

Admirals Cove Beach Club (ACBC) Pool Building Survey 2024

Some history first, how did we get here:

Historically, the pool and the rest of the ACBC facilities for that matter were not maintained very well, mostly because dues were very, very low, leaving little money for maintenance, repairs, or improvements over time. Fifty years later, members voted to upgrade the pool bowl and decks, and the refurbishment was completed in 2018. The pool building was not part of that project. Remodeling the pool building was put off for five (5) years and the dues were increased slightly to **help** pay for it. At about the same time, ACBC also established a Reserve Account to help predict ongoing maintenance needs to fund maintenance and repairs as they become necessary.

Now, it's five years later and it is time to upgrade the pool building. The existing building is not sustainable in its current condition. At a minimum, the interior of the existing building must be demolished down to (and including) the slab foundation in order to replace the corroded plumbing and to complete other required major repairs, as further described in Option One, below. Due to permitting and other concerns, our repaired pool building would need to exist within the same "foot print" of the original.

Inaction is not an option. Our Articles of Incorporation require ACBC to maintain and/or operate athletic and recreational facilities and to maintain all land set aside for community development purposes, and our Bylaws require ACBC to maintaining the pool buildings and complex. The owners have already voted to approve this item as a Reserve Account project and it is already partially funded. If the existing building was abandoned and allowed to fall into disrepair below County standards, ACBC could be fined \$1,000 per day and ordered by the County to demolish the building at its own expense. Current demolition costs in the Coupeville area could exceed \$150,000, which would result in at least a \$400 or more assessment to each lot to cover the anticipated destruction, fines, and penalties. Buildings that are not properly maintained also create property hazards; ACBC and its members could potentially be found liable if an injury were to result from dangerous conditions on the site. Moreover, our recent expensive pool renovations would be rendered almost worthless if the pool is attached to a derelict building, and we would lose the enhanced resale value from the pool complex that benefits all of our properties. The risk exposure of doing nothing is too great to consider that as a viable alternative.

The Long Range Planning Committee has been working with an architect and we have preliminary drawings of the layout and renderings of what a new building could look like. Although the diagrams do not provide square footage information, the new building will be on the same footprint as the existing building so the total interior square footage of each floor will be similar to the existing facilities. There are options members all need to decide on. Obviously, the more we ask for the more it will cost.

We have a survey for you to help the Committee to finalize the plans in the direction members want to go. This survey is based on the best facts that we have at this time. The estimated costs in this survey are rough, ballpark numbers that are provided to give you a sense of what to expect

with each option. The actual costs will not be available until we decide on an approach and receive final bids. Furthermore, construction contingencies such as permitting requirements, latent property conditions, and fluctuating material costs could increase the costs before this project is completed.

Although the Reserve Account contains some funding for the pool building project, there will be a special assessment to pay for the remainder and that amount will depend on what we want and how much of the Reserve Account is allocated to this project by the Board. The Reserve Account is not fully funded yet, hence the assessment. The estimated assessments provided with each option are based upon the full cost. Those assessments will be reduced, depending upon how much is contributed from the Reserve Account. For purposes of this survey, the estimated special assessment amount per lot assumes that the Board will contribute \$500,000 from the reserve account.

In presenting these options, the Board is sensitive to the concerns of some owners who do not want to subsidize a pool that they never use and the Board wants to be candid and transparent about the current situation. The pool was built and conveyed to ACBC in 1969. In 1970, ACBC members voted to authorize the Board to develop a fair plan for funding the operation and maintenance of the pool. The Board decided to offer seasonal and daily swim passes for those who wanted to use the pool. The Board also authorized a \$10 annual assessment against all members to fund the pool's operational costs. ACBC has funded the pool's operating costs out of the general budget since that time. The pool program has continued to succeed primarily due to the excellent management and conservative fiscal stewardship of the Pool Committee and we owe a great debt of thanks to them.

The decision makers in 1970, however, could not have foreseen the vast increases in regulations and operational costs, combined with the erosion of volunteer efforts, and their decisions from fifty-four (54) years ago may no longer be sustainable. The pool swim revenues do not cover its operational costs and the total pool budget has been operating at a 42% to 54% loss margin (roughly \$40,000 loss per year) over the past two years. All members – whether they use the pool or not – have been funding the difference through their dues and some members object to this business model. The Board is open to considering other funding models that could help reduce the financial burdens on those who do not use the pool, while still recognizing the increase in value to all of our properties that results from the pool facility.

