

False Creek Yacht Club
Board of Directors

Minutes of the Meeting of April 15, 2020

Zoom Meeting

Present: Anne Graham, Commodore; Tim Slater, Vice Commodore; Craig Minielly, Past Commodore; Dominic McIver Lopes, Secretary; Enrique Arce, Treasurer; Simon Gould, RC House; Pierre Plourde, RC Marina; Phil Beaty, Fleet Captain

Regrets: Doug Anderson, Member at Large

1. CALL TO ORDER

The meeting came to order at 18h00. The Commodore noted that Board activity has slowed due to the COVID-19 pandemic.

2. ADOPTION OF THE AGENDA

The agenda was adopted.

CONSENT AGENDA

GENERAL

2.1 ACTION TAKEN BY EMAIL: ADOPTION OF THE MINUTES

On March 23, the Board adopted the minutes and the confidential minutes of the meeting of March 18, 2020.

On April 7, the Board adopted the confidential minutes of the meeting of April 1, 2020.

2.2 ACTION TAKEN BY EMAIL: NEW MEMBER ADMISSIONS

No new members were admitted.

2.3 MOORAGE RELIEF

The Board agreed that requests from members for relief from moorage costs due to financial strains caused by the COVID-19 pandemic will be entertained on a case by case basis.

Members will be reminded that they may take advantage of the monthly payment plan. Members will also be reminded that the Bylaws require that amounts owing must be paid in order to retain good standing.

2.4 ACTION TAKEN BY EMAIL: MOORAGE AND OUTSTATION RULES

On April 3, the Board adopted a revision of the Moorage Rules.

On April 9, the Board adopted a revision of the Outstation Rules.

2.5 NEW SUBLEASING RULE

The Board agreed to amend Moorage Rule 5.6 by adding “Amounts paid by the sublessor to the sublessee may not exceed the amounts paid by the sublessee to the Club.”

2.6 BOARD TRANSITION

Paperwork for the Board transition appears to be complete.

2.7 SECRETARY DUTIES

As agreed with the Nominating Committee in December, the Secretary will be standing down from routine duties effective May 1. The Vice Commodore will assume these duties. The Secretary will advise if needed, from time to time.

2.8 IMPORTANT DATES

The Board will meet at 18h00 on May 15, June 17, September 16, October 21, and November 18, 2020. The Commodore’s Ball is November 21. The AGM is December 2.

MEMBERSHIP

2.9 NUMBERS

The Club membership is 159 active, 54 social, 22 cruising, and 46 other, for a total of 281 members. These numbers include a correction to an error in the Northstar database.

Gerry and Jo-Ann Heinz were transferred from the classes of active and spousal members to the class of social members.

2.10 RECRUITING

There are no further developments to report at this time.

2.11 ENGAGEMENT

There are no further developments to report at this time.

2.12 MEMBER DISCOUNTS

There are no updates to report at this time.

HOUSE

2.13 MINOR REPAIRS

An attempted break-in on Monday, April 6 damaged the lock on the main door. The lock has been replaced.

2.14 MAJOR REPAIRS

There are no further developments to report at this time.

2.15 CATERING

The Club lounge has been closed due to the COVID-19 pandemic.

2.16 BAR

The Club lounge has been closed due to the COVID-19 pandemic.

2.17 EVENTS

Due to the COVID-19 pandemic, seven private events were cancelled and five postponed. The impacted events had been scheduled for March 16 to August 1.

2.18 IT SYSTEM

The web site functioned well for moorage payments, though some members needed to manually input their moorage invoice total.

A new web site is on track for launch at the end of the month.

2.19 ANDERSON PURCHASE

The Board sought legal and financial advice on the feasibility of the Club's purchasing the Anderson interest in the Club house building and parking lot. It appears that the carrying costs of financing would be in excess of the revenue generated. Moreover, the significant upfront payment required would over-leverage the Club, risking financing for dock replacements. The Board assessed the risk to the Club to be well in excess of any potential benefits, and is not pursuing the opportunity at this time, unless the situation changes.

MARINA

2.20 MINOR REPAIRS

There are no further developments to report at this time.

2.21 MAJOR REPAIRS

There are no major repairs in progress at this time.

2.22 WEST SIDE MARINA RENOVATION

There are no further developments to report at this time.

