

# Friends of Lopez Island Pool



## SWIM CENTER BUSINESS PLAN

September 2020



# STRATEGIC VISION

## Who We Are

Friends of Lopez Island Pool (FLIP) is a San Juan County-based, tax-exempt 501(c)(3) nonprofit organization, IRS EIN# 26-2079787.

## Mission Statement

Bringing greater health, water safety, and community to all the people of San Juan County by building a sustainable indoor swim center.

## Goal

Friends of Lopez Island Pool (FLIP) will meet community-wide needs by building and operating a sustainable, low-maintenance, indoor, year-round swim center that will provide impactful and fun programming for generations to come.

## Case Statement

- **When tested, 92% of Lopez Island youth under age 12 could not meet** the American Red Cross basic standard for water safety. The Red Cross considers the current national average for youth water competency at 39% to be a crisis; recent testing on Lopez Island revealed only 8% of Island youth are water-competent. We exist so ~~that~~ all Lopez youth will graduate knowing how to swim.
- **No safe place exists** for swimming on Lopez. Lopez is surrounded by cold open waters and no venue exists for year-round indoor swimming instruction, recreation, and exercise.
- **With no all-ages fitness facility on the island**, we exist to be a vibrant community hub where all ages can come together to participate in healthy activities throughout the year.
- **With the nearest public pool difficult to access (minimum 3 hours, round trip)**, we exist to bring accessible health, water safety, and community to Lopez and the surrounding islands. The injured and those with chronic pain must travel at great expense to the mainland for aquatic therapy.

## Governance

FLIP is governed by a full-time Executive Director who brings fundraising and youth programming experience to the project, and a seven-member board consisting of former nonprofit managers, government and business leaders, competitive swimmers, and local business owners. The Board has collectively donated more than \$1 million, in addition to thousands of volunteer hours. The Board is enhanced by 21 additional advisors who provide expertise and guidance on an ad-hoc basis. (See Appendix 1 for a full list).

# BUSINESS PLAN

## Background

Using best practices for sustainability, FLIP has created an operating model based on successful pool operations in similar communities. Conservative revenue projections using data compiled from USA Swimming and independent research show that annual revenue will cover operating expenses with minimal additional annual fundraising.

USA Swimming directors, the experts in building sustainable pools, provided FLIP's board with data to move forward confidently with a financial forecast. Estimates were cross-referenced against experts in the field and research from USA Swimming. Local information sources included the Snohomish Pool Feasibility Study, which compared actual budgets from 27 pools, including several in-state pool projects in communities with populations similar to Lopez's. Most of the findings in the study mirror the USA Swimming guidelines for sustainability. Several in-state pool projects have used it as a basis for their business plans and it has been an invaluable reference for the FLIP board. Luma Consulting of Seattle recently pressure-tested this business plan.

## FLIP's Guidelines for Sustainability

The FLIP Board of Directors recognizes that sustainability is critical to the Swim Center's success; therefore, these principles guided our business planning:

1. The Swim Center will operate without tax levies.
2. The pool will be self-sustaining with minimal annual fundraising to ensure equal access regardless of ability to pay. This is particularly important in a community with income disparities.
3. A \$510,000 Maintenance Reserve Fund, established by a FLIP board member, will cover unexpected maintenance expenses.
4. A \$100,000 Scholarship Fund, seeded by a FLIP board member, will ensure all Lopez youth have access to the pool, regardless of income.
5. Partnerships are essential to sustainability. Eight MOUs with partners including Lopez Island School District, Lopez Island Academy, Lopez Island Fire & EMS, Lopez Island Family Resource Center, Lopez Island Physical Therapy, Lopez Community Trails Network, Lopez Island Prevention Coalition, and UW Medicine will help establish steady pool utilization while ensuring the needs of the community are met.
6. Two pools (rather than one) will maximize usage: a four-lane lap pool for fitness and lap swimming, and a 24-by-38-foot superheated pool for therapy, learn-to-swim lessons, mother-baby swim, and relaxation.
7. Revenue and expense estimates are conservative and reflect input from experts in the field.
8. Three factors drive capital investment decisions: 1) investment in high-efficiency, low-maintenance equipment that will minimize ongoing operating expenses, 2) energy

efficiency, and 3) avoidance of design elements that could create cost and liability in a smaller market.

9. Programming will focus on sustainability while being engaging and responsive to the community.
10. Invest in the right pool. The selected state-of-the-art Myrtha pool is a preformed stainless-steel structure, which is less expensive to install; does not crack (as is typical with traditional concrete pools) and is earthquake-proof; is easier to maintain; and comes with a 25-year warranty versus the typical 1-year warranty of a concrete/plaster/tile pool.

## Capital Project and Budget

We developed the capital budget for the Swim Center based on professional advice from experienced pool builders and contractors as well as extensive research on similarly sized swim centers. The capital budget of \$8 million includes one four-lane lap pool and one superheated 24-by-38-foot therapy pool contained within an indoor natatorium with a retractable roof, utilities and all infrastructure; and administrative/fundraising campaign costs. Significant effort has gone into designing the 12,000-square-foot Swim Center and its capital budget, with a commitment to long-term sustainability through value-engineering, and material choices to minimize ongoing operational and maintenance costs, and maximize energy efficiencies. In all cases, we have remained realistic about the size of our local market, and thus made tough construction decisions to not include design elements that might have been appealing to some, but would have created a long-term financial burden that risks sustainability in a smaller market like Lopez Island.

## Capital Funding Strategy

FLIP's capital funding comes from a broad range of sources: individual major donors and community-level gifts, public funding, private foundations, in-kind, businesses, and family foundations. FLIP has widespread community support with \$4.5 million raised toward the \$8 million capital goal from more than 800 donors; 71% of all private funding has come from Lopez residents. This overwhelming grassroots support inspired Senator Liz Lovelett to advocate for FLIP, resulting in an additional \$1 million commitment from the State (for a State total of \$1.675 million) and a County commitment of \$190,000. This mix of private and public funding is essential for a successful campaign and the strong public funding has been invaluable as a symbol of due diligence and the strength of FLIP's planning.

With 56% of the capital goal raised, FLIP's strategy to complete the campaign will continue to build upon the strength of community and public funding, and now turn to individual major donors and foundation grants.

