

# **Bannockburn Swim Club Renovation Project 2009**

*June 2009*

Dear Bannockburn Swim Club Members and Community,

The Board of Directors of the Bannockburn Swim Club will be seeking the approval of all active permanent members to raise the pool Bond by \$650 this summer in order to facilitate the Renovation of the swimming pool for the 2010 season. We are holding a meeting on June 14, 2009 to explain the Renovation plans, discuss the options, listen to members and to seek your support for this initiative. In advance of this meeting, we have compiled a list of "Frequently Asked Questions" (FAQ), which we hope will serve to provide you additional information about this project. We look forward to seeing you at the meeting at 6:30pm at the pool on June 14, 2009, and welcome any additional input you may have.

Best regards,

Board of Directors  
Bannockburn Swim Club

## **FREQUENTLY ASKED QUESTIONS (FAQ)**

### **1. Why is the Board of the Bannockburn Swim Club proposing that we renovate the pool now?**

Several years ago, the Board surveyed the Club community to identify their preferences for improvements to the pool. The clear top preference was for a larger Pool to reduce crowding, followed by a pavilion or other structure to provide shade and host parties. The Board then began to act on the direction set by the community.

In 2008, the Board initiated a series of studies and detailed planning necessary for getting the required Montgomery County and Maryland State approvals. The proximity of the creek added uncertainty and complexity to this process. These studies have been completed to the satisfaction of the agencies involved and we have the approvals to proceed. In parallel, this winter/spring, the board bid out the project and sought quotes for bank financing.

Based on the preferred bid pricing and financing costs, and with the affirmative support of the permanent members, work *could* proceed this fall/winter. However this is *not* the only option; we could defer by a year or simply not proceed at all. This FAQ explains both what is involved in starting *this* year and the implications of voting to *not* proceed now.

The Board understands that the recession makes this a difficult time for some members. However, the downturn also presents opportunity; interest rates on bank financing are low and bids from construction firms competitive. By acting now we can take advantage of these conditions. Yes, deferring for a year (or longer) is a viable option. But project costs and interest rates will change between now and then. We think that, on balance, the greater risk is these costs will increase rather than decrease as the economy begins to recover. If we wait we probably will pay more.

It should also be noted that the pool is in good condition at the moment, even though it is old. But within five years we expect major maintenance and capital improvements will be needed. As such, the Board recommends proceeding with a renovation of the type proposed here *at some point* before then.

**2. What will the Renovation involve? How will it change the pool?**

The pool will be lengthened and will incorporate an intermediate 10' wide walkway that will separate a new 25-meter portion from the original shallow end of the pool. The "new" part can be used by lap swimmers and swim team during practices, leaving the entire current shallow end available for others with no crowding. The dive area will be deepened and a regulation 1-meter board provided. Under a separate contract, if and when funds permit, a pavilion will be added near the deep end to provide space for games, shade, picnics, vending machines and more.

The baby pool, the changing rooms, the driveway and parking and the boardwalk along the side of the pool will not change.

**3. Will the plan include the pavilion?**

To keep costs down, the current plan does not include construction of the pavilion in this first phase. However, there will be ongoing fundraising efforts over the course of the next year to raise money for that project. If the project comes in on budget and the contingency is only partially used, we may accelerate pavilion construction.

**4. What about an upgraded heater?**

The water volume will increase substantially and the plans provide for an upgraded heater accordingly.

**5. Will the new pool have lights and allow for night swimming?**

The plans do not include lights in the pool and on the surface to allow for night swimming. These would increase costs by \$60,000 - \$70,000. The architect and builders tell us that lights are not actually used very much and are not considered a good investment. Also, members closest to the pool have expressed concerns about noise and disruption should night swimming be allowed.

**6. Will the construction disrupt the forest and surrounding area or have other environmental impact?**

The Club is filing a forest conservation plan and easement in conjunction with the Renovation of the pool. The Renovation will seek to disrupt as little surrounding forest area as possible. However, the construction will require the removal of a limited number of trees behind the current pool perimeter.

The plans include a new storm water runoff catchment system to reduce driveway runoff. Also included are improvements in the way water is treated after flushing the filtration system. These will reduce the overall environmental impact of the Pool.

**7. Will the Renovation lead to an increase in summer swimmers?**

The current limit, as set by the bylaws, is 1,200 swimmers. The enlarged pool would be able to handle easily a higher swimmer limit. Parking and the changing rooms then become the limiting factor. At the moment there is no need to increase the total number of swimmers although this could change in the future. Any increase would require a change in the bylaws by a community vote. The Board is *not* currently seeking approval to increase the number of swimmers to our pool.

