

# Membership Commission Summary

*May 30, 2003*

## Background

In April, 2002, the ACC Executive Committee formed a Membership Commission with the mandate to:

1. review the governance structure of the Alpine Club with a view to determining whether or not the current governance model is appropriate for the aims and objectives, and fits the financial capabilities, of the club;
2. review the appropriateness of the level of membership fees and benefits associated with the national level of the Club; and
3. devise a financial structure that does not act as a financial impediment to growth in individual memberships or to new sections.

The Membership Commission, headed by Peter Muir, Vice President Access and Environment, investigated these areas and presented its findings in the form of a report to the Executive Committee (April 2003) and the Board of Directors (May 2003). That report (41 pages) is available on request from the ACC National Office.

This document summarizes the key recommendations contained in the report and the subsequent discussions held on the report contents by the national Board of Directors.

## Recommendations

Based on the report and the subsequent discussions, the following six recommendations are being made for consideration by the national Board of Directors:

### **1. The ACC should not alter its governance structure at this time.**

The Commission report pointed out that the Club's current governance structure (which gives each section, regardless of size, one representative on the national Board of Directors) has certain challenges and limitations that might need addressing sometime in the future. However, it was noted that the structure currently has more advantages than disadvantages and, as a result, should not be altered at this time.

- 2. The ACC should not implement a “minimum section size” requirement for either current or potential new sections.**

The size of Club sections is an issue for various reasons, including the cost to ACC national of having section representatives come to two national Board meetings per year vs. the national fees collected from the members of that section. However, the Commission felt “minimum section size” is an issue that should be dealt with on a “one-off” basis when a section applies for ACC membership rather than through a prescriptive policy to be applied to all future applications for section status.

- 3. The ACC should consider including the Canadian Alpine Journal (CAJ) as a benefit of membership for all members (and increase membership fees accordingly), rather than as a benefit just for those members who opt to receive it.**

If the CAJ was provided as a benefit to all members, most recent estimates indicate that national membership fees would have to increase by approximately \$15 per membership per year just to cover the production and mailing costs involved. This change from the CAJ being treated as an “optional” membership benefit would presumably be supported by the 1750 memberships (30% of all memberships) that currently opt to receive the CAJ and pay the \$23 fee involved. However, the reaction could be different from the 70% of remaining members who currently don’t so opt, and would be required to pay increased fees for a publication they may not want.

In any case, the rationale for this recommendation by the Membership Commission is that the Alpine Club is a mountaineering organization, and should therefore consider making its annual mountaineering journal something that all members get as a matter of course (which is what most national alpine clubs do, and what the Alpine Club of Canada did until the early 1990’s when the CAJ became optional).

- 4. The ACC should ensure that its national revenues from all sources cover all the costs required to properly operate and manage the Club’s national programs and assets.**

In its report, the Membership Commission recommended that the Club adopt a somewhat different approach than this to its finances, namely that the Club’s national membership fees should cover all national costs involved in providing services to and on behalf of Club members. This was proposed to deal with the situation that has existed for some time whereby revenues from the Club’s national Facilities program (primarily the huts) have been (and are being) increasingly used to “subsidize” national’s costs of providing services to and on behalf of members. Estimates in the

Membership Commission report put the level of this cross-subsidization in 2003 at approximately \$30 per membership per year.

However, in the Board's discussion of the report, it was pointed out that some level of cross-subsidization of this kind has been occurring for many years, and that since the huts are an asset of the Club, there is nothing inherently wrong with this situation.

In response to such comments, it was also pointed out that this cross-subsidization is an issue the Club needs to address, because:

- a. it has meant the Club's facilities have not been maintained in recent years to the level required for their on-going sustainability; and
- b. if allowed to continue, those facilities will further deteriorate, which will in turn affect their ability to generate positive financial results for the Club in the coming years.

This situation leads to the next recommendation.

**5. The Club's Facilities program should be allowed to retain a sufficient amount of its revenues necessary for it to carry out the proper upkeep and maintenance of the Clubhouse and national huts.**

The implication of this recommendation is that, to the extent its implementation results in lowering the financial cross-subsidization traditionally provided by the Facilities program to fund national membership services, other sources will have to be found to fund those services. It is logical to think that a primary source for funding any "shortfall" associated with nationally provided membership services would be to increase the national portion of the Club's membership fees.

Assuming recommendation #5 is adopted, the calculation of what the possible increase in membership fees would have to be over (say) 1, 3 or 5 years to address the resulting "shortfall" in national membership services funding over the period is not a simple one. This is because the calculation depends on several critical factors, including anticipated national revenue from all other sources (including grants, fundraising and investment income), all national operating expenses (including those affected over time by market forces and inflation) and all national capital expenses (including those of the Facilities program) over the period(s) involved.

As a result, the actual calculation of possible membership fee increases can only be made in the context of a detailed revenue and expense budget for a coming year, plus reasonable forecasts for the upcoming years. All of this data for the 2004 financial

year (and for subsequent years) is not currently in place, given that the budgeting cycle for 2004 is not scheduled to begin until July of 2003.

This reality leads to the next recommendation.

**6. The national Board of Directors should continue to decide on any possible increases in national membership fees as part of the its annual review and approval of the national organization's budget.**

This review/approval process normally takes place leading up to and at the Club's Fall Board meeting – a process that has served the Club well in the past. There does not appear to be any disadvantages in continuing with this process. In fact, doing otherwise could lead to the national Board of Directors making premature decisions on required fee increases, to the disservice of the Club and it's members.

Members of the Club can be assured that the national organization's primary objective is to manage the Club's national programs, operations and assets in a manner that fulfils the Club's mandate and that is fiscally responsible. As part of accomplishing that objective, the accepted practice of the national organization is to have and adhere to annual "no deficit" budgets, and to ensure that the national portion of membership fees is kept as low as possible and in line with the benefits national provides to and on behalf of members. The national organization does not anticipate any change to this approach.