## Key Market Assumptions

The Swim Center will be open to all. Generations, from babies to seniors, will come together for fitness and fun. Ensuring accessibility for all San Juan County residents to the Swim Center's programs and facilities was a basic founding premise. Two ADA lifts, one for each pool, will support access for those with disabilities or recovering from injuries/surgeries.

A key tenet of pool sustainability is providing a variety of programming for year-round revenue beyond traditional pool uses, such as lap and competitive swimming or water aerobics. Creative aquatic programming will engage all ages in programs such as aqua yoga, water walking, relaxation seminars, aqua Zumba, FloatFit HIIT, kayaking and diving lessons, water polo, senior hour, ladies' nights, family "dive-in" movies, and more.

FLIP will also serve submarkets, such as those needing physical therapy, EMT training, lifeguard training, and diving and kayaking skills; all will provide additional sources of revenue, which is central to sustainability. Eight MOU agreements with local organizations support these markets and ensure community needs are met.

Providing year-round use is an additional component of sustainability. An indoor pool creates four seasons of opportunities—this is important in location like Lopez, which has cold and rainy days throughout the year. While indoor swimming pools traditionally see a drop in summer usage, the large influx of summer tourists and seasonal residents to Lopez provides a unique opportunity to mitigate this drop, particularly with few alternative indoor attractions and sometimes chilly summer weather. The Swim Center offers families a diversion for an hour or two of water fun for the youth, while adults can enjoy exercise or relaxation. The retractable sliding roof will allow blue sky and fresh air on nice days.

Having two pools also maximizes revenue opportunities. The multipurpose four-lane pool will remain cooler for exercise, lap swimming, and fun. The second superheated 92°F pool (24-by-38 feet) is attractive for therapy, learn-to-swim lessons, and mother and baby classes, and for anyone preferring a warmer pool.

We assume gradual overall annual growth in market penetration will occur, particularly with visitors, as increased awareness, promotion, and word-of-mouth referrals occur. See Appendix 4 for operating model revenue projections and year-over-year growth estimates.



*An exterior rendering of the proposed Swim Center.*

## **The year-round indoor Swim Center and its programs will serve four user markets:**

**[1] Lopez Island Full-Time Residents** (est. ~2,500).<sup>1</sup> Lopez has many young families and a significant retiree population, with 51% of year-round Lopez population over age 55. Fourteen percent are youth under 18. With a significant second-home and retiree population, the island has a large number of higher-income residents. At the same time, low-income families are common on Lopez, as evidenced by more than 50% of elementary school students receiving free and reduced-price lunches<sup>2</sup>. Both groups will be pool users, with the low-income group having access to scholarships and subsidies.

**[2] Lopez Island Part-Time Residents** (est. 3,815).<sup>3</sup> Many Lopez residences are seasonal. Some of these homeowners may act like residents, spending the entire summer on the island, while some visit less frequently, acting more like visitors. For our purposes, we have considered this group (Part-Time Residents) as a separate demographic from “visitors” (below). We assume part-time property owners, having few indoor activity options, will be aware of pool programs and will therefore repeat their pool patronage year after year. This group may also bring family/grandchildren with a need for activities and a way to expend energy while on the island.

**[3] Lopez Island Visitors** (est. 80,000 annually).<sup>4</sup> Visitors dramatically increase the addressable market and thus the potential for additional Swim Center visitors at a time when swimming pool utilization is often lower. With limited attractions on Lopez, enjoying the pool for a couple of hours during a trip is a welcome diversion for youth, or, for adults, an opportunity to get exercise. Documented ferry visitors to Lopez are predominantly families with two or more children (an important identified pool-user population); just a little less than half of the visitors are under 18. Lopez’s summer ferry vehicle traffic has remained steady since 2006, with approximately 40,000 each summer. With an average of two passengers per vehicle, some 80,000 *non-resident* visitors travel to Lopez during the summer. An additional visitor group of pool users comes from the boating population, with 100 boats on per day docking on Lopez during summer months. Many boating families seek islands with pools as a place for their kids to expend energy, since the cold surrounding waters are not safe to swim.

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<sup>1</sup> We have used 2,500 to represent the population of Lopez Island, as various years and reports show slightly different numbers. The WA OFM estimate in 2016 for San Juan County was 16,314, and 2,466 for Lopez Island.

<sup>2</sup> Washington Office of Superintendent of Public Instruction, 2019-2020 Report, <https://www.k12.wa.us/policy-funding/child-nutrition/child-nutrition-program-reports>

<sup>3</sup> Lopez Island had 3,249 housing units in 2010 or 15.5 percent of the County’s inventory. Of those, 345 were rental units and 1,861 were “vacant,” which includes homes for seasonal, recreational, or occasional use. San Juan County selected the U.S. Census Bureau’s 2010 average household size for San Juan County of 2.05 persons per household.

<sup>4</sup> San Juan Island Visitor Study, published June 2018. Study reports 55,400 vehicles (July through September), with 28% of the vehicles (15,400) carrying returning residents and 40,000 visitor vehicles, each of which carried 2 passengers, on average. This means a total of 80,000 non-resident visitors to Lopez Island during the 13-week summer period.



[4] **San Juan County Surrounding Islands** (~pop. 13,850). The Swim Center will serve all of San Juan County. Farmers Market surveys on Orcas Island and San Juan Island, as well as anecdotal communication, reveal real interest in using the pool.

## Usage Estimates

A survey by the National Sporting Goods Association<sup>5</sup> estimates the number of swimmers: It is estimated that 36% of youth, ages 7 to 17, and 15% of adults, ages 18 and over, swim at least six times per year.<sup>6</sup>

**Lopez Island Full-time Residents:** To estimate pool usage by full-time residents, we looked at three different approaches to estimating demand, then averaged the results. The three approaches yielded fairly similar results. Based upon these averages, FLIP projects 536 Lopez youth and adults will swim at least six times per year.

The methods used to estimate demand included (1) age-distribution estimates combined with the U.S. Census ACS (2016),<sup>7</sup> translating to 414 Lopez swimmers at least six times a year; (2) household income swim participation predictive data combined with the U.S. Census ACS, translating to 519 swimmers; and (3) a USA Swimming recommendation to calculate revenue based on an assumed 25% of the population using the Swim Center, translating to 646 potential pool users among Lopez residents.

