

Herrmann House Building Project Funding

Q & A – Instalment #2

July 28, 2022

Hi Members – as promised in the July 7th email communication to all members on funding Herrmann House, this is the second Q & A instalment to answer questions that have been asked by at least one member. Hopefully, sharing the responses will provide answers that have common interest to others as well as the ones who asked them.

Question 1: Could we not just build the washrooms as required and nothing else?

Attached is the latest draft floorplan for our building. It is slightly more than just washrooms, as it attempts to conservatively address the needs of our Club beyond the upcoming year or two. Doing an add-on for the other amenities later on would be much less cost effective, trigger another round of remedial repairs to the surrounding area and be disruptive to our operation at the time of construction.

Question 2: Could we not just relocate our wash trailer to the intended site, tie-it in to the sewer system and meet the requirements of our occupancy permit?

The washroom trailer, connected to the sewer or not, does not meet the BC Building Code and would therefore not be approved as a solution. Furthermore, operating RV toilets in winter freezing temperatures is a risky endeavour and a major reason to secure a timely, permanent solution.

We have investigated a commercial grade “pre-fab” building solution. The cost estimate provided was \$300 per sq ft plus all the site preparation and foundation costs. A “pre-fab” solution does not appear to save money.

Question 3: Can I donate my existing playing credits?

Yes. The Club upon receiving your pledge would e-transfer you back a refund on your credits and you would subsequently need to write a cheque for your donation. To make this productive we ask that it be for a minimum \$500 amount. Anything less than this would not give the project any material positive value as the playing credits would have been consumed within a year or two anyway.

Question 4: I see the campaign has so far only raised about \$4500 – what happens if it fails?

First, we need members who are willing and able to step up to have put in their pledges by the end of August so we can present to the City on September 6th where we are. If the City is not encouraged by our results they are likely to assume the project will not go forward at this time. We expect the City will give us the previously promised 2 year extension to our temporary occupancy permit (will expire in 2025) but are unsure what their next actions would be. We would

hope members are driven by the positives of doing this phase in a timely manner rather than the fear of what the City may do if we don't.

Question 5: Golf courses regularly charge their members capital assessments. Why not just put through a capital assessment to all our members of \$100 for the next few years?

A golf course membership costs over \$2,000/year. Charging them a 5% premium is much more palatable than our Pickleball Club charging 125% of our \$80 annual membership cost.

Question 6: I would like to see some Club financials as I thought we were doing well and am surprised we just can't pay for the building through our operational accounts.

Attached is an eight year projected cash flow for our Club. While we are confident we will continue to be operating in the black our near term capital cost requirements (\$795k of debentures, \$80k City loan, \$300k capital reserve lease requirement) significantly reduce our flexibility in the relevant upcoming 3 year time frame to support this project. We are planning on moving \$100k out of our operations accounts and into the building account but feel that is our limit without financially stressing our operation.

Question 7: Are you still planning on a zoom meeting to provide more information?

Yes – we will target a 15 minute presentation for the first week of August to go over the project and answer questions. In addition, we will offer opportunities for members to meet with some of our project committee on the courts at designated times during certain days in the month of August. Our representatives will be at the back of the Courts near the bulletin board where we will also be posting all the project related information.

Times: Monday am 10:30 to 11:00 Tuesday pm 5:30 to 6:15 Thursday pm 5:30 to 6:15

Friday am 10:30 to 11:00

Regards;

Myron Hocevar, VPA Board President on behalf of the Building and Finance Committee members

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