

**Mohican Swimming Pool Association
Annual Budget Meeting
December 7, 2014**

Meeting Minutes

1. **Status of Project:** The meeting began with Rick Hall giving a brief update on the status of the project. Re-bar is in place for most of the deck, including all of the deck around the main pool, and some portions of the main deck have been poured. Once the deck is poured, “white-coating” of the pools themselves will begin. As to the bathhouse, as of now we are waiting for PEPCO to place a transformer on our site to provide electricity to run the to-be-installed elevator. The elevator itself is in the possession of our contractor, and can be placed as soon as PEPCO gets the transformer in. At this point the work on the bathhouse and the work on the decks/pools can proceed essentially independently. The Board does not foresee the May 1 starting date for the 2015 season to be in jeopardy in any way. A member asked whether there would be sufficient deck space once the new pool was completed. Rick pointed out that the deck would be extended significantly out towards the gully once the concrete portions were poured, and that the total deck space when the project is done would be a little less, but roughly the same as, what we had with the old pool. Susan Dunham noted that she was in touch with an expert who suggested that using certain plants would be helpful to maintain the population of butterflies, including Monarch butterflies. Rick Hall and Carol Beehler agreed that we should consider that in deciding what to plant when the project is done, and Susan said she would email Rick with additional information.

2. **Budget Review:** Treasurer Bill Hahn, along with Board Member Sophie Leahy, reviewed the details of the proposed 2015 Budget, including both the operating budget and the costs associated with completion of the project and beginning repayment of our loan.

a. **Expenses.** In most cases (as indicated in the detailed budget spreadsheet sent to members before the meeting and attached to this email), our projected expenses are generally in line with what we proposed for 2014 before we had to re-vamp that season in light of project delays. Notable items include: **(a) A higher fee for our pool management company.** This reflects both the fact that the larger pool will require three guards on duty at all times, as well as the fact that we are extending our season to six months (May 1 through October 31) as opposed to the traditional four months (mid-May through mid-September). **(b) Significant allowance for landscaping and new deck furniture.** Much of our existing/old deck furniture is in bad shape. The budget includes \$15,000 for new furniture. It also includes \$3000 for tree work and \$12,500 for landscaping. **(c) Obligations to the bank.** With regard to our obligations to the bank, we anticipate paying “interest during construction” charges, as well as six months’ principal and interest repayment of the loan, in the amount of \$139,162. In addition, we are required to accumulate a capital reserve equal to six months’ principal and interest, in the amount of \$84,679; **(d) Reduction in insurance expense.** By virtue of changing insurance carriers we are able to save approximately \$10,000 in insurance expense.

b. **Revenue/Income.** The proposed budget generates the income needed to cover our expected expenses as indicated in the detailed budget. The highlights are: (a) Base dues for full members are proposed to decrease \$75 (from \$475 to \$400), to reflect the fact that over the last five years active member base dues have borne much of the brunt of raising money needed for the project; now that the project will be completed, the Board believes this modest reduction is appropriate. (b)

Base dues for temporary members (colloquially, “renters”) increase by \$25, from \$750 to \$775; (c) Senior privileges fee remains flat at \$125; (d) \$7000 in “extended season” revenues from two neighboring pools for the right to use our pool in September and October, as part of our experiment with an extended season; and (e) a \$100-per-member capital assessment, to raise \$40,000.

3. Budget Discussion: Once we had reviewed the details of the proposed budget, discussion ensued on various points, summarized below:

