



**CITY OF RICHMOND**

**REPORT TO COMMITTEE**

*to General Purposes - Sept 18 /00*

**TO:** General Purposes Committee  
**FROM:** Mike Kirk  
Director, Human Resources  
**RE:** **Wellness Centre at City Hall**

**DATE:** September 14, 2000

**FILE:** 1850-02

**STAFF RECOMMENDATION**

1. That Council authorize a financial contribution of \$70,000, of which 50% would be paid back by employees on a user fee system, toward the cost of outfitting and equipping a Corporate Wellness Centre at City Hall.

A handwritten signature in black ink, appearing to read "Mike Kirk".

Mike Kirk  
Director, Human Resources

<b>FOR ORIGINATING DIVISION USE ONLY</b>
<b>CONCURRENCE OF GENERAL MANAGER</b>
A large, stylized handwritten signature in black ink, likely belonging to the General Manager.

STAFF REPORTORIGIN

Pursuant to the staff report presented to Council on March 6, 2000, staff were directed by Council at that session, to pursue sources other than the City, for equipment funding. Both Unions were approached to contribute up to 50% of the costs for equipment and in both cases the motion for this funding was rejected. However, both unions sent written documentation indicating they fully supported the concept of the Wellness program. Staff have also pursued other avenues of funding and at this time have two financial institutions who have shown an interest in contributing financially to this project but, are unable at this time to finalize commitment, and staff will continue to pursue this option.

At this time the proposal submitted is only focusing on the Wellness Centre at City Hall, as an appropriate location for a site at the Works yard has not been established.

ANALYSIS

Corporate Wellness Centres for employees are providing organizations with very tangible benefits as identified by BC Hydro. This Corporation has been able to realize the following cost savings as a direct result of having a Corporate Wellness Centre program available to their staff:

1. Sick leave savings over a one year period from April 1999 to March 31, 2000 were \$400,000.
2. Disabling Injuries (WCB) average number of days lost:
 

Total Cost:	\$464,520
Breakdown of costs:	
❖ Group that was active in Wellness centre program:	\$91,840
❖ Group that did not participate in Wellness Centre program:	\$372,680

For additional information supporting the benefits associated with developing a Wellness Centre, see appendix 2.

Staff conducted a survey amongst 7 Corporations to determine whether the employer paid for the capital costs of equipment for their employee Wellness Centre, whether the employees were expected to repay the funding, whether employees paid a monthly user fee and what the user fee was used for. See appendix 1 for the complete survey.

In all instances the employer paid out the capital cost for the equipment and other associated start up costs. In all cases employees were not asked to pay back these costs to the employer. In most companies the employees pay a monthly user fee of between \$16.00 - \$25.00 per month through payroll deduction. The user fees go towards equipment maintenance costs and equipment replacement, as required.

### City Hall Wellness Centre Proposal

What is being proposed is a repayment plan back to the City by the employees for their half of the equipment cost. The City would pay the full cost up front and then the employees through monthly user fees and potentially strip ticket purchases would pay back the City over a 7 year period.

#### FINANCIAL IMPACT

<b>Annual Revenue collected through user fees:</b> (based on 50 people at \$12.00/month)	<b>\$7200.00</b>
<b>Annual Expenses</b> (equipment maintenance & equipment replacement fund):	<b>\$2000.00</b>
<b>Annual Repayment:</b>	<b>\$5200.00</b>

The financial commitment staff is seeking is an initial outlay of \$70,000, which would come from the City Hall project's furnishings and equipment budget. \$35,000 would be paid back to the City over a 7 year period. If staff receive additional Corporate funding, this would reduce the City's financial exposure. However, if the participation and payback were less than expected, the 50% return would take longer.

The monthly user fee amount was based on the square footage of the room, amount of equipment and what other Corporations were charging.

#### CONCLUSION

The staff are seeking authorization from Council to spend \$70,000 to equip and outfit a Wellness Centre at City Hall.



