

Minutes - KTC Executive Meeting
September 26, 2018 @ 7:00pm
Location: Queen's Douglas Library, room 509

In attendance: Viki Andrevska, Mike Bartlett, Doug Bowie, Bob Goddard, Paula Loh, Taco Meuter, Nerissa Mulligan, Bud Nelson, David Stocks, Gill Turnbull, Chloe Wilson

Absent: None

1. Review/approve minutes of meeting from September 10, 2018

Minutes were approved.

Note: Paula objects to the minutes primarily consisting of the lengthy text attached to certain topics within the body of the agenda.

2. Camps

Reflecting on this tennis season, several suggestions were made:

- Evaluate camp supervisors during the season
- Better delegation of work to the camp instructors (too many staff on duty during the afternoon sessions).
- Better use of available courts (release unused courts sooner)
- Consider modifying the break times to two shorter breaks instead of one long one.
- Look into the age of the kids to better organize them
- Diversity in camp director and instructors (there was only one female instructor)
- Better organize the sign up and pick up of kids.

Nerissa will write a report.

3. Hiring/Staffing update

- a. Fall Lessons – Isaac last week of teaching is this week.

4. Operating Manual Committee update

No update.

5. Nomination Committee (Paula)

Paula will chair the 2018 Nomination Committee. According to the new bylaws, we will need two board members and one non-board member to form the committee. Paula and Nerissa will be the board members.

Board members' expression of interest in returning for another term: Viki – undecided, Chloe – undecided, Taco – yes maybe, Nerissa – yes, Gill – yes but not as a social director, Doug – not sure, Mike – not sure, Bud – not sure, Dave – uncommitted, Bob – undecided, Paula – yes, will run as president.

The possibility of running a slate and improving decision-making by the board were mentioned. Under a slate system, a group of directors (a slate) is nominated for election. Members vote for the slate on an “all or none” basis, resulting in the entire slate either being elected or not being elected.

6. Club maintenance update

Fall cleanup is scheduled for Saturday November 17th. Rain date November 24th.

7. Health and Safety Policy (Chloe)

Chloe suggests we develop a Health and Safety Policy and update the steward manual over the winter, prior to the start of the 2019 season.

8. Survey for City of Kingston Master Plan (Dave) – Appendix A

Dave and Mike will attend the focus group meeting on October 11th. Paula and Bob might join them.

9. Treasurer's Report – Appendix B

10. Finance committee update – Appendix C

11. Capital Project – Appendix D

a)Capital Project Committee update – the CP committee has a goal to begin construction in the Fall of 2019; if this deadline is not met, construction will be delayed for another year. It needs to meet with the designer (and pay for his services) to review the layout of the one-storey clubhouse. Subsequent major steps are to finalize the design, request contractor quotes, and launch fundraising

i. Motion: Paula moves and Dave seconds that designer Mike Preston be paid a retainer of \$5,000 so that work up to \$5,000 on the capital project may proceed in a timely manner. Carried. Mike and Taco opposed the motion.

b. Trillium Grant application has been submitted by Paula on September 19th for a \$150,000 grant to install lighting and rebuild courts 2 & 3. Processing time is approximately three to four months.

- c. **Clubhouse renovation committee update** – Committee – Doug, Taco, Mike and Chloe. See attached summary. Appendix E

12. AGM (Chloe)

Chloe asked that the AGM date of November 13th be pushed back to provide more time for the reno/rebuild committee to work on their designs

It was proposed that two presentations be made at the AGM on the capital project (the current project and the alternate reno/rebuild one) and that nominees state which concept they support (or if they are willing to work with the selected project). Election of the new board would then take place

Motion: Chloe moved and Taco seconded that the AGM be held the week of November 26th. Carried.

13. Membership update - deferred

14. Socials update - deferred

15. Other business – none discussed

16. Next meeting Date: Wednesday, October 24th, 7pm

17. Adjournment at 10:44pm

Appendix A

City of Kingston Parks & Recreation Master Plan

The City of Kingston is currently undertaking an update to the Parks and Recreation Master Plan to guide municipal investment in parks and recreation over the next 15 years. Sierra Planning and Management has been retained to develop the Master Plan.

Chloe and David had a phone interview with Jon Hack about a month ago. That meeting went through the tennis assets that are in place in Kingston and the KTC. Sierra will put together a plan based on evidence. They will report on what's in place and develop a plan for the future of tennis in Kingston.

Part of the gathering of evidence was a survey that Paula and David completed two weeks ago. The survey had questions on membership numbers for the past 5 years and a breakdown of member ages. They were also looking for volunteer numbers and our strategy for recruiting of volunteers. They wanted to know the regions members traveled from, our membership activities and trends in member involvement and engagement. The survey also looked at community resources and needs in the future. We promoted the idea of more and better courts throughout the city and especially winter tennis. The end of the survey asked for ideas and other suggestions and we said we would like to be involved and support tennis in Kingston and looked forward to being involved in the process going forward.

In the initial meeting with Jon he suggested we put together a "position paper" which outlined how we see the future of tennis in Kingston. How we could partner with the community and making an argument for or promoting what hasn't been done. For example lessons or leagues at other courts, a bubble or some form of winter tennis. This idea of year round tennis is also supported by Tennis Canada who are looking to provide expertise and support for winter tennis municipal partnerships. Jon also suggested we "stay in touch and get active".

David has been in contact with Lisa Osanic a City counsellor who has been an advocate for winter tennis and making tennis a priority in the new master plan. She is in the middle of the election and is unavailable to meet till after the election. David also contacted Luke Follwell at the Parks and Rec department to get an idea of what options might be available for the KTC to promote or advocate. We need to understand what the range of options and

partnerships are that might be within the new plan before we put efforts into our position paper. Luke has been on holiday and did not return emails. We did get notification of focus group sessions as follow-up to the survey and Jon Hack meeting.

We are invited to attend one of two focus group sessions. As identified through our prior engagement and as part of the project plan, a user group focus session will take place on Thursday, October 11th at the INVISTA Centre in Hall C. Who would like to attend?