**Lopez Part-Time (Seasonal) Residents:** Summer is the time when the majority of second-home/part-time residents arrive on Lopez, although many return throughout the year. Many part-time residents and second homeowners also have children and grandchildren visiting, making the pool an excellent activity option. FLIP relied upon the number of seasonal properties (1,861) times 2.05 people per household, or 3,815, to estimate seasonal residents. We estimate 8% of those, or 305, will be potential seasonal pool users.

**Lopez Island Visitors:** USA Swimming recommends using 20% of potential visitors when calculating revenue. We have used a conservative 5.5% to estimate the visitor population that would use the pool (or 4,400 of the 80,000 visitors). We project an annual 4% increase for the first five years as awareness of the pool grows.

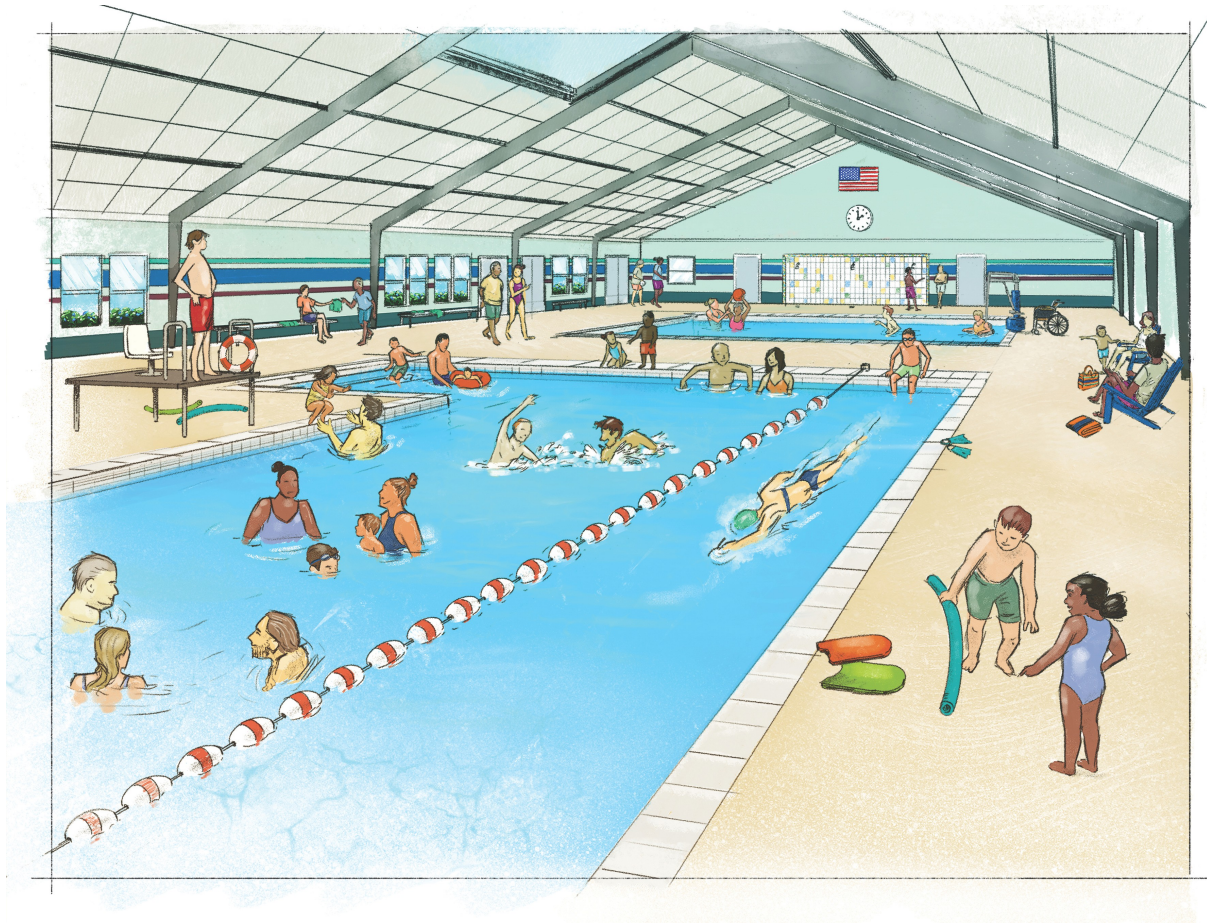
**San Juan County Surrounding Islands:** Our usage assumptions are conservative. We estimate just 2%, or 277 pool users annually, from the surrounding San Juan Islands.

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<sup>5</sup>Source: National Sporting Goods Association, Mt. Prospect, IL, Sports Participation in 2009: Series 1 and Series II

<sup>6</sup>U.S. Census Bureau, Statistical Abstract of the United States: 2012, Table 1249. Note: Statistics do not distinguish between indoor and outdoor swimming. Original source: National Sporting Goods Association

<sup>7</sup>U.S. Census Bureau, American Community Survey, Population by Age, San Juan County, WA (2017)



*An interior rendering of the proposed Swim Center, showing the lap pool and therapy/learn-to-swim pool.*

## Revenue Projections—Key Revenue Assumptions

Revenue projections are *conservative* estimates based on recommendations sourced from USA Swimming 2011 Build-A-Pool Conference; Lopez Island demographics and visitor demand outlined above; and FLIP's independent research that included studies comparing actual budgets of Washington pool facilities in communities with similar populations to Lopez Island. This review process has been thorough and detailed, and the FLIP Board has put forth great effort to make sure the demand, revenue, and expense estimates are realistic. Details can be found in Appendix 4 (Operating Model Projections and Assumptions).

Swim Center *operating* revenue will be generated through six revenue sources:

1. Annual Memberships
2. Six-Month Passes
3. 10-Visit Punch Cards
4. Drop-Ins
5. Lessons & Classes
6. Rentals

**Annual Memberships:** Annual memberships will primarily come from Lopez full-time residents, but seasonal or part-time residents who visit throughout the year are expected to also generate annual membership sales. Annual Memberships produce the bulk of FLIP's revenue (45%). We estimate 190 adult memberships and 75 family memberships. A small number (20) of sustaining memberships offered at higher prices are projected to generate another 7% of revenue.

**Six-Month Passes:** Six-month pass purchases will primarily come from part-time/seasonal residents, many of whom may spend May through October on Lopez. Six-month Passes will generate 13% of overall revenue. We expect a modest increase to 141 adult passes in Year 3.

