



## **AGENDA**

### **BOARD OF DIRECTORS WORK SESSION**

Wednesday, June 21, 2023, 2:00pm  
WC Room 2 / Zoom

**Directors:** Marge Garneau (President), Carol Crothers (Vice President), Bart Hillyer (Secretary), Jim Carden (Treasurer), Barbara Blake (Assistant Secretary), Laurel Dean (Assistant Treasurer), Nancy Austin, Kathi Bachelor, Ted Boyett, Beth Dingman, Steve Gilbert, Bev Lawless, Scott Somers (non-voting)

#### **AGENDA TOPIC**

- 2:00 **1. Call to Order / Roll Call**
- 2:05 **2. Amend / Approve Agenda**
- 2:10 **3. Capital Improvement Projects Process**
- 3:10 **4. Membership Change Fee**
- 4:00 **5. Adjournment**

*GVR encourages the Board and members to voice concerns and comments in a professional, business-like, and respectful manner.*



Green Valley Recreation, Inc.  
**Board of Directors Work Session**  
**Capital Projects Policy and Process**

**Prepared By:** Scott Somers, CEO and  
 Natalie Whitman, COO

**Meeting Date:** June 21, 2023

**Presented By:** Scott Somers, CEO

<p><b>Originating Committee / Department:</b>                  Administration</p>
<p><b>Action Requested:</b>                  Review and discuss the draft Capital Improvement Project Process</p>
<p><b>Strategic Plan Goal:</b>                  GOAL 5: Provide sound, effective governance and leadership for the corporation</p>
<p><b>Background Justification:</b>                  At the May 17, 2023, Work Session the Board discussed the draft of the Capital Improvement Project Process. Before this discussion there was no policy that describes the roles and responsibilities of staff, committees, and the Board in completing Capital Improvement Projects. This has led to confusion, assumptions, unnecessary expense, and most important to members, project delays.</p> <p>GVR is currently lacking policy describing the Board’s responsibilities to advance projects initiated by previous Boards. Projects have been abandoned mid-stream or been subject to significant changes when a new Board is seated. This has contributed to low member confidence in the Board’s ability to make important decisions in a timely manner, advance the best interests of the general membership, and work collaboratively in a professional and productive manner (see 2022 Member Survey).</p> <p>The attached proposed process identifies the general scope of work each participating entity can anticipate and establishes a process flow on which members can rely. The process identifies “points of no return”—decision steps that commit future Boards outside of unforeseen fiscal circumstances.</p> <p>Once the Board is ready to adopt this policy, staff recommends the motion to adopt include creating this policy as a pilot program for one year, in which all capital projects will be assessed based on the policy, to allow for modifications and amendments to the policy prior to inclusion in the Corporate Policy Manual (CPM).</p>
<p><b>Fiscal Impact:</b>                  N/A</p>
<p><b>Board Options:</b></p> <ol style="list-style-type: none"> <li>1) Direct staff to deliver the proposed process as drafted to the next regular Board meeting for approval.</li> </ol>

- 2) Provide amendments to the existing draft proposal and ask staff to bring the amended policy to the next regular Board meeting for approval.
- 3) Provide alternative direction to staff.

**Staff Recommendation:**

Option #1 or #2

**Recommended Motion:**

N/A

**Attachments:**

- 1) GVR Capital Improvement Project Process
- 2) Request to Submit
- 3) Capital Improvement Proposal Assessment

## GVR Capital Improvement Project Process

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### Definition

Capital improvement: All equipment and other fixed assets costing \$5,000 or more with a useful life of greater than one year.

### Policy

Any member in good standing may submit a proposal for a capital improvement. There are two paths to fund capital improvements:

**Type I: CURRENT YEAR UNPLANNED/UNBUDGETED CAPITAL PROJECTS** - Each year, GVR will earmark \$100,000 in the Non-Reserve Capital Budget solely for the purpose of funding unplanned and unbudgeted non-reserve capital projects. Funding and inception of these projects begin in the current year. These projects tend to be smaller in scope and do not generally require much planning or lead time. Proposal rounds for these funds open twice each year, given funds remain available for Round 2.

Round 1: January 1, with funding allocated and scheduled April 1

Round 2: June 1, with funding allocated and scheduled September 1

Staff provides an initial review by following the listed process:

1. Does the proposed capital improvement meet the definition of a capital improvement? If yes, then proceed to #2.
2. Is the proposed capital improvement:
  - i. unplanned and unbudgeted?
  - ii. under an estimated cost of \$100,000?
  - iii. anticipated to begin in current year?
  - iv. not included in the MRR study?
  - v. not a club responsibility per the CPM and Club Agreement?