Please RSVP to one of these sessions below. The agenda for both meetings will be the same and is as follows:

10/11/18 2:00pm - 10/11/18 4:00pm

10/11/18 6:00pm - 10/11/18 8:00pm

AGENDA

1. Welcome + Introduction
2. Presentation: Introduction to the Project and Consulting Team
3. Questions
4. Breakout Session: Small Group Discussions
5. Report back from Small Groups
6. Wrap-up + Next Steps
7. Adjournment

Appendix B

Treasurer's Report September 26, 2018

Operating Budget *(Statement on pages 2-4.)*

Up to Date Info:

2018 Collection of **Revenues** (Jan 1- September 24): \$232,169 (2017: \$242,306). Revenues are down 4%, mainly because of lower full time camp revenues, and gross lesson revenues.

Cash Position: Cash flow to the end of August is \$82,000, down from last year as a result of lower income from camps and higher capital expenditures, mainly court painting. Cash at the end of August is \$471K. The month of September will reduce this by about \$15K: as of September 24: RBC: \$2,629 (August 25: \$17,655); Tangerine: \$62,636 (\$72,548) ; DS: \$390,376 (\$390,304). Total: \$455,641. The few days left in this financial year won't affect this balance much.

Members: Total 511: Adult 177, Student&Jr 59, Couple 134, Family 141. Total Membership Revenues this year will be close to \$120,000 (budget: \$119,500; same date 2017: \$118,660).

Camps: The Tennis Camps brought in about \$72K, down 15% (2017: \$84,960). Net revenue is less than budgeted originally: about \$29,000, compared to over \$40K last year. This is due in part also to slightly less than budgeted, but still substantially higher wages compared to last year (\$38K vs \$32.5K).

Lessons: Revenue from lessons are below last year's: \$18,500 vs \$23,400. However, net lesson revenue so far appears higher than budgeted: \$8,400 vs

budgeted \$7,000 (2017: \$7,900). This can still be adjusted as September lessons are squared up.

Shared Costs: Lower than expected software expenses, steward wages and utility costs reduce shared costs by about \$7K, while higher interest income on GIC's will also reduce the net shared costs.

Capital Spending: This was budgeted to an extent, but several unbudgeted capital spending items negatively affected the cash position.

Roof: *quotes?*

2018 OPERATING BUDGET					
		YTD Actual	2018 Budget	2017 Actual	2016 Actual
		Oct-Aug 2018			
MEMBERS & GENERAL REVENUES					
	Fees	116,580	119,500	117,841	121,229
	Lessons - net	8,384	7,000	7,858	7,609
	Guest fees	2,135	3,300	3,610	3,023
	Donations	3,184	2,200	2,956	1,603
	Clubhouse Sales - net	58	300	(98)	1,032
	Socials and Tournaments - net	1,743	200	68	198
	Parking revenue - net	39	0	(304)	296
	HST	(11,042)	(12,000)	(11,697)	(12,289)
	CONTRIBUTION, MEMBERS & GENERAL	121,080	120,500	120,234	122,701
JUNIOR CAMPS					
	Revenue	72,647	85,900	84,980	79,774
	Supplies	(5,669)	(5,200)	(3,519)	(6,379)
	Try, Learn, Play (2017 Wages)	0			
	Wages	(38,031)	(40,100)	(32,575)	(32,419)
	CONTRIBUTION, JUNIOR CAMPS	28,947	40,600	48,887	40,976
SHARED COSTS					
	Advertising	(860)	(700)	(865)	(545)
	Amortization	0	(2,900)	(2,515)	(2,763)
	Bank Charges	(1,401)	(1,300)	(1,296)	(6,096)
	Bookkeeper	(4,575)	(5,100)	(4,425)	0
	Insurance	(1,713)	(1,800)	(2,024)	(2,264)
	Interest Income	4,448	4,800	3,596	1,066
	Office Supplies	(1,053)	(1,500)	(1,304)	(1,938)
	OTA Fees	(1,545)	(1,500)	(1,545)	(1,545)
	Professional Fees	(3,310)	(3,500)	(3,192)	(5,180)
	Property Tax	(11,373)	(12,400)	(11,542)	(9,716)
	Repairs & Maintenance	(4,581)	(5,000)	(4,491)	(11,418)
	Software expense	(2,410)	(4,300)	(4,047)	(4,521)
	Steward Wages	(23,543)	(27,400)	(28,021)	(29,153)
	Transportation	(237)	(200)	(188)	(223)
	Utilities & Communication	(3,001)	(4,200)	(4,214)	(4,051)
	TOTAL, SHARED COSTS	(55,154)	(67,000)	(66,072)	(78,347)
	REVENUE less EXPENDITURES - RECURRING	94,873	94,100	103,049	85,330
	HST Recovery - non recurring	0	0	0	32,097
	REVENUE less EXPENDITURES	94,873	94,100	103,049	117,427
	ADD: Amortization	0	2,900	2,515	2,763
	EBITDA	94,873	97,000	105,564	120,190
	LESS: Capital Spending	(18,214)	(15,300)		(14,573)
	Increase in Working Capital	5,460	0		(5,523)
	Cash Flow after Working Capital Changes	82,119	81,700	105,564	100,094
CASH:					
	Beginning, Total cash and cash equivalents	389,073	389,073	283,509	183,392
	Ending, Total cash and cash equivalents	471,192	470,773	389,073	283,509