**10-Visit Punch Cards:** We expect 10-visit passes to be purchased by a combination of seasonal home residents, visitors, surrounding island swimmers, and full-time residents. 10-Visit Punch Cards will generate about 2% of the revenue. We estimate just 75 adult and 75 youth punch cards in the first year.

**Drop-Ins:** Drop-in purchases are expected to come primarily from visitors, although all markets may utilize drop-in purchases. While the visitor market is the largest in terms of the number of people, this market is limited primarily to the summer season and thus comprises only 9% of overall revenue. We estimate a conservative 17 adults, 11 families, and 5 youth daily drop-ins during the summer peak when Lopez receives an average of 879 visitors per day.

**Lessons & Classes:** Swim lessons will come primarily from full-time residents, youth as well as adults. We plan 250 lessons annually. Water fitness classes will appeal to both full-time and part-time residents. We estimate 300 classes annually. Lessons and classes are in addition to membership fees. We estimate the combined revenue from lessons and fitness classes to generate 9% of overall revenue.

**Pool Rentals:** Rentals will come from partner agreements (Lopez Island schools’ activities; physical therapy sessions, and first-responder training), as well as birthday parties and community-room rentals. Pool rentals will comprise 4% of our annual revenue.

**The role of fundraising:** The pool will be self-sustaining, with minimal annual fundraising to ensure equal access regardless of ability to pay. This is particularly important in a community with income disparities. Fundraising and grants will generate 11% of total revenue. A \$100,000 pledge made by a board member seeded a scholarship fund to ensure all Lopez children will learn to swim regardless of income.

Figure 1 below presents FLIP’s five-year revenue projection.

Revenue Projections	Year 1	Year 2	Year 3	Year 4	Year 5
Annual Pass	\$ 204,000	\$ 214,800	\$ 214,800	\$ 223,750	\$ 223,750
Sustaining Members	\$ 30,000	\$ 33,000	\$ 37,500	\$ 40,000	\$ 40,000
6-month pass	\$ 59,500	\$ 60,410	\$ 61,250	\$ 66,750	\$ 67,875
10-Visit Punch	\$ 8,475	\$ 8,645	\$ 8,817	\$ 9,742	\$ 9,937
Drop Ins	\$ 42,900	\$ 44,580	\$ 46,333	\$ 52,959	\$ 55,033
Lessons & Classes	\$ 41,750	\$ 42,290	\$ 42,840	\$ 43,400	\$ 43,970
Rentals	\$ 19,875	\$ 19,875	\$ 19,875	\$ 19,875	\$ 19,875
Grants & Contributions	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
<b>TOTAL REVENUE</b>	<b>\$ 456,500</b>	<b>\$ 473,600</b>	<b>\$ 481,416</b>	<b>\$ 506,476</b>	<b>\$ 510,439</b>

Figure 1 - Five-Year Revenue Projection

Key to our revenue projections and focus on sustainability is the diversity in revenue. Figure 2 captures the relative breakdown of revenue sources by category.

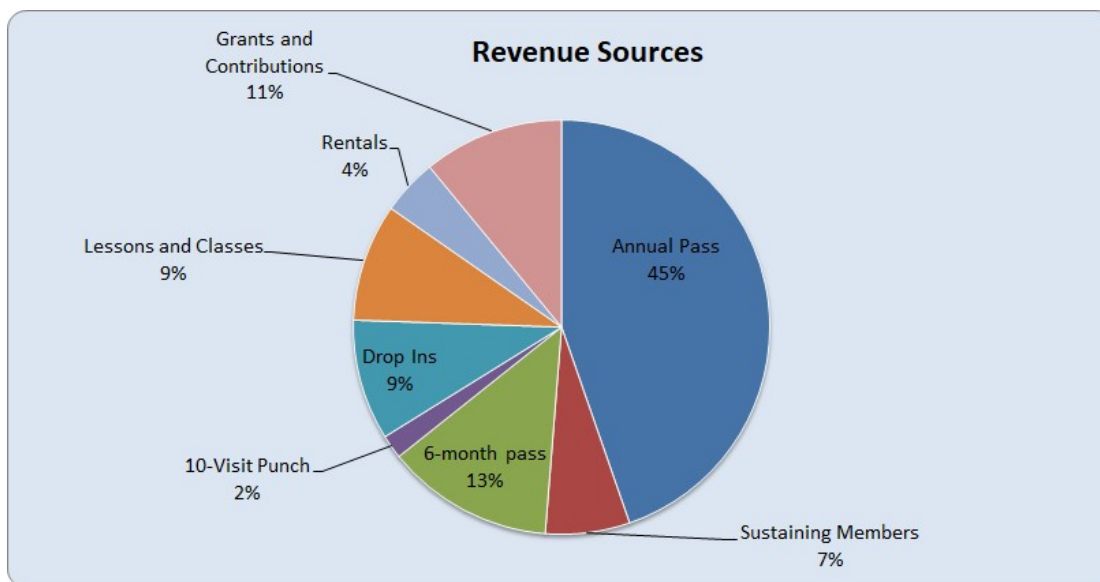


Figure 2 --- Revenue Model (Percent Revenue by Product Type)

## Pricing

Prices are based on market studies of similar pools in comparable small-market populations. Prices increase a modest amount in Year 4 to account for increased expenses. Through Year 5, prices will not increase for the 3- to 17-year-old annual membership category to support price sensitivity for Lopez families. Scholarships will ensure that income is not a barrier to pool access for Lopez children learning to swim.

See Figure 3 for pricing details.