Alison Dennis  
Wellness Co-ordinator

Location	Capital Cost	Monthly Fees		What the monthly fee goes towards
		Yes	No	
GVRD	The employer paid for all start up costs including equipment capital. Employees were not expected to repay the employer.	16.25/mo		This fee pays for their contract with the Fitness Group for fitness classes and is used to maintain the current equipment. Their program is struggling as their budget was slashed. So, they have no plans for future equipment replacement.
Vancouver Public Library	\$45,000 was built into their furnishings and equipment budget. The employer continues to pay for all maintenance of the equipment. Employees were not expected to repay the employer.		No	N/A
Vancouver Police	The employer paid for the initial start up costs which included the capital for equipment		no	The coordinator spends most of their time seeking sponsors and doing fundraising to maintain the equipment. The employer budgets a small amount for maintenance.
Vancouver Fire	No records available but there is some equipment in each Fire Hall. Capital costs paid for by the employer. Employees were not expected to repay the employer.			Maintenance costs are paid for through the Union's Athletic committee.
BC Hydro 73	The employer furnished all of their facilities. The two facilities in Vancouver are larger square footage than ours and the larger of the two cost approximately \$100,000 for equipment. The employer continues to pay for any equipment replacement over \$5000.00. Employees were not expected to repay the employer.	\$24.61/mo 10 visit card - \$45.00		Fees pay for the operational costs (contract costs of an outside company to manage their fitness centres) and maintenance costs, including small equipment purchases (those that are less than \$5000.00).
BC Telus	Fitness facilities exist at most of their sites and in all cases the employer has paid for all start up costs and the capital costs of the equipment. Their most recent centre cost them \$35,000 and is of similar size to ours. Employees were not expected to repay the employer.	\$16.00/mo		The monthly fee must cover all maintenance and equipment replacement costs.
WCB	The employer paid for the capital expenditures for equipment. The employees did not have to re-imburse the employer.		No	Employees are very restricted in the times they can use the area designated as their rehab. room. The primary purpose is for client rehab. only. At this time no one is providing preventative maintenance on their equipment.

### Appendix 1

## Appendix 2

# Investing in a Comprehensive Workplace Health Promotion Program

### Introduction:

“Comprehensive Workplace Health Promotion is an approach to protecting and enhancing the health of employees that relies and builds upon the effects of employers to create a supportive management culture and upon the efforts of employees to care for their own well being.”

What is good for employee health is also good for organizational productivity, efficiency and competitiveness.

### Impact of Doing Nothing and Associated Costs:

- ❖ The degrees to which personal health practices (what the employees bring with them to the workplace) as “risk factors” translate into negative health outcomes and health costs depends on the extent to which management culture (organization of work both physical and psychosocial environment of the workplace) supports health.
- ❖ If you take employees who have three or more risk factors (i.e. inactivity, they smoke, they drink too much and are overweight) they are likely to have 50% more absence from work than those employees who have no such risk factors.
- ❖ It is not uncommon to find that multiple risk employees cost their employers 2 to 3 or more times the amounts accounted for by other less “risky” employees in terms of services, drugs, short term disability and other more casual forms of absenteeism.
- ❖ Stress originating in the organization of work (physical and psychosocial environment at work) is highly correlated with employee health practices (low activity levels, being overweight) and conditions that are hostile to their well being.

### The Costs & Benefits of Doing Something to Promote Health

Success defined:

- ❖ By achieving above average participation and retention rates in programs and terms of employment
- ❖ Penetrating the “at risk” groups
- ❖ By achieving above average health-related outcomes
- ❖ Showing that these outcomes translate into efficiencies such as reduced absenteeism, lower claims costs, etc.

Ensuring employee's needs, time restraints and their degree of being ready to change are critical to the success of a wellness program. However, of equal significance are management support and a supportive management climate.

### **Supportive Management Climate:**

- ❖ Keeping demands on time and energy within reasonable bounds, maximizing the degree to which employees participate in the governance of their own work and providing adequate recognition and acknowledgement for work well done.
- ❖ Generally speaking, reductions in costs associated with absenteeism, claims, disability, etc. are found in conjunction with increases in productivity and profitability.
- ❖ It ensures employees understand and actually feel the commitment of their employers to the protection and promotion of their wellbeing.
- ❖ Making at least some time available to employees during working hours for health promoting activities
- ❖ Making resources available for Wellness programs and activities
- ❖ Demonstrating interest through accountability
- ❖ Providing personal leadership through exemplary behaviour i.e. taking part in programs, sharing personal health challenges or successes.

### **The Business Case for Comprehensive Workplace Health Promotion**

"See Attached"

*Please note:* This document is a summary of the document "Investing in Comprehensive Workplace Health Promotion". If you would like to review this document in its entirety, a copy has been placed in the council binder.

## **The Business Case for Comprehensive Workplace Health Promotion**

In the previous sections we established the foundations of the Business Case for Comprehensive Workplace Health Promotion. Now we review these foundations and examine how the business case is built upon them.