a. Senior privileges fees: Bill Stromsem said that he viewed the combination of (a) keeping the senior privileges fee flat at \$125; (b) lowering base dues for active members by \$75; and (c) the \$100 capital assessment, as unfair to seniors. Base members would see a net increase of \$25 this year (\$100 capital assessment, offset in part by a \$75 dues reduction), whereas seniors would see an increase of \$100 (senior privileges fee flat, \$100 capital assessment). Chris Savage pointed out that there is a difference between dues (paid by those using the pool) and capital assessments (paid by all members, whether active, inactive or senior). He also noted the large base dues increases for active members over the last several years. In addition, he noted that not even counting the financing-related capital costs (such as the need to accumulate a reserve of \$84,679 for the bank), the budget proposes more than \$30,000 in other capital items (landscaping, tree work, deck furniture, building-related capital) so a \$40,000 capital assessment is entirely reasonable. It was also pointed out that during 2014, seniors who had chosen to rent out their memberships were permitted to pay no dues even though (for the first time in our history) we were not able to rent out all memberships. The Board could have, instead, insisted that all members whose memberships were not rented pay full dues. Seniors were disproportionately benefitted in 2014 by this Board decision, so claims that seniors are being treated unfairly are unwarranted. Following this discussion, Bill proposed to lower senior privileges fees by \$75, from \$125 to \$50, for the 2015 season, so that seniors, like active members, would see a \$25 increase this year as compared to last. His proposal did not include any means by which to make up the approximately \$6000 in lower projected revenue his proposal would entail. Instead, his view was that given the size of our overall budget, we could generally absorb that level of revenue decline without the need to propose a specific offset. In a “sense of the meeting” straw vote, this proposal received 3 affirmative votes and roughly 10 negative votes. **Members are being asked to formally vote on this proposal as part of the email/online vote on the 2015 budget as noted above.** In connection with this proposal, there was a discussion regarding the scope and operation of the pool’s zoning “special exception.” See below.

b. Mermaids fees: Susan Dunham pointed out that in some prior years, “Mermaids” participants (who use the pool for an exercise class for 30-60 minutes in the mornings) who are also seniors used to be able to pay \$50 for a full season of access to the pool for Mermaids, but that the budget proposes to treat Mermaid use by seniors like any other use, and thus to require a guest pass. (Subsequent to the meeting, Susan corrected this to reflect that the prior Mermaid senior fee was \$75.) She pointed out that if a senior actually attended Mermaids 3-5 times per week over a 4-month season, the guest pass fees, combined with the senior privileges fee, would make it more economical for someone to forgo senior privileges and simply pay for a base membership. This, in turn, would lower the number of temporary members (“renters”), which would end up depriving the pool of revenue. Chris Savage pointed out that as long as senior privileges are structured with a low base payment, combined with per-use fees, there would always be some level of usage at which it made more sense for a senior member to simply be on “active” rather than “senior” status, and that a senior using the pool nearly every day for Mermaids might indeed be better off simply being an active member. Miklos Gaal indicated his view that the pool community is stronger and more vibrant, the

greater proportion of active members, so that there was nothing wrong with having seniors who use the pool very regularly simply remain as full active members. Following this discussion, Susan proposed to establish a one-time \$50 fee for seniors participating in Mermaids for the 2015 season (later amended to \$75 to reflect prior practice). In a “sense of the meeting” straw vote, this proposal received 2 affirmative votes and roughly 10 negative votes. **Members are being asked to formally vote on this proposal as part of the email/online vote on the 2015 budget as noted above.**

c. **Zoning Special Exception/Memberships:**

(i) **Background.** Prior to the meeting, Bill Stromsem had raised his views regarding pool membership and our zoning “special exception” with Chris Savage. He stated that if his proposal regarding senior fees was not approved, he would raise his concerns about our zoning status with the county. At the meeting, Chris summarized the issue as the Board understood it, and then Bill responded.