There are two levers we can activate: 1.) raise swim revenues, or 2.) rent the pool building. With respect to swim revenues, there are nine community pools on Whidbey Island, including the ACBC pool. We found only three that are open to non-residents of their communities: ACBC, the indoor John Vanderzicht Memorial Pool in Oak Harbor, and the indoor Island Athletic Club in Freeland. The Oak Harbor pool charges \$672 per year (\$56/month) for nonresidents and Island Athletic Club charges \$1,160 per year (\$97/month) for an individual. The South Whidbey Aquatic Center is not expected to open until late 2026 or 2027. By comparison, ACBC charges \$80 for a three-month season pass (\$27/month) and \$75 for two weeks of non-member swim lessons. Although ACBC could potentially triple its swim pass rates, we found no market data to support

any larger increase, and we do not know whether demand for the ACBC pool would decrease at the higher rates. Assuming that all former users continued to use the ACBC pool and pay the increased rates, the swim revenues could come closer to covering all pool expenses but would not alleviate the increasing costs of other ACBC facility maintenance.

Furthermore, some members oppose an increase in swim lesson fees because they want to continue providing an affordable opportunity for local children to learn this life-saving skill. If we were to triple the swim pass fees but *not* increase swim lesson fees, the pool would continue operate at some deficit, albeit a much smaller one.

The other fiscal lever is to open the new pool building for rental as an event space. Event rentals could create surplus revenue that ACBC would reinvest into the community to help reduce the need for future assessments or dues increases. If these financial concerns are important to you, please be aware that Option Four is the only option that offers this possibility for a return on the investment.

The picture windows will provide an extraordinary view that is not available in many public spaces on the island. With the exception of local hotels and inns, there are about sixteen (16) venue event rental spaces available to the public on Whidbey. Only two of them might have both ocean and mountain views from the grounds – Crockett Barn (\$6,500 per day) and Freeland Hall (\$1,500 per day). Similarly, the Oak Harbor Yacht Club (\$1,450 per day) has picture windows with an interior view overlooking the harbor and marina, but not the mountains. We anticipate that the unobstructed sunset views of the sea and the Olympics from our enclosed space, combined with a decorated or candlelit pool space, and being centrally located on the island would create a unique and highly desirable venue asset. ACBC members would have priority in rental reservations, but public rentals could generate enough revenue to offset the pool costs. Additionally, any extra revenue could then be used to upgrade other assets, engage professional property managers, and fully fund the reserve account while keeping future dues steady and possibly avoiding many future assessments.

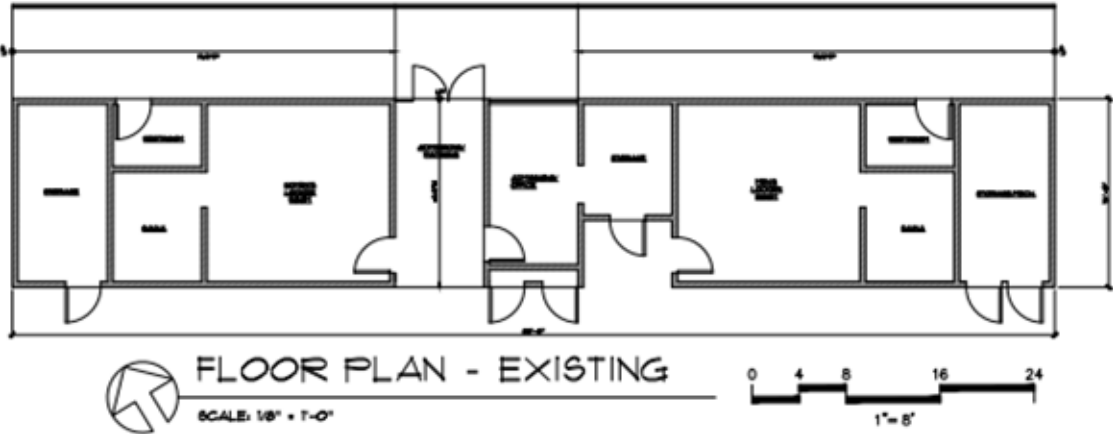
The finished event space also opens other possibilities for use by ACBC members, depending upon future decisions of the Board and approval votes of the membership. For example, we could construct a deck off the upper floor so that guests at events could walk outdoors to enjoy the view with a drink and take sunset photographs of the event. We could offer the entire pool complex for rent so that the pool could be opened (at the renter's expense) for private off-season events. We could engage a professional food and beverage vendor to operate the upper floor as a social club for ACBC members. These potentials are not included in the above price estimates but could be considered as construction begins.