If all questions can be answered in the affirmative, the proposal may qualify as a Type I capital project. Proceed to Assessment Phase.

**Type II: FUTURE AND LONG-TERM CAPITAL PROJECTS** - Each year, GVR will develop a five-year Capital Improvement Plan (CIP) and budget accordingly for such capital improvements from Capital Reserve Funds and Capital Non-Reserve Funds. Funding and inception of these projects begins

in subsequent years. These projects tend to be larger in scope and require significant planning.

Staff provides an initial review by following the listed process:

1. Does the proposed capital improvement meet the definition of a capital improvement? If yes, then proceed to #2.
2. Is the proposed capital improvement:
  - vi. unplanned and unbudgeted?
  - vii. anticipated to begin in a future year?
  - viii. not a club responsibility per the CPM and Club Agreement?

If all questions can be answered in the affirmative, the proposal may qualify as a Type II capital project. Proceed to Assessment Phase.

### **Assessment Phase**

Staff completes the Capital Improvement Proposal Assessment for all completed and timely applications.

**Score <9** The proposal will not be considered at this time. Notify source party.

**Score =>** Follow Type I or Type II steps below for all other proposals.

### **The following applies only to Type I Capital Projects:**

1. Proposals under \$50k estimated cost: Staff evaluates requests and notifies the Board of the approved proposals. Project moves forward with no further review or approval required.
2. Proposals over \$50k estimated cost: Staff and P&E Committee evaluate requests and notifies the Board of the approved proposals. Project moves forward with no further review or approval required.
3. If funding is left over after round one, members will be invited to apply again for round two (opening June 1 each year) and all steps will be repeated.

### **The following applies only to Type II Capital Projects:**

1. P&E Committee recommends Five-Year Capital Plan to the Board of Directors for consideration during the Annual Budget approval process.

**-----BOARD APPROVES THE BUDGET-----**

*This is the first point of no return. Once a capital project receives Board approval, future Boards are committed to pursuing the project as generally described unless there are unexpected significant changes to the financial standing of GVR.*

**Project Planning**

1. Begins in January of the project inception year.
2. Staff conducts member/user groups outreach, if necessary.
3. If necessary, staff works with an architect to develop high-level concept drawings and cost estimates, if needed.
4. Staff presents concept drawings and associated cost estimates to the Board.

**-----BOARD CONSIDERS CONCEPT-----**

*If rejected, staff will repeat steps 3 and 4 until an acceptable concept is developed. Once the concept is approved, this is the second point of no return for the Board.*

1. Staff pursues construction documents and permits and goes out for bid per policy.
2. Staff reviews bids or proposals and brings a recommendation to the Board.

**-----BOARD CONSIDERS AWARDING A CONTRACT-----**

*Once a contract is awarded, this is the third and final point of no return for the Board.*

# Request to Submit a Capital Improvement Project Proposal

**What is a capital improvement?** Equipment, fixtures, buildings, rooms, and other fixed assets costing \$5,000 or more with a useful life of greater than one year.

**Who can submit a proposal?** Any GVR member in good standing.

**When can a proposal be submitted?** Proposals will be considered twice per year if funds remain after the first round. The first window opens January 1, the second opens June 1.

**How do I submit a proposal?** First step: Complete this Request to Submit by 4pm on January 31 for consideration in the first annual proposal round or by 4pm on June 30 for consideration in the second annual proposal round. You will receive a response to this request within two weeks of the deadline. If this initial request is approved, you will be invited to submit a full proposal packet.

