

October 7th, 2015

Dear Members of the Little Falls Swimming Club,

The LFSC Board of Directors is calling a **special meeting** of the LFSC membership to answer questions, discuss and VOTE on moving forward with the proposed renovation of the Little Falls swimming pool and facilities. This “special” meeting, as described and allowed by Article III, Section 2 of our by-laws, will be Thursday, **October 22nd, 2015 at 7:00 pm** at Westbrook Elementary School (5110 Allan Terrace, Bethesda, MD 20816). Babysitting and light refreshments will be available. You may park in the school parking lot and enter the school’s main entrance. **We strongly encourage you to vote.**

The sole purpose of the meeting is to decide whether you, as members, authorize the LFSC Board to move forward with a proposed plan to renovate the pool. This large-scale renovation is estimated to cost \$2 million. We would pay for the renovation by spending some of our cash reserves as well as assessing full members \$2000 each—of which \$1500 will be returned with the original purchase price of his or her share upon resigning from the pool. We would also secure a loan for the remaining estimated cost. In order to absorb the increased operating cost of a new pool, and pay back the loan over time, we would increase dues to \$700 beginning the 2017 season.

Please look through the detailed information in this package. Voting “YES” means we take a big step together and build a new pool that will be used and enjoyed by our community for the next 50 or more years. It is daunting, and not without risk, but we have an opportunity to ensure a safe, reliable and enjoyable pool for our current and future members. Voting “NO” means that we will stop all work on the renovation and continue operating with the risk of a pool that is not in compliance with current safety codes, guidelines and practices. We will also be taking the risk that we fall victim to a catastrophic and unexpected problem that interrupts or precludes a pool season.

We want to stress that we are going to work very hard to lessen the impact of this assessment. If you are at least 55 years old and your household does not use the pool enough anymore to warrant paying \$2000, we urge you to remain in our pool community by becoming an Emeritus. If the payment schedule represents a severe hardship for you, we encourage you to be in touch with a board member.

Included you will find the ballot with a detailed summary of the voting issues, the picture of the proposed design and a set of FAQs. If you have questions about the renovation or vote, we strongly encourage you to email Cathy Stocker (hoyadoc@aol.com) or Greg Wang (gregwang@gmail.com) before the meeting.

For those who would like to look at a large-scale drawing of the plan or would like questions answered in person before the official meeting, we will be available on Wednesday, October 14th from 7- 9:00 pm in the Westbrook “fireplace” room.

Bob Scribner, LFSC President

Cathy Stocker, Renovation Committee Chair

SUMMARY OF THE VOTING ISSUES

The large-scale renovation of the pool

We estimate that building the same exact pool we have now would cost us over \$1.5 million. The proposed design includes necessary safety and accessibility updates as well as some reasonable, but not excessive, other improvements. Enclosed you will find the proposed design. The LFSC Board of Directors contracted with SEI Architects of Rockville, Maryland to determine the new design. The design calls for rotating the pool 90 degrees clockwise and deepening the diving well and the main pool. The proposed design includes a shallower intermediate pool as well as a small baby pool. Extensive and detailed background information and updates are available on the LFSC website at: <http://littlefallsswimmingclub.com>. Our project manager John Chadwick used cost-estimating software and his extensive network of construction contacts to estimate the total project cost at \$2 million dollars. This cost includes a 7% contingency amount. If the membership approves the project, LFSC will begin the civil engineering and permitting part of the project immediately, secure financing and hire a general contractor in the Spring of 2016 and, if all permits are secured, break ground in September of 2016 so that the pool can open on time for Memorial Day 2017.

The \$2000 assessment to raise the cash payment portion of the pool renovation cost

Assessing each member \$2000 raises over a third of the renovation cost (2,000 * 377 = \$754,000). Raising the cash to defray a significant portion of the renovation cost helps us secure desirable financing terms for the remainder and also means that our annual payment on the debt is not too high. 75% of the \$2,000 assessment will be booked as a capital contribution by each member. The capital contribution will be returned to the member upon resignation, along with the original purchase price of his or her share, according to the by-laws. The Board of Directors is extremely concerned about mitigating the personal impact of this proposed assessment on individual members and on our community as a whole. We will break this assessment into two payments over the upcoming year. Some members may be concerned that they do not or will not use the pool enough to justify paying such a large assessment. We will be continuing the Emeritus Pass program for those who do not use the pool very much so that you can avoid the cost of the assessment but still remain a valued member of our pool community.

Securing financing and raising dues

After paying \$337,500 of our cash reserves and raising \$754,000 through the assessment, we will need to borrow 45% of the total cost of the project. To date, we have received favorable feedback from two lending institutions about our proposed project and financing plan. In anticipation of increased operating costs and the interest payment on the debt, the board proposes a dues increase for the 2017 season. The dues increase will impact all member and guest categories.