All of us benefit from the enhanced property values arising from the pool facility - whether or not we use the pool - and it is fair to expect members to contribute at some level to maintain the value of this asset. We trust that you will review the available options carefully.

The Board does not have an opinion on which option is preferred. It, along with the Long Range Planning Committee, is issuing this survey to get your feedback and opinions on which option you prefer and would vote to support on a year-end ballot. Based upon the results of this survey, we will obtain more detailed information, architectural plans, and firm bids on the preferred option in advance of the next membership vote.

AFTER YOU HAVE READ THIS SUMMARY AND FAMILIARIZED YOURSELF WITH THE FOUR OPTIONS, YOU WILL BE ASKED TO FOLLOW THE LINK TO OUR ONLINE SURVEY AND RANK THE OPTIONS IN THE ORDER OF YOUR PREFERENCE. Here are the options, which we will describe in more detail with the pros and cons as we have been able to determine:

OPTION ONE: Try to refurbish and repair the existing building by installing completely new plumbing and performing other major repairs. Estimated Cost: **Estimated cost: \$1,100,000** (special assessment up to approximately \$1,200 per per lot). These estimated costs could be increased as necessary to come into ADA compliance. The Board will obtain more detailed estimates if the members elect to support this option.



PROs	CONS
One of the less expensive options	Likely to be more expensive than a new building and will also require a special assessment
May buy us some more time before imposing the assessments needed for a permanent solution	Any delay in a more expensive solution will only be temporary
	More difficulty passing permit inspections with this structure
	Will be more expensive in the long run to pay for extensive repairs as a short-term fix and then rebuild within a few years

	Refurbishments could be ugly, and may result in mounting new plumbing pipes along interior walls
	ACBC has already been limping along with this building and its temporary measures have been insufficient
	Future labor and materials may be much more expensive than current construction costs, resulting in an overall greater expense to owners
	No guarantees of permit approval or longevity of the refurbishment
	Structure does not meet ADA accessibility standards and would have to come into compliance with ADA, possibly at a significant additional expense.
	Higher likelihood of expensive construction surprises as they work through an old building

OPTION TWO: One-story new building with one sauna. The roof will accommodate solar panels to heat pool water and/or make electricity. Estimated cost: **Estimated cost: \$830,000** (special assessment up to approximately \$1,060 per per lot)

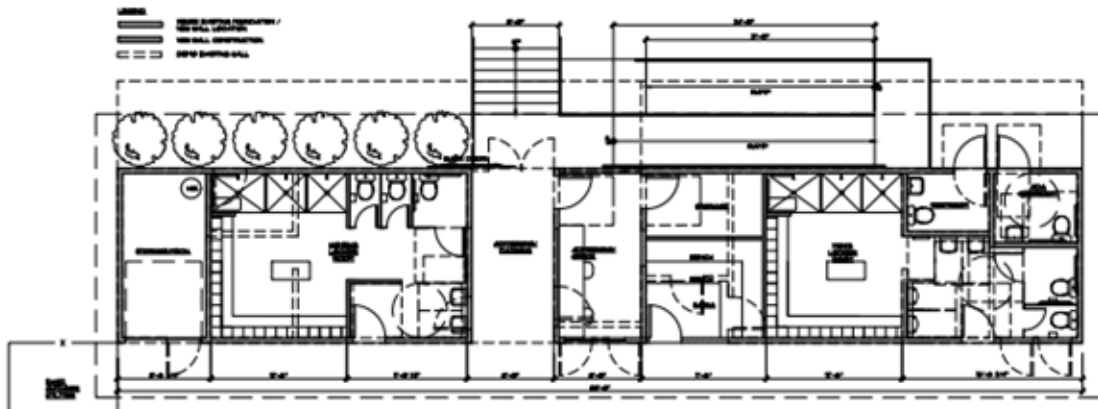
The existing building has already lasted over fifty (50) years. It is most responsible and prudent to plan for a structure that can meet our needs for the next twenty-five (25) years or more.

