

Dues Increase & Proposed Bylaw Changes Informational Meeting on Monday, August 31 at 6pm

The Cabana Club Board will be holding a special informational Zoom meeting on the evening of August 31 to explain and discuss proposed bylaw changes and the dues increase. Anyone attending the meeting may ask questions, raise concerns, etc. *(Please refer to your email for your Zoom invitation or contact a board member before 4:00 pm for the link.)*

Below are the details explaining the reasoning for why it is necessary to raise dues and and modify a couple existing bylaws.

Please know that we took this task very seriously. We formed a 4 board member Finance Sub Committee and discussed over many meetings and many hours how to best approach these financial issues. The intent was to create a financial and operational road map that would allow this club to last for many generations while still staying affordable to our members and neighbors.

The Cabana Club is special and our number one priority is to take care of it so that one day our children and grandchildren can enjoy the club.

Justification for dues and Membership Increase

Based on current expenditure trends and estimates, the club is anticipated to become insolvent in 2023. This is largely attributable to the effects of several years of cumulative inflation and recent increases in minimum wage. In response to these projections, the CGSRC Board has developed a multi-faceted plan to prevent insolvency, maintain all current club operations, and conduct major capital improvements. The components of this plan are detailed below:

1. Increase monthly membership dues to \$75 a month and eliminate the 1-month discount for members that pay once annually.

- a. This results in a total annual payment of \$900 a year for all members, which may be paid monthly or annually.
 - b. This represents a 36% increase for members that pay monthly and a 49% increase for members that pay annually. By comparison, the inflation rate between 1993, which is when dues were last increased, and today has been 81.28%.
 - c. This will increase club income by approximately \$77,000 a year.
 - d. This increase will require a vote of the membership (at least 10% must vote) and a simple majority (50% or more) will decide the vote. This does not require an amendment to the bylaws.
2. Increase the number of member families by 30; from 307 to 337.
- a. Over the past several years, the Board has noticed relatively low attendance at the club in the months of July through September. It is for this reason (and because we believe the club is just more fun when there more families), the Board believes the club can accommodate this membership increase while also helping to move the wait list along at a better pace while having very little impact on the number of people at the club at any particular time.
 - b. Increasing the total membership off-sets the current and future increases in club dues. Increasing the membership by 30 families will result in \$41,000 in additional revenue in 2021 (due to the one-time initiation fee) and \$26,000 in additional revenue annually thereafter.
 - c. This requires a modification to the by-laws, which requires a vote of the membership (at least 10% must vote) and a simple majority (more than 50%) will decide the vote.
3. Double the annual budget for major capital repairs and improvements from \$20,000 to \$40,000.

- a. With a facility that is over 50 years old, there are a number of major capital repairs and maintenance projects that have been needed in years past, such as replacing the water intake pipes (2020), sidewalk repairs required by the city and tree branch removal (2019), and replacing the pool heater (2018). And there continues to be a long list of future repairs/replacements that are needed, such as pool resurfacing, roofs, wastewater lines, and diving boards.
- b. Providing for an extra \$20,000 in our annual budget will ensure that there are sufficient funds to make important repairs without a significant interruption in club operations.
- c. This additional investment in the club facility cannot be made without BOTH the increase in dues and the increase in total membership families.

Increasing Dues without a Member Vote

Whether it was digging through old documents or speaking with former board members, we cannot find evidence of increases in dues since the mid 90's, which is surprising. We have completed several large and costly projects over the past few years. The club is aging rapidly and we anticipate that there will be several more large-scale projects in the coming years. In order to continue to operate in a financially prudent manner, membership dues must increase and one of the ways that we have come up with to make this easier in the future is to give the board the discretion to raise dues no more than every 5 years if the board deems it necessary. In addition the board would only be allowed to raise the dues by up to 10%. For example, if 5 years from now the board decided that no further membership dues increases were necessary, then they could choose to not raise dues. Furthermore, if 5 years later in 2030 they deemed it necessary to raise dues by 7% to keep up with inflation, etc, they could do so without requiring a membership vote.