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>DROP IN PASS RATES</b>					
3-17 years old	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.50	\$ 5.50
adult - 18 and over	\$ 10.00	\$ 10.00	\$ 10.00	\$ 11.00	\$ 11.00
Family	\$ 25.00	\$ 25.00	\$ 25.00	\$ 27.50	\$ 27.50
<b>10-VISIT PUNCH CARD RATES</b>					
3-17	\$ 38.00	\$ 38.00	\$ 38.00	\$ 40.00	\$ 40.00
adult - 18 and over	\$ 75.00	\$ 75.00	\$ 75.00	\$ 80.00	\$ 80.00
<b>6-MONTH PASS RATES</b>					
3-17	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00
adult - 18 and over	\$ 350.00	\$ 350.00	\$ 350.00	\$ 375.00	\$ 375.00
Family	\$ 700.00	\$ 700.00	\$ 700.00	\$ 750.00	\$ 750.00
<b>ANNUAL MEMBERSHIP RATES</b>					
3-17	\$ 450.00	\$ 450.00	\$ 450.00	\$ 450.00	\$ 450.00
adult - 18 and over	\$ 600.00	\$ 600.00	\$ 600.00	\$ 625.00	\$ 625.00
Family	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,250.00	\$ 1,250.00
Sustaining Members	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,600.00	\$ 1,600.00
<b>CLASSES AND LESSON RATES</b>					
Fitness Classes	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00
Learn to Swim Lessons	\$ 55.00	\$ 55.00	\$ 55.00	\$ 55.00	\$ 55.00
Lifeguard training	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00
<b>RENTAL RATES</b>					
Parties/2 hrs/season	\$ 225.00	\$ 225.00	\$ 225.00	\$ 225.00	\$ 225.00
Physical Therapist Pool Rental	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00
Other/hr/season: EMT, schools, etc	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00
Meeting Room	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00

Figure 3 --- Price by Product Type



## Expenses

Personnel costs are typically the largest expense category for pool operators, running between 50% to 70% of costs. FLIP estimates personnel to comprise 58% of all expenses with lifeguards being the primary cost driver. Efficient planning of staffing is key to operational sustainability; for example, having lifeguards teach learn-to-swim classes or maintain clean facilities during rotations. At this time, the facility is budgeted to be open year-round, 60 hours per week. In addition to lifeguards, swim instructors, and class instructors, the pool will operate with one full-time facility manager and a part-time program manager/assistant facility manager. As a nonprofit, and typical of many organizations on Lopez, FLIP also plans to augment staffing with a small number of volunteers.

Utilities, including electricity, is the second-highest expense category at 15%. FLIP chose to invest in solar collectors to preheat the pool water, which lowers annual energy costs and reduces the project's environmental impact and carbon footprint. Total water costs will run far below typical pools because FLIP will utilize its own well, saving thousands annually. Additionally, FLIP will recirculate all greywater, reducing water consumption.

Water will be preheated by circulating through the solar collectors before traveling to the pool. It will then be warmed by high-efficiency heat pumps to reach the temperature required by each pool. FLIP will use pool covers, saving 30% on water and chemicals; 40% on water heating; and 25% on building heating. Indoor pool covers typically pay for themselves in a year.

Having clean facilities is essential to ensure repeat customers. Accordingly, custodial expenses are an important and necessary cost. Custodial and landscaping comprise the next highest expense category at 10%. Other categories are shown below in Figure 4.

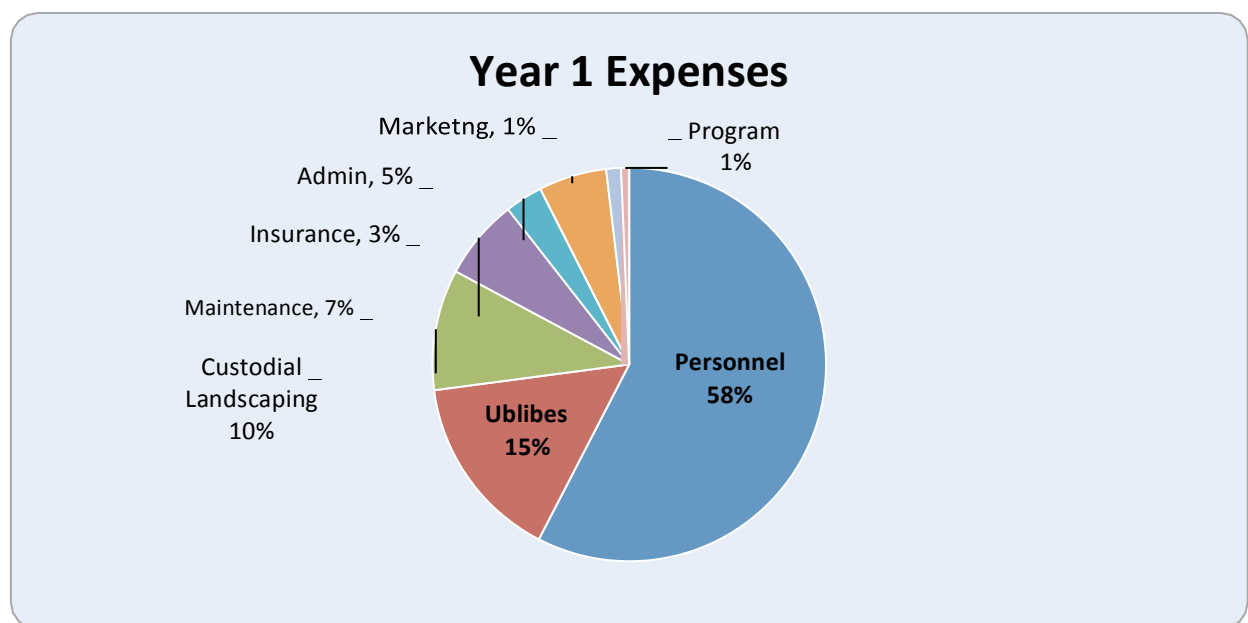


Figure 4 --- Expense Model (Percent by Category)

# Operating Margin

The net operating margin begins at \$3,300 in Year 1 and is \$29,453 by Year 5 with an average 4% margin. Again, these numbers are conservative and are best estimates. Figure 5 below summarizes revenue and expense growth over the first five years of operation. Figure 6 is the 5-year operating pro forma.