	Oct-Aug 18		Prior Year Oct-Sep17
Income			
5010 Donations			
5010-02 Donations from Memberships	3,149.00		2,936.00
5010-03 Other Donations	35.00		20.00
Total 5010 Donations	\$ 3,184.00	10	\$ 2,956.00
5020 Guest Fees			180.00
5020-01 Court Rental	1,655.00		3,070.00
5020-04 Ball Machine Rental	480.00		360.00
Total 5020 Guest Fees	\$ 2,135.00	9	\$ 3,610.00
5030 Interest Income	4,447.58	31	3,595.96
5040 Junior Camp			940.00
5040-01 Full Day Camp	38,057.00	19	44,090.00
5040-03 Half Day Tennis Camp	635.00	19	39,125.00
5040-20 Morning Tennis Camp	25,919.00	19	
5040-21 Afternoon Tennis Camp	7,066.25	19	
5040-04 Camp Lunch	-1,155.76	20	-1,459.28
5040-50 AM Supervision	622.00	19	
5040-51 PM Supervision	347.25	19	
5040-05 Supervision		19	1,765.00
Total 5040 Junior Camp	\$ 71,490.74		\$ 84,460.72
5060 Lessons			964.00
5060-01 Group	5,128.00		9,199.00
5060-02 Private/Semi Private	7,149.00		10,471.67
5060-20 Lesson Private/Semi A	368.33		
5060-04 Junior Group Lessons	5,634.00		3,960.00
5060-05 Shot of the Week	465.00		40.00
5060-06 Weekly Junior Tournament			-84.10
Total 5060 Lessons	\$ 18,744.33	8	\$ 24,550.57
5061 Lesson Reimbursements			
5061-01 Group	-\$ 363.33	8	-\$ 180.00
5070 Membership Dues			342.00
5070-01 Adult Membership	56,611.00		54,800.79
5070-02 Couples Membership	33,223.00		33,777.00
5070-03 Family Membership	20,950.00		19,305.00
5070-04 Junior Membership	1,477.00		1,574.00
5070-05 Student Membership	4,319.00		8,042.00
Total 5070 Membership Dues	\$ 116,580.00	7	\$ 117,840.79
5090 Sales			
5090-01 Clothing		11	215.00
5090-02 Drinks	514.00	11	425.00
5090-03 Food	89.25	11	174.27
5090-40 Tennis Balls NEW	2,919.50	11	2,221.50
5090-04 Tennis Balls USED	21.00	11	
5090-06 Parking revenue	2,125.00	13	2,325.00
Total 5090 Sales	\$ 5,668.75		\$ 5,360.77
5095 Misc revenue		11	77.00
5100 Social Events	1,476.00		1,225.00
5100-01 Rogers Cup	-125.00		435.70
Total 5100 Social Events	\$ 1,351.00	12	\$ 1,660.70
5110 Tournaments	3,210.00	12	2,817.00
HST Refund		43	
Uncategorized Income			
Uncategorized Income	0.00	67	0.00
Total Uncategorized Income	\$ 0.00		\$ 0.00
Total Income	\$ 226,448.07		\$ 246,749.51

Expenses			
7000 Advertising/Publicity	859.77	26	865.26
7020 Canteen Expenses			
7020-01 Drinks Purchased	130.24		101.20
7020-02 Food Purchased	58.72		90.52
7020-04 Tennis Balls Purchased	3,037.44		2,761.42
7020-05 Clothing	259.54		257.97
Total 7020 Canteen Expenses	\$ 3,485.94	11	\$ 3,211.11
7040 Depreciation		27	\$ 2,515.00
7040 Insurance	1,712.95	30	2,023.53
7050 HST/GST Expense	11,042.37	15	11,696.50
7070 Court Supplies - Teaching	338.89	31	
7070 Junior Camp Expenses	4,324.45	20	3,138.95
7070-01 Tennis Balls - Junior Camp	188.71	20	379.68
7075 Bad Debt		32	
7090 Office Supplies	722.81	32	1,176.46
7094 Bookkeeping	4,575.00	29	4,425.00
7095 Legal and Accounting	2,825.00	34	3,191.85
7100 OTA fees	1,545.00	33	1,545.00
7105 Parking expenses	2,085.85	13	2,628.83
7110 Property Tax	11,372.70	35	11,541.55
7120 Repairs & Maintenance	4,581.37	36	4,491.47
7125 Infrastructure Project	485.00		
7130 Social Expenses			50.00
7130-01 Socials	1,744.42		2,420.94
7130-02 Tournaments	1,045.13		1,100.00
7130-03 Tennis Balls-Socials/Tournaments			309.12
Total 7130 Social Expenses	\$ 2,789.55	12	\$ 3,880.06
7140 Telephone	1,106.39	39	991.25
7160 Tournament Expenses	28.61	12	529.43
7170 Utilities	1,894.37	39	3,222.40
7190 Transportation	237.10	38	187.54
7200 Payroll Expenses		37	89.11
7200-01 Junior Camp	38,031.00	22	31,714.66
7200-05 Try Learn Play		21	860.20
7200-02 Stewards	23,543.00	37	27,931.99
700-03 Tennis Pro	9,997.50	8	16,512.50
Total 7200 Payroll Expenses	\$ 71,571.50		\$ 77,108.46
7500 Bank Charges	1,338.34	28	1,080.41
7505 Software cost	2,409.83	37	4,046.76
7520 Credit Card Charges	62.63	28	215.25
Total Expenses	\$ 131,584.13		\$ 144,091.75
Other Expenses			
7180 Uncategorized Expenses	0.00	69	40.00
7689 Clearing Account		32	143.64
7900 Over/short	-9.00	32	-15.65
Total Other Expenses	-\$ 9.00		\$ 167.99
Profit	\$ 94,872.94		\$ 102,489.77

Appendix C

FINANCE COMMITTEE UPDATE September 26, 2018 (originally Sept. 10)

Confusion regarding the term “Reserve”. We have used this term to indicate the sum of both an expenditure of costs incurred during the year, and a “real” reserve for expected costs that are incurred less frequently (e.g., the court painting cost every 5-7 years, and repaving cost every 25 years). Also, when it's an expenditure, it's a capital expenditure: cash is spent and the cost won't be deductible from income in the year it is incurred, but spread over time as depreciation. Thus, the reserve is partly a deduction from cash flow, and partly a shift of funds from the general account to a capital savings account. Perhaps a better term would be Annual Capital Replacement & Reserve, or ACR&R, or just R&R.

