

### **Why was the Building Committee formed?**

The Executive Board asked membership to form a committee due to the need for significant repairs to the building and a desire to address the problem comprehensively as opposed to applying more band-aid-style fixes.

### **Who is on the Building Committee?**

The Committee is a group of members who have volunteered their time, talents and energy to address the significant concerns regarding the current state of the pool building. (Jason Wix - Committee Chair, Ruth Easterling, Emily Goldstein, Stephanie Grant, Jennifer Hefford-Anderson, Aimee Lloyd, Keith Pinson, Brian Riggs, Josh Schumacher and Megan Schumacher)

### **How was the project scope chosen?**

The Committee became aware that the building needed a completely new roof structure at the bare minimum. Such a project would also require rework to much of the plumbing, electrical and natural gas lines. Membership feedback from surveys indicated strong support for a more serious remodel and the Committee felt that simply replacing the roof would limit our options for the future. Since hiring the architects, we have also discovered that our exterior walls require seismic retrofitting. This is a remodel. We are not tearing the building down.

### **How was the architect chosen?**

We contacted three different architects and after receiving their bids, the Committee recommended that the Board hire Strouse Davis Architecture. The Board approved and we are currently in the design-phase of the project.

### **Will the pool have to close during construction?**

Our goal is to begin construction on October 1st with completion by the end of February. We have planned a 2-month cushion in case the project takes longer than expected.

### **What is the budget for the project?**

We are working with an estimate of \$520,000 with a contingency of \$150,000 (approx. 30%).

### **Don't we already have CIF money in the bank for this project?**

Yes we do! The Board has been saving our CIF dues and we have \$100,000 that we can use for this project.

## How much are we borrowing and what are the terms?

The Club will borrow \$300,000 via a 12-month line of credit (Umpqua or US Bank). At the end of construction, the line of credit (LOC) will be converted to a secured loan with a 15-year term, and 5-year fixed interest rate. This conversion is guaranteed. The rate will reset at 5 and 10 years. There is no prepayment penalty after the first 5 years. For reference, current rates are at about 5%.

## Why did the committee decide on a \$1,000 assessment?

The Committee spent considerable time debating the best strategy to fund this project. We weighed many options to balance the long-term risk associated with taking on debt with a reasonable “ask” of our membership. More cash infusion = lower risk, more loan = higher risk. While our local economy is doing quite well, that could easily change in 5-10 years. Ultimately we chose the \$1,000 assessment and \$300,000 loan as a comfortable middle ground.

We also analyzed dues, fees and assessments at other local pools undergoing major renovations and feel both proposals keep us competitive. Acknowledging that project scope, facilities, cash on hand, loan terms and club sizes are different, it is difficult to compare different pricing structures but for reference, the following are the current pricing structures at Normandy Park Swim Club and Arbor Heights Swim and Tennis Club, both of which are preparing to undergo significant renovations.

	<u>NPSC</u>	<u>AHSTC</u>	<u>OVSC</u>
Joining fee:	\$1,000	\$1,800	\$1,000*
Annual dues/fees	\$1,000	\$920	\$775 (\$875 years 2-6)
One-time assessment:	\$1,000		\$1,000

\*For new members joining in 2020 and beyond

## Who pays the assessment?

All regular members. Senior members will not be required to pay the assessment. All regular 2020 season members will receive a legacy brick or tile.

## What if members leave?

The Committee understands that the assessment may lead some families to leave the club. We feel confident that with our 80+ family waitlist we will be able to fill any vacancies that may arise.

## When will the assessment be due?

The first \$500 will be due on August 15, 2019. The second \$500 will be due on February 1, 2020 (with annual CIF dues). Members will also have the option to make five \$100 autopayments beginning on September 15, 2019, with a final payment on January 15, 2020.

### **Will my CIF dues change?**

No. Annual CIF dues will remain the same.

### **If we are using annual CIF payments to pay the loan, how much will be left over for unexpected repairs, or small improvement projects?**

Based on our *conservative* models, an average of \$9,000 in CIF will be left over each year after loan payments are made. At no point in the 15-year loan amortization do we expect this number dip below \$4,000. These funds may also be used to make additional principal payments on the loan.

### **What if the project comes in significantly under budget?**

The Committee recognizes the risk with any construction project and has a healthy 30% contingency for the project. Should the project come in significantly under budget (\$15,000 or more), the Committee will come before membership with options on how to use any leftover funds. Those options may include, but are not limited to, rebates to members, prepayment of the loan, or additional capital improvement projects.

### **Members and new members who pay the assessment will receive a legacy brick or tile, what is that?**

The Committee wants everyone to feel connected to this project. Your one-time assessment entitles you to a membership brick or tile (final design to come). Your family's name will be engraved in stone or printed on a beautiful tile as part of a permanent installation to recognize you for providing the financial means to fund the project. Because without you, this wouldn't be possible!

### **This project doesn't have everything I want, will it be flexible for future changes?**

The Committee has worked with the architect to ensure the design will allow for some pretty cool add-ons in the future.

### **Can we fundraise?**

Absolutely! We have a fundraising team with lots of great ideas. From auctioning off parking spaces, to selling advertising to local businesses. But, really, the sky's the limit! Do you really want heaters in the main cabana? Do you want the main cabana to become an indoor/outdoor space with accordion-style glass doors? Almost anything is possible, and if you make a sizable donation, we will put your name on it!

