

DALGETY BAY SAILING CLUB – MEMBERSHIP FEE STRUCTURE DISCUSSION PAPER

INTRODUCTION

1. At the 2009 EGM it was agreed that the Management Committee should look at alternatives to the historic all-inclusive membership fee policy applying to DBSC membership with the objectives of

- a) generating discrete funding to assist in sustaining the capital costs of maintaining youth training and
- b) achieving a more equitable balance between what individual members pay and costs to the club in supporting the specific services they use.

2. In the Business Plan presented to the EGM it stated that research had failed to identify another comparable club providing the same range of facilities within an all-inclusive membership subscription charge. A number of comparisons, outlined below, illustrated the general conclusion that DBSC compared favourably both with other local clubs with and similar clubs further afield.

Aberdour		Boat	Club
Membership	£40		
Mooring up	£20		
Mooring down	£20		
Boat out	£38		
Boat in	£38		
Mast down	£7		
Mast up	£7		
Total	£170		plus

to keep a boat in the Harbour is £2 per foot for any period during the year.

Forth Cruising Club, Limekilns

Membership	£120
Boat out	£38
Boat in	£38
Mast down	£7
Mast up	£7
Total	£210

Slightly further afield:

Loch Earn Sailing Club

Membership	£100
Winter Keelboat Storage	£70
Winter tender Storage	£25
Summer Yacht Storage	£38
Summer tender Storage	£10
Total (Active Keelboat)	£205

Solway Yacht Club

Membership	£89.50
Winter Parking (under 20ft)	£176
Winter Parking (over 20ft)	£234
Total (Keelboat)	£323.50

Comparable cost Dalgety Bay £135

3. In conducting the current study, while little new evidence was identified to support any other conclusion than that stated in the Business Plan, the conclusion was reached that debate over comparability could continue endlessly. All clubs have their own characteristics, policies, plans and objectives and the decision was reached to look at DBSC as a unique entity with as many differences from other clubs as similarities and to take a “clean sheet” approach to examining the membership fee structure.

CURRENT MEMBERSHIP STRUCTURE

4. Below is a breakdown of the current classes of club membership and their comparative costs.

Class	Definition	Annual Fee
Sailing Membership	For sailing members aged 21 or over	£135.00
Sailing Membership (age 18-20)	For sailing members aged 18-20	£67.50
Sailing and Spouse Membership	Sailing membership for husband and wife or two regular co-habitees. Either aged 21 or over	£180.00
Sailing and Spouse (both age 18-20)	Sailing membership for husband and wife or two regular co-habitees. Both aged 18-20	£90.00
Family Sailing Membership	As Sailing and Partner membership, but includes all their children between the ages of 8 and 18.	£200.00
Junior Sailing Membership	For sailing members between the ages of 8 and 18. Junior members under the age of 12 must be accompanied by a parent or other responsible adult while on club premises.	£30.00
Individual Social Membership	Social membership is available to adults aged 21 or over. Social members may assist in rescue duties, but their other water borne activities are restricted to trials as crew up to 3 times per year.	£32.00
Social and Spouse Membership	Social membership for husband and wife or two regular co-habitees	£60.00
Other membership classes	Life membership with Spouse membership Life membership with Spouse membership Honorary membership Affiliate Membership Temporary Sailing Membership Outport Membership	

5. From the table above, it is clear that while the membership fees are all-inclusive, there is considerable variation in the cost of membership for various categories, with discounts on the “standard” over-21 individual Sailing Membership available to families, couples, 18-21s, juniors and social members. Discounts on the standard rate applying to individual members ie taking pro-rata costs for members in the family group categories is as follows (Families assume parents + 2 children):

CATEGORY	% DISCOUNT	NUMBER OF MEMBERS	% TOTAL INCOME
Sailing	Nil	100	40
Family	Adult	72	20
	Child	72	<1
Sailing & Partner (21+)	33%	100	26
Sailing & Partner (18-20)	67%	Nil	Nil
Sailing (18-20)	50%	2	<1
Junior	78%	33	3
Social & Partner	78%	76	6
Social	88%	54	5
Outport	86%	8	<1

6. While the total membership numbers are indicative rather than exact, the figures above indicate that the 20% of club members holding individual Sailing membership are generating 40% of membership income, a similar proportion of Sailing and Partner members are generating 26% of income and the 28% proportion of Family members 20% of income.