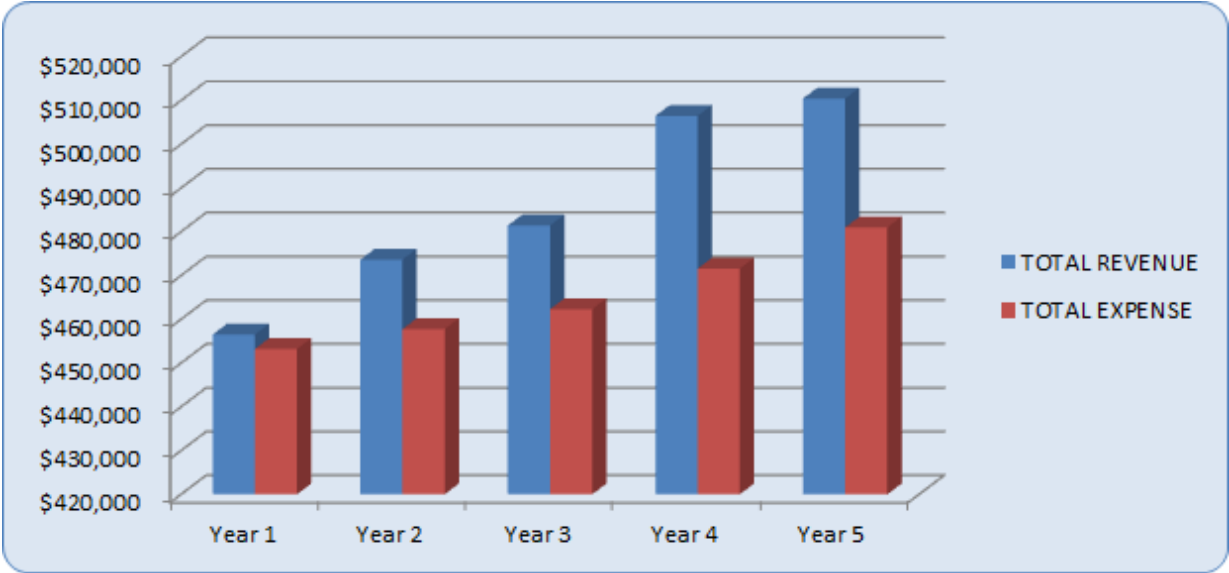


Figure 5 --- Revenue and Expense Trends

For YOY % increase by product see Appendix 4.

<b>Revenue Projections</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Annual Pass	\$204,000	\$214,800	\$214,800	\$223,750	\$223,750
Sustaining Members	\$30,000	\$33,000	\$37,500	\$40,000	\$40,000
6-month pass	\$59,500	\$60,410	\$61,250	\$66,750	\$67,875
10-Visit Punch	\$8,475	\$8,645	\$8,817	\$9,742	\$9,937
Drop Ins	\$42,900	\$44,580	\$46,333	\$52,959	\$55,033
Lessons and Classes	\$41,750	\$42,290	\$42,840	\$43,400	\$43,970
Rentals	\$19,875	\$19,875	\$19,875	\$19,875	\$19,875
Grants and Contributions	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
<b>TOTAL REVENUE</b>	<b>\$456,500</b>	<b>\$473,600</b>	<b>\$481,416</b>	<b>\$506,476</b>	<b>\$510,439</b>

	YOY % increase-	1%	1%	2%	2%
<b>Expense Projections:</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Personnel Costs</b>					
Lifeguards/swim instructors	\$140,000	\$141,400	\$142,814	\$145,670	\$148,584
Facility Manager - FT	\$50,000	\$50,500	\$51,005	\$52,025	\$53,066
Prog / Asst Facility Mgr - PT	\$20,000	\$20,200	\$20,402	\$20,810	\$21,226
Payroll taxes on above (20%)	\$42,000	\$42,420	\$42,844	\$43,701	\$44,575
<b>Subtotal Personnel Costs</b>	<b>\$252,000</b>	<b>\$254,520</b>	<b>\$257,065</b>	<b>\$262,207</b>	<b>\$267,451</b>
<b>Professional Services:</b>					
Class instructors	\$9,000	\$9,090	\$9,181	\$9,365	\$9,552
Accounting, legal, other	\$6,000	\$6,060	\$6,121	\$6,243	\$6,368
Custodial & landscaping	\$45,000	\$45,450	\$45,905	\$46,823	\$47,759
<b>Subtotal Prof. Services</b>	<b>\$60,000</b>	<b>\$60,600</b>	<b>\$61,206</b>	<b>\$62,430</b>	<b>\$63,679</b>
<b>Operating Expenses:</b>					
Utilities	\$69,400	\$70,094	\$70,795	\$72,211	\$73,655
Pool maint/supplies/chemicals	\$25,000	\$25,250	\$25,503	\$26,013	\$26,533
Insurance	\$14,000	\$14,140	\$14,281	\$14,567	\$14,858
Office expenses	\$8,000	\$8,080	\$8,161	\$8,324	\$8,490
Advertising & promotion	\$5,500	\$5,555	\$5,611	\$5,723	\$5,837
Bank processing fees	\$5,000	\$5,050	\$5,101	\$5,203	\$5,307
Information technology	\$4,500	\$4,545	\$4,590	\$4,682	\$4,776
Equipment maint. & repair	\$5,000	\$5,050	\$5,101	\$5,203	\$5,307
Program expenses	\$3,000	\$3,030	\$3,060	\$3,122	\$3,184
Government lic. & inspections	\$1,000	\$1,010	\$1,020	\$1,041	\$1,061
Subscriptions & dues	\$800	\$808	\$816	\$832	\$849
<b>Subtotal Op Expenses</b>	<b>\$141,200</b>	<b>\$142,612</b>	<b>\$144,038</b>	<b>\$146,919</b>	<b>\$149,857</b>
<b>TOTAL EXPENSE</b>	<b>\$453,200</b>	<b>\$457,732</b>	<b>\$462,309</b>	<b>\$471,556</b>	<b>\$480,987</b>
<b>PROJECTED NET INCOME</b>	<b>\$3,300</b>	<b>\$15,868</b>	<b>\$19,106</b>	<b>\$34,921</b>	<b>\$29,453</b>
<b>OPERATING MARGIN</b>	<b>0.72%</b>	<b>3.35%</b>	<b>3.97%</b>	<b>6.89%</b>	<b>5.77%</b>

Figure 6 - Five-Year Pro Forma Revenue and Expense Projections



# APPENDICES

## APPENDIX 1—Friends of Lopez Island Pool

### EXECUTIVE DIRECTOR

Philip Prud'homme, hired August 2020; Fmr Development Director, United Way of Skagit Co.; Fmr Director, Boys and Girls Club of Skagit Co.

