often not much more than those charged to residents living on CA-assessed land. (For example, the Individual PP+ new membership rate for FY13 would cost \$918 for residents and \$996 for non-residents, the Advanced Ceramics class at the Columbia Art Center this past fall cost \$265 for residents and \$275 for non-residents, the Baseball Camp this past summer cost \$295 for residents and \$310 for non-residents, and the Play Golf Columbia 1 class cost the same for both residents and non-residents.)

Consistent with this proposal for a 50% differential, previous Boards had considered the same differential between resident and non-resident rates to be sufficiently significant, properly reflected value for living in Columbia, and was a reasonable differential. Rather than try to re-achieve that differential in one year, it would be better to adjust the rates and fees over the next 5-year period.

(b-c) The differentials between membership rates for the Family category and those for the Two-Member and Individual categories need to be fair and consistent. Unfortunately, under current rates, a Two-Member rate is as high as 97% of the Family rate, and an Individual rate is as high as 80% of the Family rate. These rates should be set to better reflect the anticipated number of people that a membership serves. As a matter of equity, an Individual membership should cost about one-half of a Two-Member membership. A Two-Member membership should cost about two-thirds of a Family membership. Rather than try to achieve those differentials in one year, it would be better to adjust the rates and fees over the next 5-year period.

(d) The differential between a new membership and a renewed membership should comprise a significant discount in order to make the differential worthwhile. Currently, renewals cost up to 99% of what new memberships cost. A renewal discount of about 25% for all types of memberships appears to be enough of a discount to be meaningful.

4. Discounts for non-residents on new memberships and daily admissions at 5 least utilized neighborhood pools and Swim Center - Offer non-residents the opportunity to purchase a new annual or multi-year membership for using only the 5 least utilized neighborhood pools and Swim Center at a rate of \$500 for an annual family outdoor pool membership (with corresponding reduced rates for Two-Member and Individual pool memberships). Implement daily admission charges of \$8/adult and \$4/child for non-residents at the 5 least utilized pools.

Justification – This approximately 20% discount for new pool memberships and the reduced daily admission fees are meant to help generate new non-resident memberships and to attract non-residents to the 5 least utilized pools. A side-benefit is that it could divert some non-residents from heavily used pools and help alleviate crowding and make pool space more available to residents at those pools.

5. Off-peak discounts - Offer Columbia residents discounts of 25% for memberships and and daily admissions at CA's 3 fitness clubs when they use the clubs only during the off-peak periods of the facilities.

Justification – A discount for using a service during off-peak periods is an accepted marketing practice in many organizations, including fitness facilities across the country. It is meant to help attract more memberships and make better use of under-utilized capacity at the fitness clubs during off-peak periods.

6. Columbia Community Exchange (The Time Banking Program) – Reduce administrative costs by folding this program in with the Volunteer Center Serving Howard County and having one administrator for both programs.

Justification - As of August 2009, there were 418 people registered in the program, however after CA staff deactivated anyone who had not participated in an exchange within the previous 12 months, only 106 active members remained in this program. It is not clear how many active members currently exist.

This program has value, however it is expected to require a subsidy of \$123,000 in FY13. Given that the number of participants is low, the level of administrative costs do not appear to be warranted. Since this program relies on volunteers who agree to exchange services and is available to residents in the entire County, it would make sense to combine this program with the Volunteer Center Serving Howard County and have one administrator handle both programs.

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