

## **Financial Brainstorming – Session #2**

### **February 6, 2020**

Two of the most pressing matters for the DVRC Board to address in the coming year are:

1. Farnsworth Hall – establishing capital improvements priorities in consideration of long-term sustainability
2. Annual Dues – What considerations need to be made to either increase or not increase dues; and issues with increasing memberships

Because of the importance of these two topics, they were the primary focus of the 2<sup>nd</sup> financial brainstorming session held on February 6, 2020.

Pertaining to Farnsworth Hall, it is essential to discuss funding sources, prioritization for projects and long-term sustainability. With the topic of annual dues and increasing memberships, there are various considerations to take into account.

#### **(1) Pertaining to Farnsworth Hall:**

- Farnsworth Hall is the primary means of raising additional revenue (outside of dues) through entertainment, fundraisers and rentals
- Farnsworth Hall competes with the other facilities for funding
- The project list for the Hall includes large ticket items for which no funding source(s) have been identified
- Income from Farnsworth Hall is potentially constrained by the following:
  - Members of the Entertainment Committee have a limit as to what they are able to physically do
  - The Entertainment Committee is made up of a limited number of volunteers, most of whom are winter visitors
  - The expectations and workload placed on the Entertainment Committee is considerable
  - The Entertainment Committee is not sustainable in the long-term; e.g., if the committee chair steps down, or other key positions are absent, e.g., the sound/tech person would result in a major loss, potentially impacting income, contracts and placing more pressure on committee members
  - The number of rentals is limited to what is allowable per year; the same members of the Entertainment Committee work Hall rentals that work other events
- Kitchen manager is a difficult position to fill
- Before expanding the kitchen at Farnsworth, the following should be considered:
  - Conduct a cost-benefit analysis - the cost to expand the kitchen vs. the long-term costs to maintain the building and anticipated revenue
  - Develop design plans with realistic cost estimates
  - Recognize that expanding the kitchen will not allow more people to be fed at events because the hall is limited by the number of tables that can be set up
  - Consider the long-term sustainability of the hall (income vs. costs of upkeep, maintaining trained volunteers, etc.)

- Kitchen expansion competes with priority projects of the other facilities
- Bathroom expansion/remodel at the Hall - The proposed bathroom expansion requires a realistic cost estimate and other considerations such as the costs vs the benefits, constructability issues, etc.
- Bathroom expansion competes with other priority projects

(2) Pertaining to the issues with increasing dues and memberships:

- The Board needs to develop a credible rationale for increasing dues and by how much they would be increased
- Need to estimate how many members would not renew their memberships if dues are increased (members do not renew regardless of dues increases)
- Members should be notified in advance of any dues increase
- The amount of any increase needs to be evaluated against the amount needed for maintenance and capital expenditures. A priority list of all potential projects is needed to do this. For example, if dues are raised another \$25, that would add x amount per year to the budget. Would this amount satisfy projected needs? Or, would dues need to be increased \$35 per to meet projected needs? If dues are increased in 2021, when will they need to be increased again? Should they be increased every 5 years, for example? These are discussions that the Board needs to be having on a regular basis to develop the most appropriate approach to either increasing the dues or maintaining the dues as they are.
- It can be difficult to get people to pay more when they have limited income or when dues are optional; this would require an intensive marketing, educational and outreach program
- Consideration needs to be given to additional methods for dues payments (i.e., monthly, member portal, etc.), combined with a campaign to inform and educate residents

(3) Pertaining to focusing on increasing memberships:

- Arguments can be made to focus on increasing memberships than increasing dues in order to raise revenue for long-term needs.
- Would it make sense to develop a program to increase memberships, combined with dues increase
- The focus on increasing memberships is challenging because it could place undue burden on staff, volunteers and the Board, as follows:
  - It would require a significant human resource effort and volunteers
  - It would require substantial commitment on the part of the office, the board and volunteers
  - It would not be a one-time event; to be successful it would have to be an ongoing program
  - It would require a membership committee with a dedicated chairperson to manage a vigorous membership program by finding and motivating volunteers, directing their efforts and implementing various methods for recruiting and maintaining members, such as membership drives, community outreach programs, holding special events, maintaining online presence, etc.