### BOARD OF DIRECTORS

*President:* Bill LeDrew, Customs Modernization & Trade Facilitation Consultant

*Vice President:* Robin Bergstrom, Owner, MacKaye Harbor Inn

*Treasurer:* Tom DiGiorgio, Fmr Owner, DiGiorgio Asset Management LLC

*Secretary:* Micki Ryan, Fmr Principal Consultant, Museum & Archival Services

*Fundraising:* Lisa DiGiorgio, Fmr Manager, WIC & Nutrition Services, Public Health—Seattle & King Co.

*Founding Member:* Linda Barton, Fmr Clinical Social Worker, Private Practice

*Member-at-Large:* Pedro A. L. Costa, Owner, The Information Company

*Note: All Board committees are comprised of local business leaders and community members, and chaired by one of our board members.*

### PROJECT MANAGEMENT

Bill LeDrew, Chair, FLIP Board

Robin Bergstrom, FLIP Board

Paul Henriksen, Commissioner, Port of Lopez

Chris Greacen, Energy Consulting, World Bank

Nancy Greene, Architect, Greene Partners

Brian Silverstein, Fmr Electrical Engineer; OPALCO Board Member

Eric Meng, Architect, Value Management

### FINANCE

Bill LeDrew, Chair, FLIP Board President

Tom DiGiorgio, FLIP Board Treasurer

Constance Euerle, CPA; Lopez Island Library Board Trustee; Fmr Principal, Northwest Information Brokers; Nonprofit Executive

Claire Anderson, Database Coordinator

### COMMUNICATIONS

Lisa DiGiorgio, Chair, FLIP Board

Claire Anderson, Communications Coordinator

Pedro A. L. Costa, FLIP Board

Ben Everett, Photographer & Graphic Artist

Ann Goss, Retired Teacher

Anne Trench, Editor, Seattle Insight Meditation Society; Fmr Manager, Clinical Research

## **ADVISORS**

Brian Auckland, Superintendent, Lopez Island School District  
Larry Berg, Physical Education Teacher, Lopez Island School District  
Kevin Berger, Principal & Creative Director, Graphiti, Associates, Branding and Marketing  
Dixie Budke, Lopez Island School District Board Member  
Carey Chenoweth, Caregiver; Fmr International Management Engineer  
Bill Clemens, Jones Bay Company, IT  
Marcia deChadenedes, BLM Manager, San Juan Islands National Monument  
Constance Euerle, CPA; Lopez Island Library Board Trustee; Fmr Principal, Northwest  
Information Brokers; Nonprofit Executive  
Ben Everett, Photographer & Graphic Designer  
Jim Falconer, Avid Swimmer  
Jane Fuller, International Development Consultant/Advisor: Gender Equity/Governance: Lopez  
School PSTA  
Jim Ghiglione, Fire Chief, Lopez Island Fire & EMS  
Ann Goss, Retired Teacher  
Chris Greacen, Energy Consulting, World Bank  
Nancy Greene, Architect, Greene Partners  
Paul Henriksen, Commissioner, Port of Lopez  
George Leboutillier, Trustee & past President of Catherine Washburn Medical Association;  
Owner, Valley Scullers, Inc.; Fmr Owner, The Leboutillier Company, dba Wine Distributor  
Asha Lela, Fmr FLIP Board member; 2015 recipient of BLM Nat'l Volunteer Award (Lifetime  
Achievement)—Lead Advocate for SJI National Monument  
Carolyn McGown, Co-Owner, Lighthouse Vacation Rentals; Lopez School PSTA  
Eric Meng, Architect-Value Management  
Brian Silverstein, Fmr Electrical Engineer; OPALCO Board Member  
Anne Trench, Editor, Seattle Insight Meditation Society; Fmr Clinical Research Manager

## **CONTRACTED STAFF**

Claire Anderson, Communications and Database Coordinator (part-time)  
Helen Cosgrove, Bookkeeper (part-time)

## APPENDIX 2—Criteria for Building a Sustainable Pool

*With comments regarding how the plan addresses each criterion<sup>8</sup>*

1. **Membership fees and swim lessons.** Fees and other revenue are the financial “lifeblood” of private facilities. The FLIP plan works with this basic assumption.
2. **Pool temperature equates to customer satisfaction.** The Swim Center’s recreational pool and the therapy/learn-to-swim pool meet these criteria. Two pools of different temperatures create more satisfied swimmers and repeat customers.
3. **Balance accessibility with revenue generation.** Our business plan requires operating costs to be primarily covered by operating revenue; therefore, revenue needs to be the focus. Everyone accessing the Swim Center needs to pay for use, even if the payment is made by someone else, such as a foundation, a government program, or a generous donor.
4. **Reduce construction and maintenance costs through careful material selection.** For example, choose a Myrtha-type pool rather than the traditional gunite pool (typical cement rebar). FLIP chose a Myrtha pool. See Appendix 3 for the benefits of this technology.
5. **Select UV filtration systems over ozone.** Quality remains high and operating costs lower. FLIP selected UV.
6. **Employ or have access to a full-time pool operator/manager to maintain a regular schedule of preventive maintenance.** Make sure chemicals are kept in a separate room from boilers to prevent corrosion. Plan your mechanical room well. The FLIP plan calls for a full-time manager; the saltwater pool design satisfies the requirements for chemical storage and mechanical room design.
7. **Choose your programs first and design your pools around the programs** needed to maximize use and minimize staff requirements. FLIP’s planning started with extensive research with potential users/customers and the facility was designed to accommodate a suite of programs identified through our market research.
8. **Women and children make up the majority of users,** so plan accordingly when designing locker-room space. FLIP’s design accounts for these factors.
9. **To decrease utility costs, cover pools when not in use.** Savings: 30% on water and chemicals; 40% on water heating; 25% on building heating. Covers are part of the plan.
10. **Partner with local organizations.** FLIP has eight MOUs/Letters of Agreement with a variety of local organizations, including the schools, the fire district, physical therapists, and others for their future rental use of the Swim Center. These partnerships help ensure FLIP’s programming will meet community needs as well as increase revenue opportunities.

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<sup>8</sup> Compiled from USA Swimming Association and the Snohomish Aquatic Facility feasibility studies.