These renderings provide an approximate depiction of the new exterior to help you envision the proposal for Option Two. The actual exterior will be determined when architect completes the final plans.



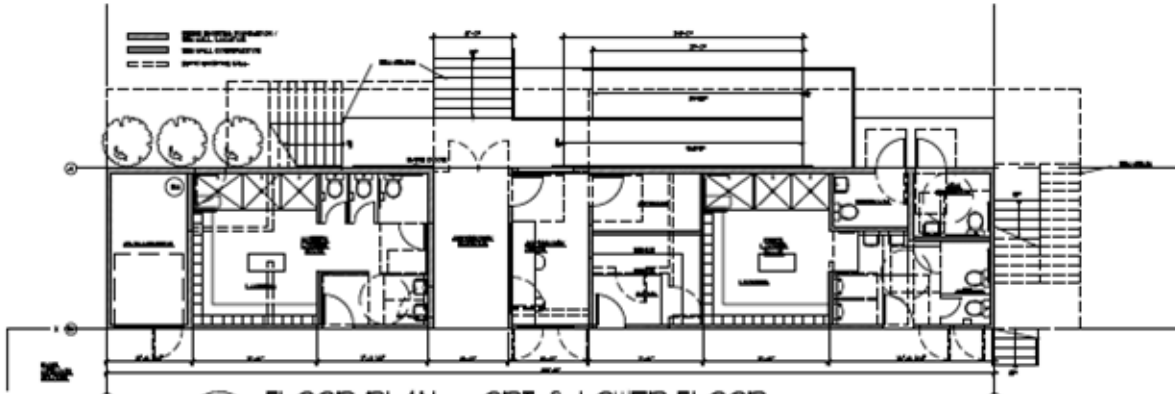


A floor plan of the proposed interior is as follows:



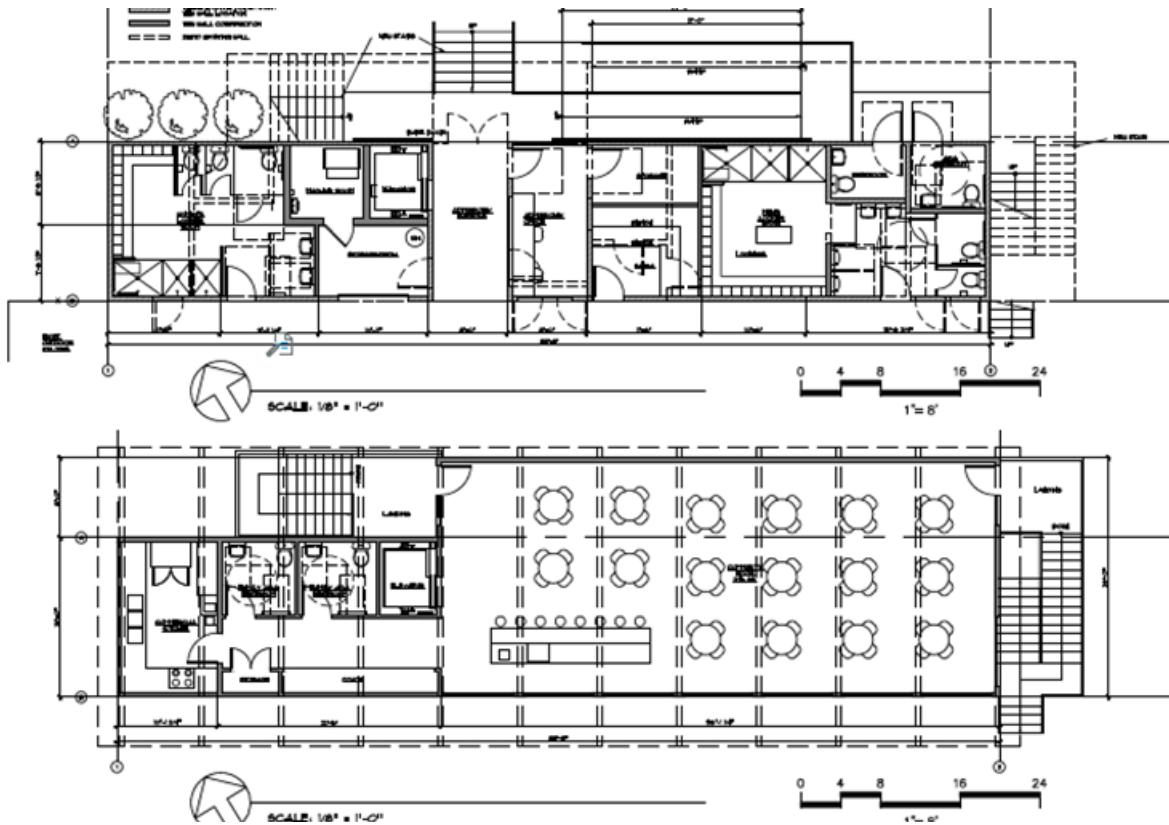
PROs	CONs
Least expensive new construction option	Fewest amenities
Will be ADA compliant and accessible to persons with disabilities	No income-producing potential from the structure
Long term life of the new building anticipated to be 25 years or more.	
Includes the sauna that some members have been requesting	
Sauna could be available year-round	