We believe that going out to a membership vote to increase dues inevitably leads

to the board "kicking the can down the road" so to speak, and the next thing you know, 25 years have passed. We think this proposal is a common sense approach with built in rules that prevent the future boards from increasing dues in an unpredictable way.

Capital Improvements

The swim club and its facilities require ongoing maintenance and repair. Increasing dues will provide predictable cash flow to ensure the club can proactively replace or repair critical infrastructure rather than repairing broken items reactively. Below is a list of maintenance items and the costs associated with replacement/repair.

1. Fresh Water Pipes – \$20,000

1. The freshwater pipes from the City connection are original galvanized pipes with several years of patchwork. The pipes are rusting and have sprung several leaks. Additionally, the rust has restricted the water flow into the facilities. The scheduled work includes installation of new plastic pipes to feed the bathroom, clubhouse, pool, and irrigation systems. This work was completed in July 2020 and cost \$24,000.

2. Pool Deck & Pool Plumbing – \$200,000

2. The pool deck and pool plumbing will require replacement within the next five years. The deck needs repair to meet City guidelines and to prevent additional damage to the pool. The pool plumbing should be replaced in conjunction with the pool deck to eliminate redundant work including trenching concrete.

3. Resurface Pool – \$80,000

3. The pool will need to be resurfaced within 5-10 years. Resurfacing the pool will prevent water leaks, prevent excessive waste of pool chemicals, and maintain the aesthetics of the facility. Continuous use of the pool and normal wear and tear will create cracks and bubbles on the surface.

4. Facility Roofs – \$15,000 to \$25,000

4. The pumphouse roof needs immediate replacement. The outdated wood shingles and rot near the frame pose a risk of water leaks on vital pool equipment. The clubhouse roof will need replacement in 1-2 years.

5. Diving Boards – \$20,000 to \$75,000

5. The diving boards were refurbished in 2013 and need additional repair and maintenance. This work may include refurbishing and/or replacing the high dive and low dive. The diving boards will need replacement and repair within 1-2 years.

6. Facility Wastewater Pipes

6. The sewage pipes are the original galvanized pipes. Fifty-three years of use have created buildup that causes clogs and backup in the sink lines and toilet and urinal lines. The sewer pipes will need replacement within 5 years.

Additional expected repairs and facility improvements

| Project | Timeframe | Cost | Notes |
|-------------------------|-----------|----------------------|---|
| Indoor Freshwater Pipes | 5-10 Year | \$10,000 | |
| Resurface Parking Lot | 5 Year | \$15,000 | Re-Surface and re-paint |
| Security System | 2 Year | \$3,000 | Cameras, Alarms, Lights; Add electrical |
| Electrical Improvements | 5 Year | \$10,000 | Lighting, Clubhouse load rebalance, Rewire Clubhouse Add outlets throughout grounds |
| Decomposed Granite | 5 Year | \$12,000 \$15,000 | Install in low traffic zones to reduce water consumption |
| Remodel Clubhouse | 8 Year | \$15,000 | |

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| Resurface Tennis Courts | 5 Year | \$4,000 \$8,000 | |
| Replace/Improve BBQs | 5 Year | \$5,000 | |
| Add Trees | 2 Year | \$1,000 | Add trees to preempt removal of old trees |
| Remove Large Trees | 15 Year | \$10,000 \$20,000 | Remove old large trees |
| Clubhouse Roof | 15 Year | \$10,000 \$18,000 | |
| Replace and Repair Small/Kid Pool | 10 Year | \$15,000 \$20,000 | Replace leaking plumbing, pump, and filter and repair/replace pool |
| Replace water heater | 5 Year | \$4,500 | Replace with tankless water heater |
| Total | | \$114,500 \$144,500 | |

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