**8. When is the expected start date of construction and how long will it take to complete?**

We expect construction to start immediately after the Pool closes in September. Construction will take approximately six-seven months, meaning that the Pool should be completed in advance of the May 2010 opening date.

**9. How will members continue to learn about the status of the Pool Renovation?**

In an effort to increase communications we will be creating a Pool Member listserv through Yahoo! and making an effort to keep the website more up-to-date, potentially through the use of social networking tools like Twitter. Members will receive instructions on how to join the listserv and/or other groups.

**10. What is the Bond?**

The Bond is a one-time assessment paid by any eligible member who becomes a Permanent Member. This Bond is redeemed by the Club when the Permanent Membership is terminated by the Member. The current Bond is \$750.

**11. How will the pool finance the Renovation?**

The cost of the Renovation is approximately \$913,000 including contingency. The pool will have approximately \$210,000 in savings/cash to contribute to the financing of the Renovation. The pool has been offered bank financing of \$570,000 on good terms. The balance of funding will need to be raised through an increase in the Bond. Both the bank financing and an increase in the Bond are preconditions for this project. Additional fundraising will be used to provide additional contingency funds and support additional features such as the pavilion.

The tables below show the sources of funds and how they will be used. Also shown are additional sources that we hope to generate but are not budgeting as well as additional uses that will only be incurred with sufficient surpluses.

| Sources of Funds       |                   |
|------------------------|-------------------|
| Swim team contribution | \$ 5,000          |
| Bank                   | \$ 570,000        |
| Starting equity        | \$ 211,130        |
| Bond increase          | \$ 134,550        |
| <b>Total</b>           | <b>\$ 920,680</b> |

| Uses of Funds           |                   |
|-------------------------|-------------------|
| Pool                    | \$ 700,000        |
| Heater                  | \$ 12,000         |
| Bathroom fixes          | \$ 5,000          |
| Water refill            | \$ 3,000          |
| Sewer connectivity      | \$ 29,000         |
| Permits                 | \$ 10,000         |
| Fence & landscaping     | \$ 22,000         |
| Driveway                | \$ 7,000          |
| Bank closing fees       | \$ 14,000         |
| Architect & Project Mgr | \$ 24,000         |
| Contingency (12.5%)     | \$ 87,500         |
| <b>Total</b>            | <b>\$ 913,500</b> |

| Unknown or potential Sources      |                  |
|-----------------------------------|------------------|
| Summer membership                 | \$ 16,000        |
| Turnover of inactives to actives  | \$ -             |
| Environmental grants              | \$ 0 to \$70,000 |
| Fundraising for pool              | ????             |
| Swim team additional contribution | \$ 5,000         |

| Unknown or potential Uses |           |
|---------------------------|-----------|
| Foundation for pavilion   | \$ 25,000 |
| Pavilion                  | \$ 65,000 |
| Water play equipment      | ?????     |

## 12. Why a Bond increase, and why at \$650?

We have received firm bids for project costs and bank financing. In order to take advantage of these *this* year the \$650 increase per permanent member (active and inactive) is the amount needed to boost cash to pay for the project and still leave a prudent contingency. We could trade time for money but it increases uncertainty. For example, deferring the project by a year adds to cash savings and allow for additional fund raising. This *might* reduce the bond increase required in one year's time, but, this would *not* be the case if the total project cost increased more than the amount of cash generated from the extra year's operation. Absent a Bond any increase, we would have to rely on additional savings from annual operations and supplemental fund raising, which would probably take 2-3 years to achieve, yet might never catch up with increasing development costs.

Even after an increase, the Bond and Summer Dues are still competitive with other neighborhood pools:

|                               | Bond           | Summer Dues: 4 person family |
|-------------------------------|----------------|------------------------------|
| Bannockburn (current)         | \$750          | \$520                        |
| <b>Bannockburn (proposed)</b> | <b>\$1,400</b> | <b>\$520<sup>1</sup></b>     |
| Palisades                     | \$1,500        | \$425 - \$525                |

<sup>1</sup> Reflects 2009 pricing. Modest inflationary increases expected in all figures for all pools between now and the 2010 season

|           |         |       |
|-----------|---------|-------|
| Merrimack | \$1,600 | \$500 |
| Mohican   | \$2,200 | \$665 |

**13. How many votes are needed to approve the increase in the Bond?**

A two-thirds vote of the Active Permanent Members present and voting on the capital assessment at the Special Meeting is needed to approve the increase in the Bond required to finance the Pool Renovation (assuming there is a quorum).

**14. If approved, does the increase apply to all Permanent Members, or just those who voted for the increase?**

If approved, the increase will be levied on all Active and Inactive Permanent Members, regardless of whether they voted for the increase. Any Permanent Members not wishing to participate can elect to cancel their membership and get a refund of their Bond.