OPTION THREE: Two-story new building with unfinished upper floor with space for a commercial catering kitchen. The plumbing and electrical wiring would be stubbed in and the walls would only be studs and perhaps insulation. The upper floor would be closed off until it is finished at a later date. The lower story will have space for an elevator shaft in addition to the features described in Option Two. **Estimated cost: \$1,541,000** (special assessment up to approximately \$2,082 per perc lot)



PROs	CONs
Less expensive than a full two-story new construction option	County may not allow this option
Preserves the space for future upgrades (e.g., commercial kitchen, meeting space, elevator)	Members will not have access to the upstairs until it is finished out in a subsequent remodel project
Project will include a septic upgrade	We will eventually have to fund another construction project to finish out the second floor. This option delays, but does not avoid, that expense.
Will be ADA compliant	The subsequent finish will require another future assessment
Still fits within the footprint of the existing building	No income-producing potential until second finish out has been completed
	Future finish out may have higher labor and material construction costs

OPTION FOUR: Two-story new building. The upper interior would be finished out with picture windows across the back wall facing the bay, painted drywall, lighting and electrical fixtures, plumbing fixtures in bathrooms and kitchen, and working elevator. The remainder of the upper story will be a space for meetings and events. The lower story will be the same as the lower story in Option Three. **Estimated cost: \$2,244,000** (special assessment up to approximately \$4,488 per perc lot). These estimated costs could be increased as necessary to upgrade the septic system and furnish and finish out the upper story space. The Board will obtain more detailed estimates if the members elect to support this option.



PROs	CONs
Very desirable event venue (e.g., picture windows, nice restroom facilities, controlled access for caterers, etc.)	The most expensive option requiring the largest assessment
Income-producing potential of the building through venue rentals could offset other ACBC expenses and help keep future dues lower	May require revisions to the Bylaws or procedures to ensure priority use for members and more controlled access for guests
Long term life. Minimizes the need for future construction and assessments	Price does not include commercial kitchen appliances or event furniture

May be able to reduce wear and tear on the Shelter and minimize its maintenance costs	A commercial kitchen will require a new drain field unless a waiver is obtained. No certainty of a waiver
Certainty of labor and material construction costs, which can be fixed at this time	Rental revenues could potentially create tax implications for ACBC
New social space would free up the Shelter for other purposes (e.g., storage in lieu of our costly storage facility, office space for property manager, etc.)	Could require additional septic upgrades or other expenses relating to interior furnishings and finish out.
Increased opportunities for all members to use the pool complex, even if they don't swim.	
Only option with a significant opportunity to alleviate owner subsidy of the pool by opening the facility up to rental revenues.	
Additional rental revenues would be reinvested into the community to reduce the impact of future dues increases and assessments.	
This property would be managed professionally as a long term asset to maximize its value and profitability.	

Please review and carefully consider these four options. Next week, we will circulate a link to the survey so you can inform the Board of your preferences. Thank you for taking the time to respond to this survey. We will consider all responses carefully.