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## **Member Questions**

**Was the idea of a sliding scale considered for the one-time assessment? Families with older children don't live at the pool like families with younger children. What is going to be the incentive for older members to stay?**

A sliding-scale assessment based on criteria like family demographics would not only prove difficult to create but would also prove difficult to bill for our largely volunteer organization. We also believe it would be extremely challenging to make everyone happy in this scenario. As a reminder, Club dues are the same for every family, regardless of number of children or their ages. The one-time assessment follows that same structure. While the Committee understands that some families may choose to leave the Club, we also hope that our members are excited to invest in the Club's facilities not only for this generation, but also for generations to come.

**Since there is a waiting list, can the joining costs be increased?**

If membership approves the Committee's proposal, joining fees will increase to \$1,000.

**Why do the current members pay for the future members benefiting from the renovations?**

The proposal puts approximately half the burden on current members via the assessment, and half on our annual membership via CIF dues which will be used to make the debt payments (\$270,000 raised via the one-time assessment and \$300,000 raised via financing on a 15-year term). Additionally, raising a significant portion of the project cost through an assessment allows us to keep our debt payments low. This will help protect the Club against a potential economic downturn such as the one that occurred in the late 2000's, leading to lower membership numbers for several years.

**Is there any consideration given to new members? When we were signing up for membership we were not aware of the \$1,000 building fee and are not sure if we would have made the same choice to join.**

First and foremost, the Building Committee's proposal is just that, a proposal. Due to a tight project timeline, members first learned of the proposal via email on April 5th. All members are invited to the general meeting on Wednesday, April 17th at 7PM in the Marvista Elementary School cafeteria where we will present our proposal, provide a glimpse into the architectural plans, and take a vote of regular members on whether or not to proceed. The Committee created a payment schedule that will give us adequate funding to get the project started as well as ease the burden on members. We considered *all* our members (new, future and long-standing) throughout the proposal development process.

**A \$1,000 assessment is a good amount of money and not equitable for members with only a few years remaining nor to members that join in the coming years that will get the most value out of the project. Why was it not given as an option to increase CIF, take a higher loan and a lower up-front assessment?**

The Committee understands that \$1,000 is a significant amount of money. We spent considerable time debating the best strategy to fund this project. We weighed many options to balance the long-term risk associated with taking on debt with a reasonable “ask” of our membership. More cash infusion = lower risk, more loan = higher risk. While our local economy is doing quite well, that could easily change in 5-10 years. Ultimately we chose the \$1,000 assessment and \$300,000 loan as a comfortable middle ground. That being said, we understand that there is no option that would be equitable for everyone.

**How much was the original CIF fund, when will it be paid off and what has it been paying for?**

The Capital Improvement Fund was created in 2010 to pay off a debt acquired by the Club. When that was paid off in 2015 the dues continued to be collected and reserved for improvements as well as to create a safety net for large unplanned repairs. Membership approves the projects that are paid for using the CIF on an annual basis. In recent history the CIF funded the new pool deck, basketball court, North Cabanas, water pump, boilers and diving board as well as bathroom upgrades and resurfaced tennis courts. Of late, most of those funds have been being saved in order to help fund the building project. The Club has no current outstanding debt.

**If current members have already paid their dues and CIF fund for 2019 but don't want to pay for the building assessment can they be refunded the dues and CIF if they choose to leave this season?**

The assessment only applies to members for the 2020 season, so 2019 dues and CIF will not be refunded.

**Can't we get more than one bid?**

The building committee solicited plans from three architecture firms and selected Strouse Davis based on price and overall quality. As of April 2019, the building committee has neither solicited nor received contractor bids but plans to solicit at least three bids for construction work.

**I attended tonight's meeting and my question is : shouldn't new members pay \$1000 plus dues of \$675? Otherwise they are actually paying less than your current members who have all paid membership fees in the past.**

The Board of Directors sets the fees for the year. At this time a decision has not been made. However, the Building Committee is proposing that the joining fee for the 2020 season and beyond be increased to \$1,000. New members will pay the joining fee plus annual dues in their first season.

**Will there be any additional fees for members regarding this build? Is it a one time fee of \$1000 or will a third type of improvement be added at some point?**

The \$1,000 assessment is a one-time fee. The Committee worked hard to create a funding proposal that will be adequate to fund the proposed project. If the project comes in significantly under budget the Committee will come before membership with options on how to use any leftover funds. Those options may include, but are not limited to, rebates to members, prepayment of the loan, or additional capital improvement projects. The Committee does not foresee any additional improvements that would involve an assessment or CIF dues modification in the near term. While we are planning for add-ons, they are not included in the current scope of work and are not considered necessary. Their addition will be funded either by a budget surplus (with membership approval) or a fundraising campaign.

**Can't we vote on an option A and an option B?**

The Committee, together with the Board, believe this proposal's scope of work and balanced financing structure is in the best interest of the Club, so this is the proposal we brought before membership.

**Why don't you just increase the cost to join since there is an 80 family wait? Like make the joining fee \$2,000?**

For any significant project like this, the funding must be in place prior to construction. Therefore, since we need to raise \$270,000 to cover the funding shortfall, the money must come from current membership. The Committee is proposing to increase the joining fee to \$1,000 for the 2020 season and beyond. The Committee chose this amount because we believe our joining fee should remain competitive with neighboring clubs.

**Will you make any concession at all for people who don't make 6 figure salaries? If not, it's likely not the place for us.**

The Committee worked hard to come up with a proposal that is in the best interest of the Club as we face some serious structural deficiencies. We understand that the assessment may be seen as a burden to our members so we created a payment schedule that will give us adequate funding to get the project started as well as spread the payments out over time. While we certainly do not want anyone to feel forced to leave the Club, we are committed to tackling this project in a fiscally responsible way. Unfortunately, the Club is unable to provide financial aid.