In any case, if we don't anticipate and save the “real reserve” portion, then we won't have these funds when we need them and risk having to continually seek to borrow money to pay for capital replacement projects, putting us in an unnecessary bind every time.

Discussion with Tom Thayer, former KTC treasurer:

We had a discussion with Tom Thayer on Wednesday September 5. He made general comments but did not provide an analytical approach. He was optimistic that we can raise membership and camp fees without reducing numbers or revenues. We pointed out that KTC's history shows that this is not likely, and that the required combined fee increase would be a drastic \$50-60K/year, in the absence of donations and grants. He believes we can hire publicity/marketing people to increase revenues more than the advice might cost. He believes that we can reduce steward hours by 25%, despite all the recent board discussions that point to increasing hours or even hiring a manager. He believes more work can be done by volunteers. He believes we can save on property taxes by hiring an expert to fight the assessment. This would be nice, but *a priori* it makes more sense to base our projections on the known policies of MPAC. Tom made a useful technical suggestion re. the capital reserves: take them from the buffer (as done originally) rather than from EBITDA (done to simplify the analysis). See discussion above.

In contrast to Tom, the Finance Committee cannot be either optimistic or pessimistic, but it should be realistic. We have simply made projections based on the current operations of the club – and have come up with a borrowing limit in the range of \$400K, not \$800K, not \$700K and not zero.

The bottom line is: improve the operations of the club – increase cash flow – and you can afford more debt. But lenders want to see that this effort is already consistently successful. They put less stock in us saying we're optimistic that it will be successful in the future.

Recap of Feasibility of Project so far (adjusted to take the capital reserves from the buffer):

A) **Full \$1.579M Lawn Project** (Cost Estimate now \$1.579M; Usable Cash \$494K)

A1) If we take a loan of \$400K, the cash flow buffer would be \$22K (before any R&R estimated at \$28K). The **shortfall** would be \$684K – can we get enough grants & donations? Not likely.

A2) If we take a loan of \$542K (shortfall requires \$543K in grants & donations), the DSCR would be met (1.3) and the buffer would be \$12K, before any R&R (\$28K). Difficult to meet the **shortfall**, and we'd run into financial trouble a few years down the road.

A3) If we take a loan of \$1.084M (no grants or donations), the DSCR would fail (0.65) and the buffer would be a negative \$28K, even before any R&R. **Not feasible.**

B) **Limited \$1.372M Lawn Project** (Usable cash \$496K; only rebuild courts 1,7, and 8, leave pad under 1,2,3) If we take out all the court costs for 2&3, leave the pad under 1, and forget about all the drainage issues, the cost in 2019 drops to \$1.372M. (Technically and cost-wise it does not make sense to leave court 8 fallow.)

B1) If we take a loan of \$400K to satisfy the DSCR, the buffer would be \$25K, before any R&R (\$28K), slightly less than the R&R. The **shortfall** would be \$477K – can we get enough grants & donations? Not likely.

B2) If we take a loan of \$565K (shortfall requires \$312K in grants & donations), the DSCR would be met (1.3) and the buffer would be \$12K, before any R&R (\$28K). Difficult to meet the **shortfall**, and we'd run into financial trouble a few years down the road.

B3) If we take a loan of \$877K (no grants or donations), the DSCR would fail (0.84) and the buffer would be -\$11K, even before any R&R (\$28K). **Not feasible.**

In other words, nothing works. Even if we just do the smallest project (B), take out the biggest "permissible" loan (B2), and somehow can get grants and donations of more than \$300K to cover the shortfall, the buffer would not be sufficient to meet the R&R requirements during the term of the loan (\$12K/\$28K). **And R&R are just the *expected* costs.**

Apart from the financial problems above, the President's report of August 29 shows that moving the clubhouse to the lawn, by our property's physical limitations will always result in:

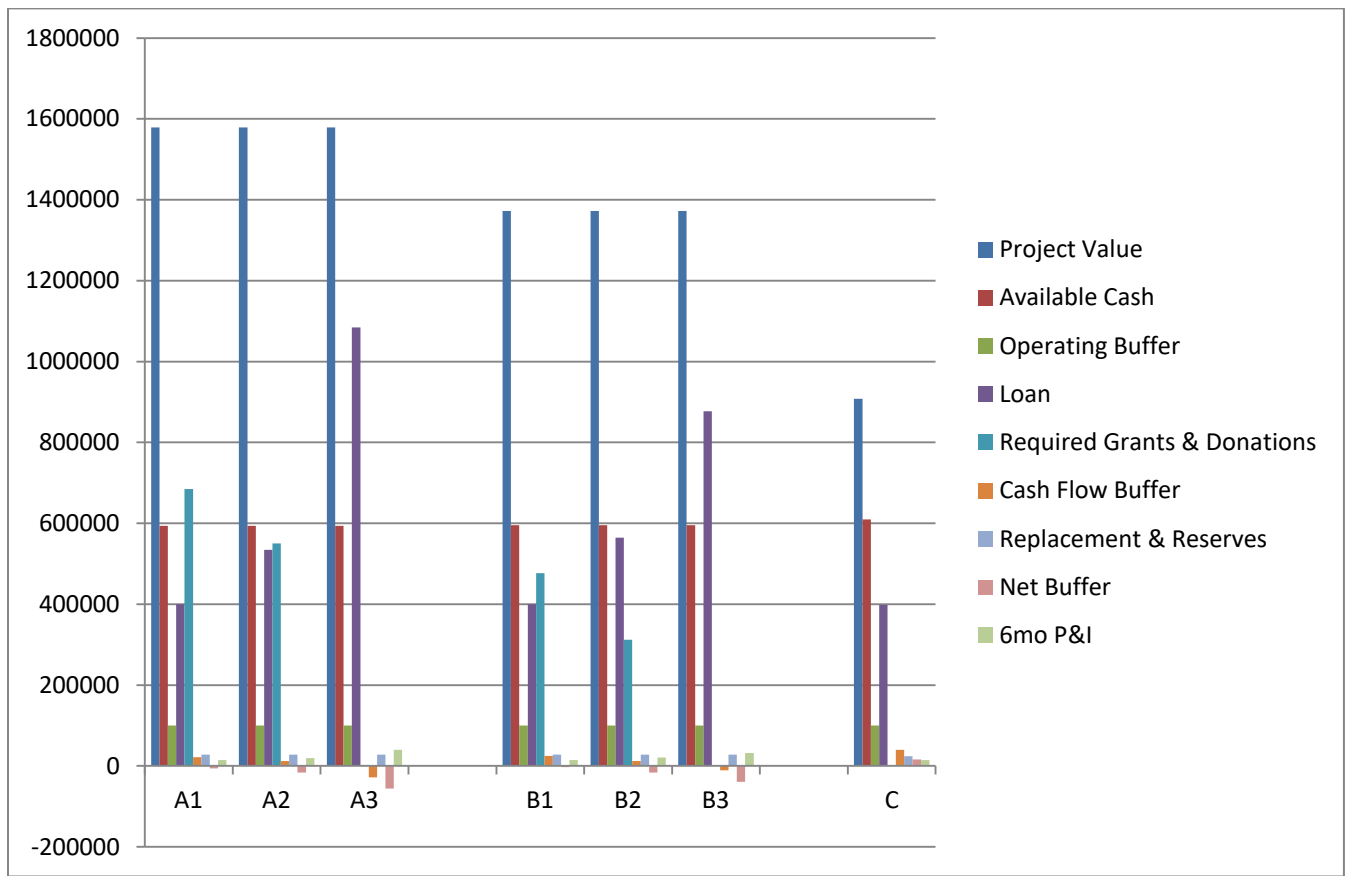
- Reduced open space making socializing less comfortable
- Cramped indoor space inevitably colonized by campers
- Reduced security due to the clubhouse's location right on Napier St.
- Poor court layout with fewer options
- Loss of tree cover
- Loss of Charm: Clubhouse on the lawn detracts from the original charm of KTC
- Drainage complications and costs

Therefore, we have to look at option C: \$908K Renovation project, directly comparable to B above:

C) Renovate & improve Existing Clubhouse (Cash \$510K, leave all pads, rebuild court 7 with asphalt)

If we go ahead with this, now \$908K project and a loan of \$398K to satisfy the DSCR, the buffer would be \$40K, before any R&R (\$24K (7 courts)), in other words, the **buffer exceeds the R&R**, allowing us to accumulate savings for unexpected costs and flexibility for

new opportunities. The **surplus** borrowing capacity would be an additional \$321K for a DSCR of 1.30; as we would need to borrow only \$398K, the DSCR is a healthy 2.35.



Dave suggested that we could reduce the operating reserve by for instance setting up a line of credit, in order to reduce the annual interest expenses. In and of itself, that’s a good idea. However, even setting aside for the moment the immediate need for day-to-day funds in the off-season (e.g., for mortgage payments), it is clear that under option A, reducing the operating reserve by as much as 100% will not result in a feasible project:

A1: The shortfall would still be \$584K, for all intents and purposes impossible to meet;

A2: The shortfall would still be \$443K, for all intents and purposes impossible to meet, and the cash buffer still falls far short of meeting R&R requirements;

A3: At 0.71, the DSCR would still be far below the required 1.3, therefore infeasible.

Similarly, under option B:

B1: The shortfall would still be \$377K, for all intents and purposes impossible to meet;

B2: The shortfall would still be \$212K, almost impossible to meet, and the cash buffer still falls far short of meeting R&R requirements;

B3: At 0.94, the DSCR would still be far below 1.3, therefore infeasible.

We can do similar what-if analyses for other variables, but are still bound by common sense when anticipating events over the duration of the loan.

KTC Capital Project Assumptions & Background:

From 2014 & 2015 meetings with Bob Keene (former IO rep)

DSCR: IO likes 1.3 to 1.4 but prefers 1.4: **USED: 1.3**

UPDATED: Interest rates: IO forward fix or expectation would add 0.75% per year into the future → this would add 1.5% between now (3.9%) and Summer 2020 when terms would be set. **USE: 5.4%**

Loan to value not to exceed 50% for IO **USED: 50%**

From historical information

Membership rate change affecting membership numbers: in 2002-03 a 20% increase in prices was followed by a 30% decline in memberships, from 389 to 274. After the price increase was reversed in 2004, membership rose to 383. Between 2014 and 2017 prices increased 15% and membership subsequently dropped from 580 to 483, or 17%. In 2018 prices were not increased (i.e., declined in real terms); memberships now stand at 478. In 2017 we gained 16 more members in September; in 2018 that would bring us close to the 490 projected.

USED: maintain rate regime and membership numbers

Expectations during and after construction

Membership to decline in the year after construction commences, then go back to before; for borrowing analysis we are not permitted to assume that membership will increase as a result of a project, either the increase in lit courts or the increase in number of courts. (I do expect the addition of lights on courts 2 & 3 to result in a few more members.) **USED: no**

increase in membership, as per IO

UPDATED: An extra steward shift to be required each weekday for 18 weeks out of 24 (**for the lawn option**). This will cost about \$8,500 p.a. Weekends to remain the same.

Capital Replacement expenditures are required to maintain the facilities. This has to come out of the annual cash buffer, if any. **USED: historical court renewal schedule; 1% rule for rest**

Property Tax based on project hard costs, phased in depending on when completed, as per MPAC.

UPDATED: Courts 2 and 3 get lights and new painting; are rebuilt or not depending on project scope.

Cost of drainage, DSR, hitting wall, engineering, tree removal, building design had not been included in the 2017 calculations for the lawn option. **We corrected this in 2018.**

Construction inflation 5% according to Eric Davies (property developer); Mark Nelligan (estimator) suggests 2.5%. I am inclined to follow Eric on this. The quotes in 2017 were presumably for a **2018 start**, but that isn't explicitly stated. →2019 project costs may increase from +2.5% to +10.25%

\$100,000 Operating reserve required for unexpected operating and construction costs as well as payment of P&I, in the absence of revenue coming in during the off-season.