7. While it is for the membership in general to decide if the current discount level structure, together with current non-availability of discount for retired, boat sharing or crewing-only members is fair and equitable, it has been identified that DBSC is one of the few sailing clubs anywhere with a specific Sailing and Partner membership category. Most clubs include this category within Family membership, with additional charge for children in these families effectively being nil. The AGM is therefore being invited to consider the option of incorporating Sailing and Partner membership into the Family membership category on this generally applied principle.

BOAT SUPPORT INFRASTRUCTURE

8. Historically, club membership fees have been set at a rate required for the club to generate sufficient income to cover projected overheads for the year, with profit from other income (bar, social etc) aimed at being used for capital investment in the club's infrastructure. As was outlined and discussed in detail at the 2008 AGM and 2009 EGM, running costs and capital investment over the past few years outstripped income to a level that cutbacks were required to ensure long term survival of the club. This problem has been addressed within the club Business Plan and the financial situation stabilised over the past year. The club still requires, however, looking at means of generating sufficient funds to sustain the level of capital investment required to maintain development of the Training function.

9. The principal reason that the decline in club fortunes over the past year was not readily apparent to successive management committees was that in treating club overheads as a homogenous cost covered by membership fees, the actual proportional costs within these relating to specific club activities (training, shore support etc) were clouded. Thus, for example, the financial success of the Training activity was judged on the annual gross profit generated without taking capital and maintenance costs of the training fleet, rescue cover and provision of relevant shore infrastructure costs into account. This came about largely as a consequence of the difficulties associated with apportioning electricity costs, for example, among the different club activities and is due to lack of time and assistance available to monitor total overheads on a cost-centre basis.

10. In conducting the above study it has been identified that the club maintains two distinct infrastructures – One to provide services to members and the other to support members' boats. Under the latter category comes provision and maintenance of the boat storage area, shore power and water supplies, security lighting and CCTV, tender storage facilities, the raft, the tractor and to some extent the infrastructure behind racing.

11. Membership registration figures indicate that there are just fewer than 200 boats of all types registered to club members and regular checks indicate an average of 120 boats (plus tenders) stored on club grounds at any point in time. Some members, of course, do not own a boat, some share ownership, some are sole owners and some own and store multiple boats in the grounds. Setting aside actual overall cost to the club in supporting members boats, it is indisputable that a higher cost is incurred by the club in providing services to boat owners than non-boat owners and the greater the number of boats owned by a member, the greater the cost. Allied to this is an implicit assumption that boat ownership is in proportion to the owners' ability to afford the associated purchase, running and maintenance costs. As a consequence, the AGM will be requested to consider if the historic principle of the costs related to the infrastructure in place to support and maintain value added services to boat owners remains a valid cost to be absorbed by the membership as a whole.

12. DBSC is in the minority of clubs not imposing additional charges to members for value added storage and support services related to members' boats. In general, those clubs levying such charges do so on the principle that such services are entirely optional and that it is not justifiable for those members not requiring these services to contribute towards the cost of their provision. As illustrated in the examples given in Para 2 above, this results in a lower basic membership fee for all members, explains DBSC's higher apparent membership cost and renders comparisons extremely difficult if not well nigh impossible.

REVISED FEE STRUCTURE OPTIONS

13. In examining options other than the current cover-all membership fee, many possibilities and examples from other clubs have been examined such as storage charges, launching fees, harbour dues, racing fees etc. The examination of such "pay as you use" options has been conducted bearing in mind the complexity of implementation and administration of such charging structures and the conclusion reached that DBSC simply does not have sufficient voluntary support to manage a complex charging structure. In addition, account has been taken of the clear message conveyed by the membership that such options were not likely to prove acceptable. As a consequence, options have narrowed down to two, either as alternatives or applied in conjunction. In both cases, these have the

primary objective of lowering basic Sailing membership costs and transferring the club overhead costs relating to provision of services to boat owners to that specific membership group. The options are the introduction of a boat storage charge applying to boats stored in club grounds, a boat registration fee applying to all boats listed in members' application or renewal forms or a combination of both. In all cases an appropriate reduction would be made in basic sailing membership fees.