First, we have seen that the origins of health as it is observed in the workplace lie as much in the organization of work as in personal health practices. Second, we have presented evidence that there is an interaction between these two forces, or sets of influences on health and we have argued that singly and in interaction these forces have a significant impact on productivity and competitive advantage. Third, we have argued that these forces can be influenced by deliberate interventions. The most effective interventions, we said, are likely to be those that address the manner in which management practices affect employee health combined with programs aimed at helping employees help themselves. We noted that there is an intimate connection between fairness and health that shows itself most clearly in employee perceptions of how superfluous stress is sometimes brought into existence by managerial choices rather than by accident.

To convert this knowledge into a business case, however, requires an extra step of logic. To take this step we need to accept first of all that a "business case" means reasons for doing something driven by a desire to enhance the achievement of objectives related to profitable or at least effective production and delivery of goods and services. This involves more than financial motives; it involves varying degrees of desire to produce things or services of value in ways that do not harm either the employees who perform the work, or their families, or their communities or the broader society in which all of these function. These ultra-financial motives, it must be said, have a moral or ethical basis that has deep social origins. In other words, the business case for CWHP has moral and social elements to it, as well as elements of expedience and self interest.

If we can accept the multidimensional nature of the business case as outlined, then its main arguments emerge as follows:

1. Health, and the costs associated with maintaining it, are "produced" in the workplace by two forces: the personal health practices of employees and the organization of work.
2. Of the two forces, organization of work is the more important not only because of its direct impact on mental and therefore physical health but also because it influences personal health practices. It is appropriate, then, to describe the organization of work as a driver of health and health-related costs.
3. The key aspects of organization of work that influence health are management and governance practices. Choices about the organization of work made by managers and governors shape both the physical and psychosocial environments of the workplace, even though the nature of the work to be done constrains these choices in varying degrees.
4. Choices about demand, control, effort and reward are critical influences on employee health. Perceptions of the fairness with which decisions concerning the organization of work are made are a crucial link between these choices and employee health.
5. Where high demand/low control, high effort/low reward conditions prevail, negative health outcomes appear in numerous forms at much higher rates than those seen under more benign and positive managerial conditions. (see Chart 3 for a review).



6. These negative health outcomes represent significant costs to employers and can be safely predicted to have a negative impact on efficiency, productivity and competitiveness.
7. The same adverse management conditions that have negative effects on employee health also have negative effects on employee capacities such as flexibility, adaptability, creativity, memory, learning. Since these employee capacities are crucial to corporate survival in times of rapid change and need for maneuverability it is safe to identify high demand/low control, high effort/low reward conditions as defeaters of productivity from this perspective also.
8. Strong relationships exist between employee job satisfaction (as related to demand/control, effort/reward balance, and perceived fairness) and client, customer, consumer satisfaction (including also perceived fairness) as expressed in purchase of goods and services. Consequently, an unbroken chain of causation extends from management practices via employee health through to the bottom line.
9. The predictability or foreseeability of health harms from adverse management practices means not only that they can, at least to some extent, be prevented but also that they should be prevented according to widely accepted social norms concerning responsibility for consequences. Broadly speaking, the foreseeability of harm to health resulting from adverse management practices can be thought of as attracting a proactive, "constructive" duty of diligence to avoid such harms. This is really little more than an ethical extension of the notion of due diligence found in occupational health and safety law.
10. The foreseeability of harm from health-hostile management practices extends beyond the horizon of the workplace itself to encompass the

families of employees, their communities and society at large. The social requirement to avoid such harm (which parallels the requirement not to pollute the environment through the byproducts of manufacturing, rendering and extraction processes) translates into a duty of stewardship that can be seen as falling on the shoulders of workplace governors and leaders as well as on managers.

11. The costs of avoiding harm to health resulting from adverse management practices overlap to a considerable degree with the costs of improving productivity and customer/client consumption of goods and services since both involve deliberate efforts to boost employee job satisfaction.
12. The effectiveness of HPPs aimed at personal health practices is heavily dependent upon a supportive managerial climate characterized by deliberate, visible efforts to maintain or restore balance between demand and control, effort and reward, so creating a climate of fairness.
13. Within the context of such supportive managerial climates, there is solid evidence that employee health gains can be obtained through HPPs and that the cost of obtaining them is frequently far less than the savings realized.
14. Again within the context of supportive managerial practices, adherence to certain principles of HPP design and implementation raise the odds that these programs will yield cost-beneficial results. These have been defined as the principles of personal control or self-efficacy, social support, interactivity, wide appeal and convenience. (see earlier section on "Program Content and Design Prerequisites")