Expectations for grants & meaningful donations are set at zero. This reflects their general unpredictability, as well as our current financial strength and the concomitant recent failures to obtain grants, and the lukewarm appetite to donate towards the lawn project.

Capital Project Pros and Cons – Direct and Indirect Impact on Costs and Revenues

LAWN PROJECT & EIGHT COURTS:

CONS

1. High cost estimate of Project so far, based on (re)building courts 1, 7 & 8
2. Inadequate Free Savings, Cash flow and Loan restriction mean a Funding Shortfall
3. Operating reserve of slightly more than \$100,000 is insufficient to cover shortfall
4. Little likelihood of generating enthusiasm for donations
5. Little likelihood of sufficient free cash flow to maintain courts, buildings etc.

6. Complexity of project implies multi-year impact on revenues and facilities
7. Building location requires that staffing be increased during the day for much of the season. (see PROS:3)
8. New building plus hitting wall add up to a 130 foot wall facing Napier St.
9. There won't be any financial flexibility to partner with the city or other parties in establishing indoor tennis or even a seasonal bubble.
10. Limited Court Configurations reduce shade/no shade options for members, make lesson courts more obtrusive and at the same time reduce usable court widths on some courts (1,7,8)
11. No ability to enjoy viewing court play on the three north courts from the deck
12. Limited ability to enjoy viewing court play on court 3 as the viewing area is essentially a thoroughfare
13. Limited ability to enjoy viewing court play on court 6 as the tiny lawn will limit courtside seating
14. Less durable courts: costly drainage issues and increased frequency of bird baths
15. Tiny lawn, deck and lobby result in packed and noisy gatherings, garbage storage at the deck
16. Less secure, limited and awkward storage
17. Added Cost of maintaining 8 courts vs lower demand.
18. High likelihood a competing indoor/outdoor club will be established within 15 years
19. Disabled washroom is a high-risk access point into the main building
20. Reduced parking on site, required accessible parking
21. Requires major additional expenditures on soft costs such as design, engineering

PROS

1. LED lights on courts 2 & 3 will attract more players
2. Indoor Lobby – but dark, and restricted by physical limitations of the KTC property
3. Steward desk at front door → easier to interact with people as they come in (See CON:7)
4. Some slightly wider courts, but others will often be restricted by divider nets
5. 8 courts – may reduce pressure on court availability, but fewer guaranteed wide courts

* Awaiting confirmation by Wilkinson

RENOVATION & SEVEN COURTS : PROS AND CONS

PROS

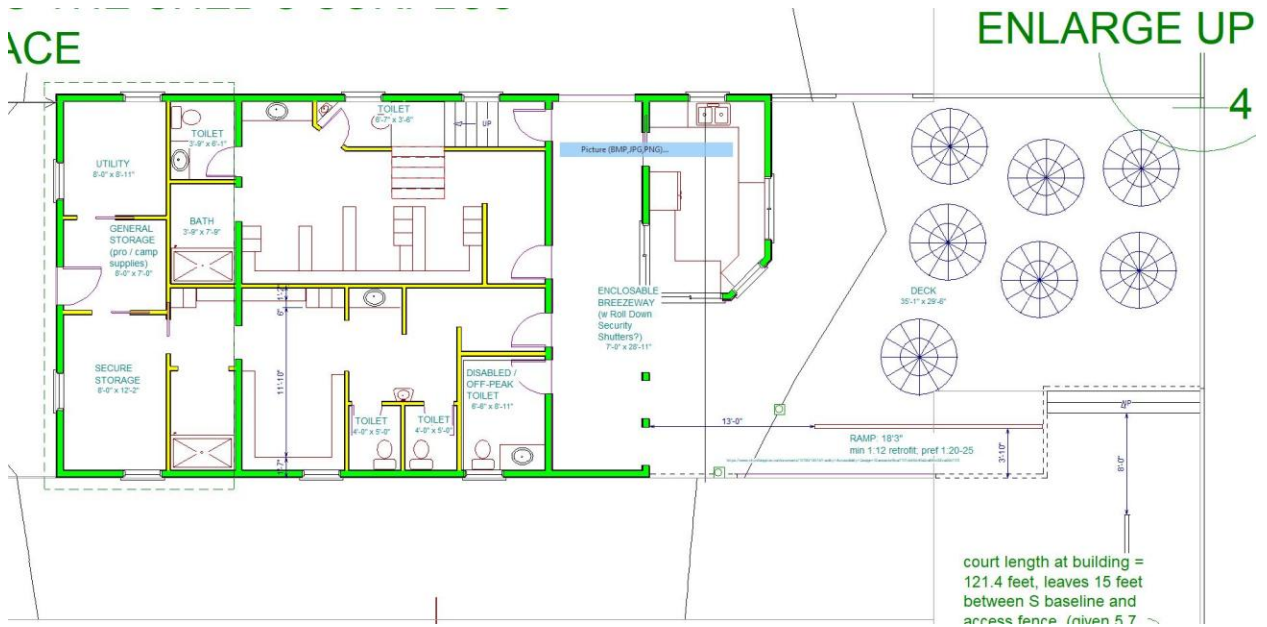
1. Lower cost of Project
2. Free Savings and Cash flow require less than \$400,000 in borrowing
3. Palpable enthusiasm for donations to restore historic clubhouse
4. More than sufficient free cash flow to maintain courts, buildings etc.
5. Simplicity of project implies one-year off-season impact on revenues and facilities
6. Building location requires no increase in staffing vs the present.