14. All of the options identified are based on the principle of separating an element of club overheads related to club support to boats from general overheads raised by membership fees in general, transferring these to those members utilising the services. Resultant income generated will be specifically directed towards maintenance and improvement of the relevant services.

15. In examining the operation of boat storage fees by other clubs, two general principles emerge as being generally applicable, a) that charges are generally levied according to size (length and sometimes beam) of boat and b) that charges are generally a significant additional charge over club membership fees. In looking at the introduction of boat storage fees within DBSC, a number of factors were taken into account:

- a) That the revenue raised will be aimed at contributing to the funding all of the activities described in Para 10 above, not just costs directly related to boat storage.
- b) The complexity of managing a charging system applying to the wide variety of boats stored at the club.
- c) Difficulties in defining what constitutes storage (weekend/week/summer/winter etc).
- d) That historically, the principle of equal sharing of overhead costs (subject to discounted membership fees for various membership categories) has not caused dissent.
- e) That historically, individual Sailing members have borne a disproportionate share of all club overhead costs.
- f) That members' use of club grounds for boat storage is entirely optional and as such, is a charge that boat-owning members can avoid by making other arrangements.

16. Bearing the above in mind, it is considered that a DBSC boat storage fee should be considered as a year long parking permit, charged at a fixed uniform modest rate to all boat owners not specifically undertaking that relevant boats will be conveyed to/from the club for each sailing event or evolution eg keelboat launch/recovery.

17. As an alternative to a storage fee is an annual registration fee payable on all boats owned by members and listed on their annual renewal form. As this would be designed to raise a similar amount of revenue to a boat storage charge, it follows that this would be at a lower overall rate per boat and offset to a greater extent by the consequential reduction in membership fee rates. Under this option, storage in club grounds, as at present, would be at no additional cost but relevant club storage costs borne equally by all boat owners. Under this system, the general effect would be that crewing and boat sharing members would pay proportionally less than the member owning one boat and those members owning more than one boat proportionally more.

18. The position regarding charges to Junior members has been considered carefully. As illustrated in the table at Para 5, Junior members in their own right are outnumbered by at least 2 to 1 by junior Family members. As an encouragement to those juniors demonstrating the commitment to sailing to progress to membership in their own right and to minimise additional costs to families in paying the additional membership costs of Junior membership for their children, it is suggested that exempting Junior members in their own right from either boat storage or registration fees would meet these objectives.

OPTIONS

19. Taking all of the above into account, as an alternative to maintaining the traditional membership fee structure, the following options have been identified. The examples are based on 2008/9 membership fee rates and illustrate the comparative costs to members and club income generated in each case. Should any of the alternatives be adopted, it would be the intention to peg the boat charges for at least 3 years, with any annual increases only applying to the basic membership fees. Actual proposals regarding 2009/10 fee rates will be subject to publication of finalised accounts for 2008/9.

DBSC 2008/9 Membership Fees and Revenue

Category	No of Members	Annual Fee	Revenue
Sailing	103	£135	£13,905
Sailing & Spouse	51	£180	£9,180
Family	36	£200	£7,200
Junior	33	£30	£990
Social	54	£32	£1,728
Social & Spouse	38	£60	£2,280
Total	315		£35,283

DBSC 2009/10 Membership Fees and Revenue – Proposal 1a

Category	No of Members	Annual Fee	Revenue
Sailing	103	£110	£11,330
Sailing & Spouse	51	£155	£7,905
Family	36	£175	£6,300
Junior	33	£32	£1,056
Social	54	£35	£ 1,890
Social & Spouse	38	£65	£2470
Total	315		£30,951
PLUS			
120 Boats at £40 Storage Fee			£4,800
Total Revenue			£35,751