SAMPLE BALLOT

October 22nd Special Meeting of the LFSC Membership

By voting “YES,” I authorize the LFSC Board of Directors
to do ALL of the following:

1. Commit and spend up to \$2,000,000 of LFSC funds to renovate the Little Falls Swimming Pool and facilities **and**,
2. Assess all full members **\$2000**, the first \$1000 due no later than March 31st, 2016. \$500 of this payment will be a non-refundable improvement fee of \$500 and the other \$500 will be added to the member’s equity account. The second \$1000 payment will be due by September 30th, 2016. **\$1500** of the total payment of which will be booked as a capital contribution to be returned to the member upon resigning from the pool, along with the original purchase price of his or her share, according to the by-laws **and**,
3. Increase the price of membership in Little Falls Swimming Club from \$1,000 to \$2500 as of October 22nd, 2015 **and**,
4. Secure financing for the cost of the renovation that remains after we have spent money from our cash reserves and raised money from the assessment **and**,
5. Raise active member annual dues for the 2017 swim season to \$700.

YES

NO

Please clearly mark your vote above.

Bring your ballot to the 7:00 pm October 22nd meeting at Westbrook Elementary School (5110 Allan Terrace, Bethesda, MD 20816) or place it in a sealed envelope and ask a fellow member to bring it to the meeting.

OR

Mail the ballot to our PO Box at: PO Box 5579, Washington DC 20016. Please make sure your ballot is mailed in time to ensure arrival at the PO Box by Thursday, October 22nd at 2:00 pm.

QUESTIONS YOU MAY HAVE

Wait...What is happening? We are talking about renovating the pool?

First permitted in 1955, our pool has served our community well; and well beyond its 50-year life expectancy. To meet *today's* swimming and diving access and safety codes, and to reliably serve the next 50 years of families in our community, the pool needs to be renovated and must be made deeper and wider in some places. Over 2011-2012, the LFSC Board contracted for an evaluation of the pool's health and compliance with current zoning requirements. We learned that the pool was coming to the end of its life—though we fortunately had some breathing room and were not facing any crises—and that the pool's depth does not meet current zoning codes or current ADA requirements. In January 2015, the membership authorized the LFSC Board to spend up to \$50,000 (in 2015) to hire a project manager who would help us develop a design AND an estimated cost so that the membership could vote on whether or not to move forward with the project.

What is the timeline? Will we lose a pool season?

No, we are not planning to lose a pool season. The current plan calls for us to start construction once the pool closes after the summer of 2016 season and open in time for Memorial Day of 2017. If the LFSC membership votes to approve the renovation, our project manager John Chadwick will select a civil engineering firm through a competitive bid process in late October/early November and civil engineering and permitting will take place from November 2015 through February 2016. By May, through another competitive bid process, a construction manager will have been hired. The construction manager will hire sub-contractors over the summer of 2016. By hiring an experienced project manager, studying the examples of renovated pools in our area, and starting this process so early, we feel confident that we have taken all of the necessary steps to stay on schedule.

While we do not anticipate any issues, it is possible that a permitting issue, for example, could significantly impact our timeline. If, at any point, we determine that a significant delay in the process is threatening to delay our 2017 opening, we will re-evaluate our start date. April of 2016 will be an important "GO/NO GO" point for us because we will know whether we have the permits in place and the construction management firm hired. If we are a "GO," we will finalize and secure our financing at that point. Is it possible that we do everything possible to stay on schedule and that some unforeseen circumstance delays the project? Yes. While we are working diligently to minimize this risk, we recognize that there are some factors beyond our control and we cannot make a 100% guarantee for an on-time opening. Having noted that, we also cannot make any guarantees about the remaining life of our current pool, so there are risks whether we move forward with the renovation or not.

QUESTIONS YOU MAY HAVE

What will it cost? And why?

The cost of the renovation is \$2 million, including a 7% contingency figure.

The contingency is money that is budgeted for any unexpected issues or expenses that arise during the project.

Approximately \$725,000 of the cost of the renovation is due to expenses that we will incur no matter how big the pool is or what it looks like, costs such as those for: demolition, new concrete decks, sediment control and storm water management, permitting, the temporary construction bridge, a new pool heater and filtration and deck equipment and architectural services. This is money we would have to spend even if we merely “replaced” the pool we currently have.

The pools themselves cost about \$1 million dollars to construct and this total is based on a \$113 per square foot estimate. Because the cost is estimated based on total square feet, the design and configuration of the pool do not impact the base cost. For example, if we had proposed a design that was oriented the same way as the current pool, we would not have realized a big cost savings. We determined the square footage based first on safety codes and guidelines and then on member feedback that suggested a demand for more swimming lanes and for a middle teaching pool.

For those who wonder what we would save by building the simplest pool design possible, namely rebuilding the exact same pools we have now, and spending nothing on landscaping, new fencing and walkways, we would save close to \$300,000 of the proposed \$2,000,000. Included in this approximate 15% is the cost of the middle teaching pool. The membership shared many opinions about the proposed middle teaching pool and, ultimately, there is a lot of member support for this middle pool. The incremental cost of the middle pool is \$141,250 or about 7% of the overall cost.

Some of the other “extras” in the design include 2 shade structures, estimated at \$62,100 (3% of the overall estimated project cost) and \$90,000 for cosmetic improvements to the bathhouse (4.5 % of the overall estimated project cost).