7. LED lights on courts 2 & 3
8. New building plus hitting wall add up to only 30 foot wall facing Napier St.
9. There will be financial flexibility to lead partnerships with the city or other parties in establishing indoor tennis or even a seasonal bubble.
10. A variety of Court Configurations permit shade/no shade options for members, make lesson courts unobtrusive and at all times maintain usable court widths on all courts
11. Full ability to enjoy viewing court play on the two north courts from both lower and upper deck
12. Full ability to enjoy viewing court play on court 3 as the viewing area is the size of the existing lawn
13. Full ability to enjoy viewing court play on court 6 as the generous lawn will permits stadium seating
14. 6 durable concrete courts: opportunity to observe quality of rebuilt court 7, whether concrete or asphalt
15. Huge lawn, bigger decks, partially covered lower deck, and upper games room allow people - including campers- to separate, resulting in more privacy and less stressful, quieter gatherings
16. Garbage remains hidden in 10x10 garden shed between courts 1 and 7
17. Hitting wall can be fixed in place
18. The attached back shed can provide secure, easily accessible storage.
19. Maintain lower Cost of 7 courts for periods of lower demand.
20. Disabled washroom is a secure room that can be used when no stewards are present.
No access point into the main building
21. No change in Parking on site

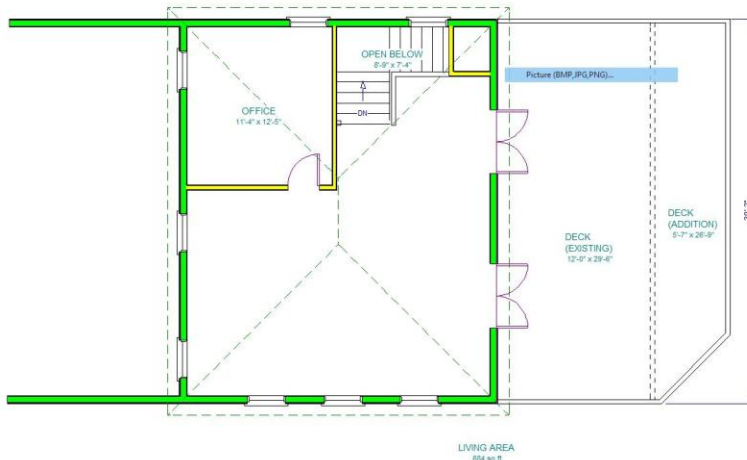
CONS

1. High likelihood a competing indoor/outdoor club will be established within 15 years
- * Awaiting confirmation by Wilkinson

KTC Capital Project (Preliminary Renovation Drawings)

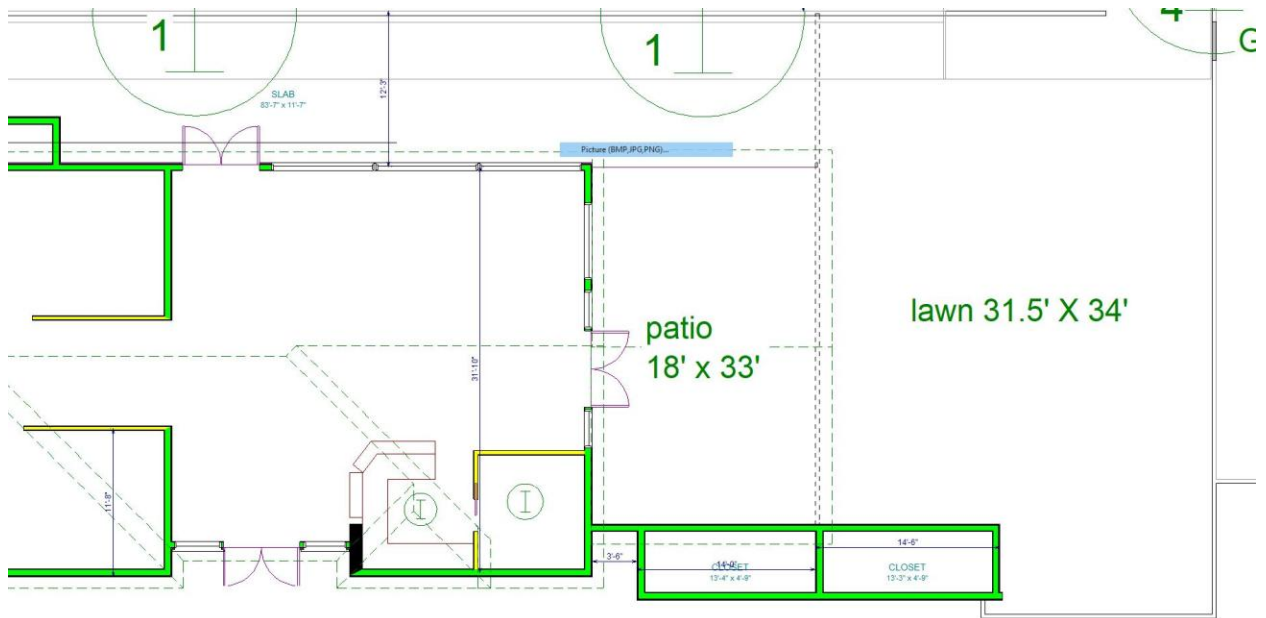


Renovation and Update: Keep existing Building Structure; part of the back shed is repurposed to enlarge the change rooms. Steward Kiosk on Widened & Lengthened Lower Deck (33'x25' sun-drenched, plus 17'x30' area under the upper deck, including 10'x16' kiosk).



Renovation and Update: Existing Second Floor is kept, Upper Deck is enlarged from 29.5'x12' to 29.5'x18' to cover steward kiosk, and foundations are rebuilt for entire structure, to carry two stories (including over back shed).

KTC Capital Project (Lawn Option Layout of Lounge, Patio & Lawn)



Under the far more expensive **lawn option**, the size of the lawn is reduced by **80%**, from 45'x120' to little more than 31.5'x34'. And of the original 120 feet of open lawn facing the road, only about 17 feet remain, next to Ct 6. In addition, the patio receives limited sunshine, mostly in the early morning. As a result the lounge is also dark most of the day. These problems cannot be overcome as they result directly from locating the clubhouse on the lawn.

