

May 22 Enclosure Project Town Hall Q & A Summary

1) Are the playing fees indicated inclusive of GST?

No, gst would be in addition so for example, \$60 monthly playing fee would cost \$63.

2) How many paid employees are you thinking the enclosed facility would require?

We have allowed for \$40k/year for wages. After the project has the green light from members, we will establish a committee to develop the details for the Operational Plan. This plan will need to address a number of topics including how we use a mix of paid staff and volunteers to operate within the financial budget of \$40k. As the membership grows, we may need to add staff hours.

3) Will the Soccer Center allow free use of washrooms year round given janitorial costs required?

Yes – we have included in our memorandum of understanding (MOU) with the City the expectation that the soccer building washrooms will be accessible to us year round and at no cost.

4) For the project to go forward, what percentage of members must vote in favour?

A Special General Meeting must be held with at least 14 days notice of the upcoming meeting. At the meeting at least 10% of the membership must be in attendance and at least 2/3 of those attending must vote in favour of the resolution for it to pass. We are working on how we can hold an Special General Meeting with in Covid restrictions.

5) Is the lack of income for the Club for the 6-8 weeks the tent is being built recognized in the budget?

As the tent construction would not begin until October1, the winter season is already in place at this time. The Club will be playing indoors at PV Gym and school gyms so no disruption in play or revenues are needed as a result of the construction. If indoor play is reduced due to Covid, the gym rental expense would go down in step with the revenue. Indoor gym play is usually positioned to be revenue neutral.

6) You are asking for \$1.2 million from the VPA membership! Is this really something we expect to be able to get?

Yes – given our large number of members, the average support required by each member should be attainable. We fully expect most of the cash provided will be in exchange for interest paying debentures and prepaid playing fees. These “cash advances” to the Club will enable a timely major enhancement to the quality and supply of their Pickleball experience forever.

7) Have you modelled a scenario where if you come up short with your member fundraising you apply for a bank loan of some kind to make up the shortfall?

No – unfortunately we own the facility but not the land it sits on which is leased to us by the City. Without the land ownership, we are unable to apply for an institutional loan.

8) Is the interest income on the debentures taxable?

Yes it will be so we believe we will have to issue T3s for you to claim it on your tax return.

9) Does the proposed budget include plumbing and washroom facilities?

We do have potable water on the courts already. The plumbing required to add permanent washrooms is outside the phase 2 plan, mainly because the cost is prohibitive. We are planning to have some sort of temporary washroom facilities located inside the tent in the practice court area. It should be pointed out that with our lease running to 2047, we would expect to be debt free by 2033 at the very latest. A phase 3 project has been contemplated that would consist of building a vestibule annex to the tent that would house permanent washrooms, change rooms, registration area, etc. We are working on making sure you have easy access to washroom in the winter.

10) Can you put money into a debenture through a tax fee saving account?

No – the debentures are really member loans (only members can buy them) to the VPA, they are not investment securities. To create a registered security would be a very time consuming and expensive exercise.

11) Will we be required to purchase cleaning equipment for such a large facility?

Perhaps. Initially we could continue to clear our courts the way we do now or it might be more effective to use a machine. We will have to do some research on what is the best way to clean our indoor courts. We might have to look at cleaning solutions used at indoor tennis facilities. These operational details will be examined later as part of our operational planning.

12) Will the City clear snow from the parking lot?

Yes – we have that included in our MOU with the City.

13) The new fee structure will cost members \$800/yr if they play 12 months a year. Is there a concern that this will be prohibitive for a number of current members who want to play but no longer will be able to afford to?

We had hoped to keep the indoor cost in line with current indoor cost of about \$45 but without City financial support the monthly cost had to be increased. We hope that all our members will be able to continue with their passion for pickleball. We do recognize that the higher cost will be difficult for some members.

14) Will the debentures be paid back out at 10% each year or will 10% of the debentures be retired by lottery in their entirety each year?

Starting in Year 3, we intend to pay out a number of individual debentures in their entirety each year. The number of debentures paid out (selected by lottery) will depend on the current financial position of the club. The cash flow modelling indicates that the club will be able to payout more than 10% of the debentures in this manner.

15) Are we going to include members from outside Vernon?

Yes, we already do. A facility our size is capable of handling a much larger membership than we currently have, especially when we can increase the hours available to well beyond daylight only. More members means more cash flow, more flexibility for faster loan repayments, enhancing amenity projects, etc.

16) Will outside of Vernon players pay more and have access to the same hours?

No – a member is a member. We will not differentiate based on their residence.

17) We have had schools and the army camp have had program times previously – what will be the cost for these programs.