We had to carefully balance the opinions of members who wanted to seize the opportunity to invest in a much bigger renovation, such as a new bathhouse and many more amenities, with the opinions of members who desired the absolute bare minimum. The board has carefully weighed all of the options, and has opted for a plan that costs roughly 25% more than if we were just building the same exact pools we currently have and assuming no other improvements. Given the huge commitment of resources and time, the anticipated disruption to the community and this once in a demi-century opportunity to invest in an improvement, we believe that this increase in the overall cost strikes the correct balance.

A detailed project cost estimate is available at: <http://littlefallsswimmingclub.com>.

QUESTIONS YOU MAY HAVE

What does this mean for me? What do I have to pay and when?

If the proposed renovation plan is approved, each LFSC full voting member will be assessed \$2000. \$1500 of the assessment will be booked as a capital contribution by each member. The capital contribution will be returned to the member upon resignation, along with the original purchase price of his or her share, according to the by-laws. \$500 of the payment is a one-time fee that will NOT be returned. Future members of the pool will now pay \$1500 in addition to the current \$1000 equity payment for a total of \$2,500.

We will be breaking this assessment payment into two parts. The first \$1000 will be due with the summer 2016 dues statement and no later than March 31st, 2016. \$500 of this payment will be the non-refundable improvement fee of \$500 and the other \$500 will be added to the member's equity account. The second \$1000 payment will be due by September 30th, 2016. If this payment schedule represents a hardship for any of our members—especially for our newest members—we will work out a more comfortable payment schedule to the best of our ability. The board agrees that this investment is necessary but we also recognize that this is a significant expense for many of our members. The club is committed to making this work financially for as many current members as possible.

Will I be able to resign my full membership if I do not want to pay the assessment? And if so, is there a way that I can still use the pool?

Yes. The Emeritus program is designed for you. We know that there are a lot of members who have remained active or inactive members who wish to stay connected to the pool community but do not use the pool enough to warrant paying such a large assessment. This Emeritus program will be \$300 annually. (Current Senior Emeritus Pass members will be grandfathered in at the old price). We encourage those of you who are “on the fence” to email us or come to the info session on Wednesday, October 14th. We will discuss your options with you so that you can determine what member or guest category is best for your family. Our goal is for you to remain part of the pool community at whatever member or guest category makes the most sense for your family.

What is the deadline for converting my membership to the Emeritus pass option if I choose to do that?

If you are going to convert your inactive or full membership to Emeritus status, we ask that you please do so before this December 1st (2015), in order to lock in your 2016 summer dues at the \$165 rate. (Your dues will then increase to \$300 for the 2017 season and afterwards). If you choose to convert your membership to Emeritus status AFTER December 1st 2015, you will pay \$300 for the 2016 season. Please take advantage of this \$135 discount and convert to Emeritus status before December 1st, 2015. Acting early helps our bookkeeper process the 2016 summer membership payments in a timely manner and saves you a lot of money.

QUESTIONS YOU MAY HAVE

If we are paying an assessment, why is there also an anticipated dues increase?

Based on comparisons with other recently renovated pools and the increased square footage of the proposed LFSC pools, we are estimating a 20% increase in annual operating costs and are proposing an increase of dues to both offset the increased operating costs and the loan payment for the financed part of the project.

Who is running the project?

John Chadwick is our project manager. He is an experienced construction and project manager and was in charge of the very successful Bannockburn pool renovation. Mr. Chadwick will be guiding us through the permitting process and assisting us in hiring civil engineers, the construction manager, sub-contractors, and other necessary service providers. The LFSC Board will vote on all project expenditures, according to the procedures set forth in the by-laws.

How did you use the feedback from the membership to determine the proposed design?

Thank you to everyone who took the time to speak with or write us with your thoughts, ideas, questions and concerns as we updated the entire community over the past several months. We compiled these comments into topic areas such as: shading concerns, seating needs, bathhouse amenities, and accessibility (just to name a few) and presented feedback through an iterative design process with the architectural team. We have a great design at this time, and will make every effort to stay true to it, but we may need to make adjustments based on feedback from the civil engineers and the permitting agencies.

What if I still have questions?

- Please drop by the info session on Wednesday, October 14th, from 7-9 pm at Westbrook Elementary School.
- Refer to the website at <http://littlefallsswimmingclub.com>.
- Email Cathy Stocker at: hoyadoc@aol.com or
- Email Greg Wang at gregwang@gmail.com.

Remind me again, how do I submit my ballot?

Please clearly mark your vote on the enclosed ballot and bring it to the 7:00 pm October 22nd meeting at Westbrook Elementary School (5110 Allan Terrace, Bethesda, MD 20816) or place it in a sealed envelope and ask a fellow member to bring it to the meeting for you.

You may also mail the ballot to our PO Box at: PO Box 5579, Washington DC 20016. Please make sure your ballot is mailed in time to ensure arrival at the PO Box by Thursday, October 22nd at 2:00 pm.