DBSC 2009/10 Membership Fees and Revenue – Proposal 1b

Category	No of Members	Annual Fee	Revenue
Sailing	103	£110	£11,330
Family	87	£175	£15,225
Junior	33	£32	£1,056
Social	54	£35	£ 1,890
Social & Spouse	38	£65	£2470
Total	315		£31,971
PLUS			
120 Boats at £40 Storage Fee			£4,800
Total Revenue			£36,771

DBSC 2009/10 Membership Fees and Revenue – Proposal 2a

Category	No of Members	Annual Fee	Revenue
Sailing	103	£110	£11,330
Sailing & Spouse	51	£155	£7,905
Family	36	£175	£6,300
Junior	33	£32	£1,056
Social	54	£35	£ 1,890
Social & Spouse	38	£65	£2470
Total	315		£30,951
PLUS			
200 Boats at £35 Registration Fee			£7,000
Total Revenue			£37,951

DBSC 2009/10 Membership Fees and Revenue – Proposal 2b

Category	No of Members	Annual Fee	Revenue
Sailing	103	£110	£11,330
Family	87	£175	£15,225
Junior	33	£32	£1,056
Social	54	£35	£ 1,890
Social & Spouse	38	£65	£2470
Total	315		£31,971
PLUS			
200 Boats at £35 Registration Fee			£7,000
Total Revenue			£38,971

DBSC 2009/10 Membership Fees and Revenue – Proposal 2c

Category	No of Members	Annual Fee	Revenue
Sailing	103	£110	£11,330
Sailing & Spouse	51	£155	£7,905
Family	36	£175	£6,300
Junior	33	£32	£1,056
Social	54	£35	£ 1,890
Social & Spouse	38	£65	£2470
Total	315		£30,951
PLUS			
200 Boats at £25 Registration Fee			£5,000
Total Revenue			£35,951

DBSC 2009/10 Membership Fees and Revenue – Proposal 3a

Category	No of Members	Annual Fee	Revenue
Sailing	103	£110	£11,330
Sailing & Spouse	51	£155	£7,905
Family	36	£175	£6,300
Junior	33	£32	£1,056
Social	54	£35	£ 1,890
Social & Spouse	38	£65	£2470
Total	315		£30,951
PLUS			
200 Boats at £25 Registration Fee			£5,000
120 Boats at £25 Storage Fee			£3,000
Total Revenue			£38,951

DBSC 2009/10 Membership Fees and Revenue – Proposal 3b

Category	No of Members	Annual Fee	Revenue
Sailing	103	£110	£11,330
Family	87	£175	£15,225
Junior	33	£32	£1,056
Social	54	£35	£ 1,890
Social & Spouse	38	£65	£2470
Total	315		£31,971
PLUS			
200 Boats at £25 Registration Fee			£5,000
120 Boats at £25 Storage Fee			£3,000
Total Revenue			£39,971

DBSC 2009/10 Membership Fee Revision Option Summary

<u>PROPOSAL</u>	<u>DETAIL</u>	<u>REVENUE</u>	<u>INCREASE</u>
No Change	As at present	£35,283	Nil
1a	£40 Boat Storage Fee	£35,751	1.3%
1b	As above + drop S&P Membership	£36,771	4.2%
2a	£35 Boat Registration Fee	£37,951	7.6%
2b	As above + drop S&P Membership	£38,971	10.5%
2c	£25 Registration Fee	£35,951	1.9%
2d	£25 Registration Fee + drop S&P Membership	£36,971	4.8%
3a	£25 Registration Fee + £25 Storage Fee	£38,951	10.4%
3b	As above + drop S&P Membership	£39,971	13.3%

20. It is emphasised that this discussion paper remains a work in progress and has been prepared as a basis for discussion at the forthcoming members' consultative meeting. Progression thereafter to the report and any proposals put to the AGM will take full account of opinions and preferences voiced at the consultative meeting.

Willie Allan
Treasurer
5 October 2009