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**Name or Group/Club:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Briefly describe the project/improvement you plan to propose:**

If this would be a time-sensitive improvement, please indicate when it would need to be completed: \_\_\_\_\_

**Contact Name:** \_\_\_\_\_ **Phone:** \_\_\_\_\_

**Email:** \_\_\_\_\_ **GVR#** \_\_\_\_\_

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Staff use only:

Date received: \_\_\_\_\_ Member verified

Approved  Denied  If denied, reason: \_\_\_\_\_

Date the requesting party was sent a proposal packet \_\_\_\_\_

## Capital Improvement Proposal Assessment

Project Name: \_\_\_\_\_ Proposed by: \_\_\_\_\_  
 Proposed Inception Year: \_\_\_\_\_ Proposed Completion Year: \_\_\_\_\_

Criteria/Assessment	Rating		Details
If this is a request for new or expanded club space, has the Club taken steps to maximize utilization?	Yes No		If No, stop assessment. Club should take appropriate steps and reapply in the future.
Does the request conform to the CPM?	Yes No		If No, stop assessment and re-categorize request (ex. Club responsibility)
Does this request support GVR's mission and vision and align with the 5-year strategic plan?	No Yes		If No, project will not be considered at this time without extenuating circumstances.
Are there health & safety impact/benefits tied to this project/request?	Yes No		If Yes, stop assessment and reallocate request (ex. Operations) for speedier resolution
Would the project improve member accessibility?	No Yes		If Yes, stop assessment and reallocate request for speedier resolution
What are the 3-5 year participation trends related to the recreation amenity affected by this proposal?	Unknown Decreasing No change Increasing N/A	0 0 2 4	Consider in-house attendance data or research of national/regional trends.
Does this project improve GVR's marketability and/or competitive advantage?	No Moderately Yes	0 2 4	Consider: growing trends, what is offered elsewhere, etc.
Estimated additional annual maintenance costs (E.g., Long-term costs? Annual replacements? Additional staff required?)	Decrease or 0 1-5% increase 5-10% increase 10-15% increase	4 3 2 1	If proposal would add or remove services that exceed 5% of operating budget, a vote of the membership is required.
Rate the interest level of this improvement to the general membership	Limited Moderate Broad	1 2 4	Examples: <i>Limited:</i> Enhances a smaller club with modest anticipated growth trends <i>Moderate:</i> An emerging sport <i>Broad:</i> A pool or fitness center
Would this request have an adverse effect on another group of GVR members?	Yes No	0 2	
	<b>Total Score</b>		



# Capital Improvement Proposal Assessment

Scoring Range	
Will be considered this round	>9
Will not be considered at this time	<9

Aggregate Score

**Notes:**

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**Additional Considerations:**

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Green Valley Recreation, Inc.  
**Board of Directors Work Session**  
**Membership Change Fee**

**Prepared By:** Scott Somers, CEO

**Meeting Date:** June 21, 2023

**Presented By:** Marge Garneau, President

**Consent Agenda:** No

<p><b>Originating Committee / Department:</b>                  President Garneau</p>
<p><b>Action Requested:</b>                  Discuss and consider amendments to the Membership Change Fee (aka Property Acquisition Capital Fee)</p>
<p><b>Strategic Plan Goal:</b>                  Goal 5: Provide sound, effective governance and leadership for the corporation.</p>
<p><b>Background Justification:</b>                  On December 15, 2021, the Board adopted amendments to current Section 1.1.6, Membership Change Fee, previously known as the Property Acquisition Capital Fee. The current language allows the fee to be refunded “if the new owner was a GVR member within 365 days prior to the transfer of title and owns no other property.” Recent discussion has suggested that some may want to amend the language to allow the fee to be refunded only when a member’s primary residence transfer title to a new primary residence, but not for rental or investment property.</p> <p>1.1.6 Membership Change Fee</p> <p>A. Upon transfer of title of a GVR membership property, the new owner shall pay a Membership Change Fee.</p> <p>B. The Membership Change Fee shall be refunded if the new owner was a GVR member within 365 days prior to the transfer of title and owns no other GVR <u>property, except would be entitled to a refund for a primary residence title transfer only.</u></p> <p>C. Revenue from the Membership Change Fee may be used as will most effectively further the general purpose of The Corporation to provide for current and future needs. A portion of the revenue from Membership Change Fee is to be used to fund contributions to the Initiatives Reserve Fund as determined by the Board.</p> <p>D. The Membership Change Fee does not apply to the transfer of title for estate purposes (e.g., into a trust).</p> <p>The language proposed above needs legal review and approval prior to finalizing.</p>
<p><b>Fiscal Impact:</b>                  The funds retained from this fee in which a refund is not allowed due to the member owning multiple GVR properties is approximately \$400,000 annual. It is unclear without further</p>

research how many of these properties would qualify as the GVR members/owners' primary residence.

**Board Options:**

- 1) Discuss the pros and cons of amending this provision.

**Recommended Motion:**

*Staff will take direction.*

**Attachments:**

NA