Appendix D

Report to the KTC Board on the Capital Project

Paula Loh
September 26, 2018

1. CLUBHOUSE DESIGN

The board re-evaluated all major capital project options over this past winter. This included receiving quotes from Bill Anglin to renovate or rebuild the existing clubhouse. Ben Doornekamp provided an estimate to install a foundation for the building. After considering all major options, on March 13, 2018 the board voted in favour of proceeding with the capital project as presented at the 2017 AGM (build a new clubhouse fronting on Napier Street, construct an 8th court, install lighting on Courts 2 & 3). However, at the September 10, 2018 meeting, the board voted to explore the renovate/rebuild option again and to suspend payments on the capital project for two months.

In the meantime, the CP committee is working on the board-approved project and needs to consult with the designer to ensure that the proposed one-storey clubhouse will meet our needs before finalizing the design, requesting quotes to update the entire project costing, and launching fundraising. There is a deadline of Fall 2019 in order to begin construction. If this deadline is missed, then work cannot begin until the following year in Fall 2020. The following motion has been submitted to the board for consideration at the September 26, 2018 meeting:

Motion: Paula moves and Dave seconds that designer Mike Preston be paid a retainer of \$5,000 so that work on the capital project may proceed in a timely manner.

2. TRILLIUM GRANT APPLICATION

We have applied for a \$150,000 Trillium Capital Grant to expand the accessibility of our infrastructure for physical activity by installing lighting on Courts 2 & 3 to increase the number of available court hours. The project includes lighting and rebuilding the two courts at a total cost of \$297,550 plus HST.

The quote includes: purchase of 7 poles & 16 LED light heads (luminaires), contractor work to install poles, light heads, electrical conduit, remove concrete slabs, remove trees and roots, install site drainage with sewer connection, rebuild two courts, replace fences & gates.

The application was submitted on September 19 and the confirmation message following online submission stated that results are expected to be available in 3-4 months. It was

noted in the grant application that the balance of the project, \$147,550, could be paid from our capital reserves and that lighting two courts is the first stage of a multi-stage project to update the club's aged infrastructure. Multiple stages can be done concurrently, finances permitting. The entire club project is estimated to cost \$1.5 million (using the ballpark estimates of 2017 as a base) and includes construction of a new clubhouse, one additional court, lighting on two courts, and substantial site improvements. Capital reserves will be applied towards all stages of the major project, in addition to conducting fundraising and securing a long term loan from Infrastructure Ontario.

Two contractor quotes were obtained, as required by Trillium. A third quote had also been sought, but the estimator for that company had a stroke and they fell behind in their estimates and were unable to provide a quote.

The quote of \$297,550 plus HST compares favourably to the estimate presented to the membership at the 2017 AGM*. This was labelled Option 4 and was estimated in November, 2017 to cost \$282,434.

Note that the 2017 estimate did not include sub drainage or a connection to the Hill Street sewer, whereas the 2018 contractor quote does include both of these aspects. This indicates that the 2017 estimates were conservatively calculated with a substantial allowance for error, given that the estimates were being extrapolated by Bill Anglin from the 2015 contractor quotes.

The cost for court lighting has increased substantially in the past year, as seen by comparing identical specs quoted by the same company. In December 12, 2017, the total for 7 light poles with concrete bases and 16 LED 555 watt light heads was \$49,160 plus HST. Their quote dated August 2, 2018 now totals \$58,590 plus HST. This represents an increase of \$9,430 (19.2%), primarily due to increased costs of steel.

***2017 AGM Capital Project Options for Discussion & Voting**

Option #4 – Court Lighting & Rebuild of 2 Courts

Budgeted Cost: \$282,434

Rebuild Courts 2 & 3; Install lights on Courts 2 & 3

Details

Remove concrete pads underneath Courts 2 & 3 as part of the rebuilding process;

Install court lights on two additional courts;

Replace some fencing

Appendix E

The Clubhouse Renovation Committee met with Jason-Emerly Groën from HDR to discuss renovating/restoring the clubhouse. The meeting, which took place at the club, lasted about 2 hours, during which time Jason toured the facility, asked questions, and we explained how we use the club, from daily activities to seasonal to less frequent events. He discussed some architectural concepts, like the familiarity of a building creating a comforting feeling for users (which he said may or may not be necessary for a tennis club, but does explain why people are drawn to familiar buildings). He said the KTC clubhouse reminds him of Rideau Canal architecture, and has an old-Ontario feel.

We discussed the need for an elevator with Jason and he said that in most cases accessibility to all usable areas of buildings is necessary. Even if it can be argued that it isn't necessary (and the City agrees), most businesses elect to make themselves fully accessible as it sets a welcoming tone, and can create use of the building by those with accessibility needs even if there currently is none. Jason explained that there are many creative ways to make buildings accessible.

We decided that the path forward would be for Jason and HDR to develop concepts for restoring the clubhouse as well as for demolishing the clubhouse and building a new one in the current location, using their assessment of our property and the needs we explained to determine an optimal layout. We will meet with Jason throughout the process to ensure we make decisions early and spend the most time in the chosen direction. We wanted to give Jason a fairly open slate with which to work and not constrain him into one idea or another. We are interested in a professional assessment of our clubhouse needs and how they can best be met on our property.

The committee explained to the Board that \$5,000 will cover only HDR's portion of the work. Jason works closely with Bill Anglin and will liaise with him to come up with a cost estimate, but it is up to the Board to work with Bill to decide on Bill's cost for that. We haven't paid Bill for his work up until now (he has been giving us advice and cost estimates based on the assumption that he will eventually be given the job), and Jason recommends that we begin paying Bill for his time. The Committee would like detailed cost estimates for their chosen project so that Board members and club members can fully understand what that project would involve, and this will mean additional costs above the approved 5K. We did not decide at the Board meeting whether or not those costs will be approved, and we will discuss more later

*Chloe Wilson
October 1/2018.*