**15. What do Bondholders get for the extra \$650?**

The bigger pool will alleviate crowding, provide more space for lap swimming for adults, include a competition 1 meter diving board and enable a dive team to be formed. Permanent Members get priority over Summer Members for membership each summer and pay lower Summer Dues. Since demand continues to be so high – demand exceeded maximum capacity in 2008 and 2009 - it is in the strong interest of Permanent Members to pay the bond increase so they can retain their priority over Summer Members.

**16. Would waiting a year or two make it cost less?**

There's no way to know for sure. The current state of the economy has enabled us to get a good rate on the bank loan this year and a good bid from a well-established pool contractor. If we wait, vendors might be busier as the economy improves and, thus, they'd charge more than they are charging now. Interest rates are at very low rates now and terms are reasonable. Rates seem likely to increase over the next year. A modest interest rate increase would be manageable because the impact is spread over many years, but a sharp increase in rates would be difficult to afford.

**17. What is the timing for raising the Bond?**

We need to have the cash from the Bond increase by the date set by the bank and as required by the contractor to commit to the Renovation. We expect this to be as early as sometime in July.

**18. What does this cost the Summer Members?**

The Board anticipates adding a \$100 fee to all Summer Members' dues for 2010. This will be finalized at the start of the 2010 season. Such a payment would be non refundable (unlike the Bond of the Permanent Members). However, should a Summer member subsequently convert to a Permanent Member this \$100 payment will be credited toward their Bond. Summer Members will continue to pay higher dues than Permanent Members as determined by the Board each

season. Summer Members risk not being able to join for the summer due to space constraints.

**19. If I want to drop my Permanent Member status, when will I get my existing \$750 Bond back?**

The Club will redeem the Bond of members wishing to give up Permanent Membership. Payment will be made when funds are available and the payment would not cause any financial or operational difficulties for the Club. But, consistent with the bylaws, this may be delayed temporarily until a new buyer is found. We will only be able to estimate how long this will take once the work is completed and the total number of redemptions and total project cost are known.

**20. Who is eligible to be a Permanent Member?**

Families eligible to be Permanent Members include: (1) households residing in the original Bannockburn subdivision, (2) households in the immediately adjacent areas and (3) Summer Members in good standing who have attended for at least five seasons.

**21. If the Permanent Members do not vote for the Bond increase, what next?**

If we do not receive the vote of two-thirds of the Active Permanent Members at the Special Meeting, the Board will defer the Renovation for at least one year, to September 2010. The Board will continue to fundraise for the Renovation efforts over the course of 2009 and early 2010 in order to reduce the expected financing gap. However, it is likely that any Renovation undertaken over the next several years will require an increase in the Bond for Permanent Members. The Board will likely revisit the issue of a Bond increase at a special meeting in early 2010, the level of which will be based on a revised estimate of the cost of the project, cost of financing and cash savings at that time.

**22. What other fundraising options are being considered?**

The Board is looking to have multiple fundraising efforts over the course of the next year to raise funds for any contingencies for the Renovation and the construction of a pavilion—for example over the Labor Day period or during mid-winter. For the 2010 season, the Board will explore the viability of a temporary increase in Summer Dues to contribute to the overall financing needs of these efforts. The Board will welcome generous donations from Community members who might like to provide extra contributions above the Bond increase. We are also pursuing grant monies for elements of the Renovation which relate directly to protecting watershed quality and the environment, including storm water and pool backwash treatment. But we will be able to afford the project even if we receive no grant funding.

**23. Are there opportunities to volunteer or support the Bannockburn Pool during construction (and thereby reduce costs for all)?**

The Bannockburn Swim Club Board would welcome any volunteers to help support these efforts over the course of the construction, especially in the areas of

legal advice, landscaping, and fundraising. Anyone with an interest in helping should contact David Evans at evansd13@gmail.com

**24. What are the risks of moving forward with the Renovation this year?**

The cash from the Bond increase must be collected before construction starts to secure bank financing. If we fail to collect the funds we cannot start work.

Interest rates could increase between now and finalizing the documents to secure the bank financing. If rates rose very sharply it's possible that this would make it too expensive to proceed in which case the Board would recommend not starting.

Development work could proceed slower than planned leading to a late opening in 2010. However, the preferred contractor is an experienced pool builder and the contract is structured with specific milestones and project review steps to provide early indicators of delay. In the very worst case, the contractor is bonded which provides insurance for completing the work should the contractor be unable to do so. It's possible the existing concrete will not be robust enough to mate up to the new concrete. This is the very first step in the process and enables us to halt if it's an issue.

**25. What is the design?**

Diagram below shows proposed layout