## APPENDIX 3—Myrtha Pool<sup>9</sup> Benefits: Low-Maintenance & Reduced Construction Costs

1. **Flexibility of Installation Timing:** The pool walls (and entire pool structure) can be constructed/installed at whatever point in the schedule of the construction phase is best for the project and project team.
2. **Expedited Construction Schedule:** On average, the Myrtha technology reduces the construction timeline required for a pool by six to seven weeks. The client directly realizes these savings of time as cost savings with the general contractor.
3. **Ease of Installation:** The Myrtha product arrives pre-engineered “installation ready”, avoiding reliance upon the availability of plaster, tile, shotcrete, and forming subcontractors.
4. **Watertightness:** With the Myrtha technology, it is easy to confirm the watertightness of the pool because of the ability to confirm the installation of the pool wall, gutter seam sealing, and the pool floor membrane sealing.
5. **Reduced Chemical Usage & Ease of Operation:** The simplistic and durable PVC finish of the interior of the Myrtha pool allows pool operators to easily balance pool chemicals. With plastered pools, balancing the pool water is challenging because the chemical reaction of the pool chemicals with the cementitious plaster product continually releases alkaline into the pool water. As well, Myrtha pool technology has 30% to 45% less carbon dioxide emissions.
6. **Proactive Construction Planning:** Myrtha technology is delivered to the site at least four to six weeks prior to the scheduled start of the installation. This allows the construction team to move forward with the installation of the Myrtha pool ahead of schedule in the event the rest of the project is ahead of schedule.
7. **Precision Construction:** Because the entire Myrtha package is pre-engineered, pools are manufactured to the millimeter at the factory and installed to the millimeter in the field.
8. **Warranty:** The Myrtha 25-year warranty provides the best long-term performance versus the typical 1-year warranty of a concrete/plaster/tile pool.
9. **Reduced Need for Underpool Plumbing:** Myrtha-specific sidewall inlets accomplish the same (or better) pool return for the water circulation requirement than recirculation piping typically installed under the pool slab. The only underpool piping required in a Myrtha pool is the main drain suction lines. The Myrtha system substantially reduces the amount of PVC piping required and allows much easier access to this piping in the future if needed.
10. **Structural Resilience:** The structural resilience of a Myrtha bolted steel pool is solid yet flexible and can easily absorb micromovements and seismic activity.

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<sup>9</sup><https://www.myrthapools.com/en/myrtha-technologies/myrtha-technology/>

## APPENDIX 4—Operating Model Projections and Assumptions

A fully functioning Excel operating model, where a user-planner can vary assumptions, is available for review. Contact Philip Prud'homme, Executive Director, for more details.

Figure 7 below represents the estimated units sold.

	Year 1	Year 2	Year 3	Year 4	Year 5
<i>Market penetration % change from prior year</i>	---	0%	0%	0%	0%
<b>Drop-In Sales (Residents)</b>					
3-17 years old-Resident	30	30	30	30	30
Adult - 18 and over-Resident	50	50	50	50	50
Family-Resident	10	10	10	10	10
<i>Market penetration % change from prior year</i>	---	4%	4%	4%	4%
<b>Drop-In Sales (Visitors)</b>					
3-17 years old-Visitor	400	416	433	450	468
adult - 18 and over-Visitor	1,500	1,560	1,622	1,687	1,754
Family-Visitor	1,000	1,040	1,082	1,125	1,170
<i>Market penetration % change from prior year</i>		2%	2%	2%	2%
<b>10-visit-punch card Sales</b>					
3-17 years old	75	76.5	78	80	81
adult --- 18 and over	75	76.5	78	80	81
<i>Market penetration % change from prior year</i>	---	2%	2%	2%	2%
<b>6 mo pass Sales</b>					
Youth 3-17	---	---	---	---	---
adult --- 18 and over	130	133	135	138	141
Family	20	20	20	20	20
<i>Market penetration % change from prior year</i>	---	5%	0%	0%	0%
<b>Annual Pass Sales (FT &amp; PT residents)</b>					
adult --- 18 and over	190	200	200	200	200
Family	75	79	79	79	79
<i>Market penetration % change from prior year</i>		10%	15%	0%	0%
<b>Sustaining Members</b>	20	22	25	25	25
<i>Market pen. % change (fitness classes only) from prior year</i>	---	2%	2%	2%	2%
<b>Water Fitness Classes</b>					
Fitness Class Individual Sales	2,700	2,754	2,809	2,865	2,922
Learn to Swim Lessons	250	250	250	250	250
Lifeguard Training	5	5	5	5	5
<i>Market penetration % change from prior year</i>	---	0%	0%	0%	0%
<b>Rentals</b>					
Parties/2 hrs/season	20	20	20	20	20
Physical Therapist Pool Rental	225	225	225	225	225
Other/hr/season: EMT, schools, etc	40	40	40	40	40
Meeting Room	15	15	15	15	15

Figure 7 --- Unit Demand Assumptions by Product and Subproduct Category

Figure 8 below represents the units times price sold results. See Figures 3 and 7 for price model and unit demand assumptions, respectively.

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>DROP INS</b>					
3-17 years old	\$2,150	\$2,230	\$2,313	\$2,640	\$2,739
Adult -- 18 and over	\$15,500	\$16,100	\$16,720	\$19,107	\$19,844
Family	\$25,250	\$26,250	\$27,300	\$31,213	\$32,450
<b>PUNCH CARDS, PASSES AND MEMBERSHIPS</b>					
10-Visit Punch	\$8,475	\$8,645	\$8,817	\$9,742	\$9,937
6-month Pass	\$59,500	\$60,410	\$61,250	\$66,750	\$67,875
Annual Pass	\$204,000	\$214,800	\$214,800	\$223,750	\$223,750
Sustaining Members	\$30,000	\$33,000	\$37,500	\$40,000	\$40,000
<b>CLASSES &amp; PROGRAMS</b>					
Fitness Classes	\$27,000	\$27,540	\$28,090	\$28,650	\$29,220
Learn to Swim Classes	\$13,750	\$13,750	\$13,750	\$13,750	\$13,750
Lifeguard Classes	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
<b>RENTALS</b>					
Parties	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500
PT Pool Use	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000
EMT, School	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
Meeting Room	\$375	\$375	\$375	\$375	\$375
<b>GRANTS AND CONTRIBUTIONS</b>					
Grants and contributions	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
<b>TOTAL REVENUE</b>	<b>\$456,500</b>	<b>\$473,600</b>	<b>\$481,416</b>	<b>\$506,476</b>	<b>\$510,439</b>

Figure 8 --- Summary of Revenue by Product and Subproduct



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