(ii) **The Board’s Understanding of the Zoning Issue.** Back in 1958, when the pool was first built, we got a “special exception” to operate the pool, notwithstanding the residential zoning of the neighborhood. That document says that we can have 450 “members”, of which 400 can be “active.” Chris has looked at this issue but has been unable to find any definition of the term “members” or “active members” as used in this context, either in Maryland statutes or regulations in any reported decisions regarding Maryland pools. Clearly, however, the numbers do not refer to the number of **people** using the pool, because a “member” is a family or household unit. Each “member” could be a family with 5 kids each, or each could be a single householder with no spouse and no children. The overall point of the restriction, though, is to ensure that the operation of the pool does not unduly negatively affect surrounding neighbors. On that score, Mohican benefits from its location. We have no neighbors on MacArthur; our neighbors on Walhonding are far away from the pool itself; and Sue Silverstein and Ross McNair, while adjacent to the pool property above us on Mohican Road, are nonetheless pretty far away from the pool itself. With regard to parking, other than when we are hosting “home” swim meets – a situation in which every community pool has parking issues – we do not generally have problems with parking, although obviously occasional exceptions arise. Our lot is not large, but it is the same size it has been since 1958. Also, people can park in the lot across from the Sycamore Store and cross MacArthur at the marked crosswalk, or park along Walhonding or Mohican Road. In addition, people can and do carpool, bike, and walk to the pool (along Quarry Road or the path down from Mohican Road). With regard to crowding at the pool, this is a very minor change; in 2012 we extended temporary memberships to an additional 50 families beyond the base of 400 “active” memberships, and there did not seem to be any notably crowding issue as compared to prior years; in 2013 that figure was 25 additional families; for 2015 the proposal is to go back to 450. Also, the new pool will have 33% more “water” (8 lanes instead of 6), and the 25 additional temporary memberships reflects an increase of only about 6%, so crowding at the facility itself should not be an issue. Given all this, the Board has taken the pragmatic view that as long as operation of the pool is not negatively affecting the neighborhood, we can have our 400 active/full members (the “400” in the zoning document), extend temporary memberships to an additional 50 families each summer (getting to the “450” in the document), and also make reasonable accommodations for community that have little or no impact on crowding, such as “August” memberships (for “renters,” when the pool is generally very empty) and senior privileges (intended for seniors who are expected to make modest, occasional use of the pool on a “guest” basis). In other words, the Board’s view is that our current approach to membership limits is reasonable, pragmatic, and in conformity with the requirements of our zoning exception. **This approach is embodied in the proposed budget**, i.e., as in prior years, the

proposed budget includes senior privileges, extending temporary summer memberships to the full complement of 450 (425 in 2013 and 2014), etc.

(iii) Bill Stromsem's Understanding of the Zoning Issue. Bill stated his view that the limit to 400 "active" members meant that any authorization by the association to allow anyone in excess of 400 members (either actual members or households "renting" a member's privileges) constitutes a violation of the zoning exception. Permitting senior privileges, in his view, violates the exception, as does making temporary privileges available as "rentals" to the additional 50 "inactive" memberships referred to in the zoning document, as does permitting "August" memberships. His concerns are crowding (notably in the parking lot at busy times) and safety. With regard to the latter, to the extent that people park in the lot across from the Sycamore Store or along illegally along MacArthur itself (as does occur, unfortunately, at times during home meets), he is concerned that someone will get hurt crossing MacArthur. He is, however, willing to tolerate this situation if his proposal with respect to a reduction in fees for senior privileges is approved. If it is not, he has stated that he is prepared to write the county to object to the pool's approach.

(iv) Effect of Accepting Bill's Understanding. Chris pointed out that if Bill's view of the zoning limitations is correct, it will be necessary for the pool to end its senior privilege arrangements and to extend temporary summer memberships to only as many families as can be accommodated by the number of full members who choose inactive status in any one summer. On a "back-of-the-envelope" basis, this would result in an increase in payment of approximately \$175 to \$200 from each of the 400 members each year. This would likely result in some members choosing to sell their memberships, with purchasers likely being in more a robust financial situation. There is no reason to think that there are not a sufficient number of potential members to respond to any such situation, but it would be unfortunate to effectively exclude community members of more modest means. At the same time, someone pointed out from the floor that the pool overall would be less crowded at some times, a form of benefit that would be achieved in conjunction with the higher dues.

(v) Monitoring the Situation. Joe Saliunus suggested from the floor that we have no data at this point on which to base a conclusion that the numbers of pool users in the proposed budget would be a problem, and recommended that the Board monitor the situation and take steps if needed to deal with problems if they arise. These steps would include, e.g., insisting that guards and pool management not park in the lot, to provide crossing guards on MacArthur during busy times, etc.

4. Following the discussion above, the meeting was adjourned at approximately 9:45 p.m.