We have provided in the past court access at Marshall Fields to the groups you indicate. This was done at no cost to these groups in the same way the public was allowed to play in non Club times at no cost. Certainly, with the enclosure the public will no longer play for free so some sort of charge will be contemplated for youth groups to be determined at a later date. No doubt the charge will be very reasonable. The VPA wants to promote a vibrant youth program.

18) Would it be worth hiring a program planner that would include all potential members and rental groups?

The Finance Committee has been looking at club management software with very broad capability that includes scheduling and reservations. Pickleball Canada will be offering a similar product very soon. We believe there are affordable options to help club volunteers manage the day-to-day operations. We are therefore not looking at hiring a program planner.

19) You have not counted tournament revenue that could be significant.

That is basically true although we do have some minor tournament revenues showing beginning in 2022. This is in keeping with our very conservative cash flow approach – no growth in membership numbers, building of a capital reserve starting in 2023, using a much higher than expected heating cost in expenses, etc.

20) There was talk in the beginning of the ends being able to open for flow through air – is this still possible?

Yes, we will have multiple garage doors that we can open in the summer to add to the air flow already provided through 3, 24 ft fans, 6, 14 ft fans and exhaust fans at the peaks.

21) What is the next step – to Vote? If the vote is yes, who do we talk to about making our contribution?

The first step will be an email sent to all members asking for their intentions. We need know the mix of donations, debentures and pre-paid fee credits that fits with the individual member's circumstances. These pledge obligations will of course be conditional on acceptance by the City of our MOU. We will run this pledging campaign for 3 weeks. If the financial support is sufficient we will immediately provide the necessary 2 week notice for a general meeting to allow the members to vote on proceeding with the project, authorize the borrowing required to make it happen and approve the new member playing fee structure required to meet our financial obligations.

22) Will the bylaws regarding special resolutions be followed to determine if the project will proceed?

Absolutely

23) If there are Covid restrictions still in place next year will this affect play in the new facility.

Perhaps but certainly to a lesser extent than at PV or any school gym. With a ceiling 55' high in the centre our total air space inside the tent will be 1.2 Million cubic feet. Together with our large between court buffers and interior fencing, we are well poised to follow the social distancing and open air guidelines associated with the virus.

24) Due to the expediency and fundraising pressure is it important to focus on running the facility and have a person hired to do the fundraising?

We have been trying to raise funds with outside entries since 2016. Our limited success is two small amounts from Funtastic (payment for volunteers working at their beer tent during their annual ball tournament), one small amount from the IPE (payment for volunteers that worked their exhibition one year) and a \$5,000 cheque from the 55+ Games Commission three years ago when we again helped out with all things Pickleball during those games. Pickleball Depot also provided us with a straight donation when we made our final push to finish the surface courts. Beyond all this, we have a strong Title sponsor annual contribution from Okanagan Wealth Advisors (OWA). We have a sponsorship Committee that is generating annual revenue in exchange for sponsor signage being posted at our courts. We also have a Grants Committee that continues to make applications to the few organizations out there that are applicable these days.

At this time we do not see sufficient grant opportunities to warrant the expense of a paid fundraiser. We will have to depend on club volunteers.

25) Has anyone experience with Provincial sports grants writing and/or sports grants for youths (which are quite popular)?

We have, over the last four years made grant applications to every organization we thought that might be applicable with essentially no success. That is not so say we haven't missed something. I would ask you follow up directly with Rick Staub (our current member grant coordinator) if you have some specifics we should pursue.

26) Just to clarify, we require approval of the proposed MOU by the City before we proceed to next steps.

We intend to begin a 3 week pledge obligation campaign starting May 25 to determine financial support, conditional to the MOU approval. If the financial support appears to be there, we will provide 2 week notice to the general meeting necessary to vote on the special resolution. If the vote passes, we will still not call for any cash until the MOU has been approved. We have and will continue to make clear to the City that we can't proceed without a signed MOU.

27) Have we considered running this as a non-profit Society?

The VPA is a non-profit Society. However, we are not a charity hence our need to go through the City for tax receipts for charitable donations.

28) Currently the water is turned off by the City every winter – can this be changed?

The City would be concerned about lines freezing and bursting that enter our facility. Once it gets to our site, it is designed such that the water can be left on. We will pursue with them if there is any way to have the water turned on at least occasionally (during warmer periods to help clean the courts).

29) In-kind sponsorship could be huge.

This was certainly true for phase 1 but phase 2 will almost exclusively be done by large subcontractors with specialized expertise with little room for volunteer labour. Having said that, many of our suppliers have been generous to our cause and likely will continue to do so in Phase II. We will certainly pursue any opportunities we can to lower our cost of materials and labour.