2.23 WATER LEASES

The lease with Concord Pacific has been renewed for one year, but the rate has gone up. Repeated requests from the Fleet Captain and the Commodore, backed up by contacts by connected Club members and our lawyers, were unsuccessful in securing a meeting to discuss a longer term lease.

2.24 BIRD-NETTING

Currently installed bird netting has caused some birds to nest higher under the bridge, with the result that dropping are spreading further out from the bridge perimeter. The Past Commodore will contact relevant parties.

CRUISING

2.25 SAIL PAST

Sail Past has been postponed. A date will be fixed when the course of the COVID-19 pandemic is better understood.

2.26 SAFETY DAY

The CPSS Vessel Check program has been postponed.

2.27 CRUISES

There are no further developments to report at this time.

3. BUSINESS ARISING FROM THE MINUTES

3.1 FINANCIALS

The Treasurer presented a detailed response to recommendations from a member about steps that the Club should take to balance budgets going forward. Many of the recommendations have already been or are being implemented. The Board adopted the Treasurer's response and recommendations.

See attached.

4. NEW BUSINESS

4.1 SPOUSAL POLICY AND BYLAW AMENDMENTS

The Board approved in principle a Policy on Spousal Members. The purpose of this policy is to provide members with transparency about what has been the Club's routine practice. A final draft will be circulated for adoption by email.

The Board also discussed proposed amendments to the Bylaws to be scheduled for a vote at the next AGM. The purpose of the amendment is to permit greater involvement in the Club by social members and spousal members. One amendment permits members in both classes to serve on committees (not the Board). Two additional amendments permit a limited number of members in each class to serve on the Board. The amendment language will be redrafted in light of Board input.

4.2 SUMMER MARINA STAFFING

The Board discussed a detailed and thoughtful report from the Wharfinger about marina staffing and visiting vessel policies during the COVID-19 pandemic.

The Board agreed that the marina will be staffed on the usual summer schedule, with two employees, starting May 1.

The marina is not currently permitting visiting vessels to moor. The Board agreed to extend this policy and to delegate to the RC Marina a decision about when and how to open the marina to visiting vessels.

Since closing the marina to visitors means a loss of revenue that would normally mandate a staff reduction, an application will be made for Canada Emergency Response Benefit funds to recoup some of the cost of staffing.

4.3 SECURITY

The Vice Commodore reported that there has been a 400 percent increase in break-ins downtown due to the COVID-19 pandemic. Urgent action is needed to address Club security.

As a first step, the Board agreed to proceed with Alarm Max in an amount up to \$5500 from the capital budget to install a high-resolution camera to monitor the west side of the marina and the west side gate. This equipment is sufficiently high resolution to permit the identification of some intruders. In addition, the Vancouver Police Department will act with greater dispatch on reports of break-ins when video footage is available. The quote from Alarm Max was the lesser of two obtained by the Vice Commodore, and Alarm Max has provided good service in the past.

It was noted that the Club has quotes to install fobs on the marina gates, that \$5000 has been allocated to improve the west side gate, and that a portion of the \$20,000 allocated in 2018 for security infrastructure has not been spent.

The Board is committed to formulating a plan to address security, with major expenditures to be made only following consultation with the membership. The Vice Commodore agreed to assist with formulating a plan.

4.4 DINGHY POLICY

The Board adopted a Policy on Tenders and Dinghies.

4.5 REQUEST TO MODIFY A SLIP

The Board declined a request to affix a floating dock for a Sea-Doo either to the dinghy dock or to a member's moorage. Sea-Doos and similar personal watercraft may be mounted on swim platforms.

5. ADJOURNMENT

There being no further business, the meeting terminated at 19h35.

Report from the Treasurer

I would like to acknowledge Sam Joe's significant contribution in preparing a thorough analysis of our Club's operations for the last three fiscal years.

This huge amount of information generated by his analysis has not only helped us to address some issues and situations and improve upon them but will also continue to be used as a guide for the Board's financial making decisions.

Based on the information from his report for the Fiscal Years 2017 to 2019, I have put together a selected summary of numbers which I will elaborate on to provide a financial perspective on this time period.

Accounts	2019	2018	2017
Selected Revenues Accounts			
- Marina Operation	435,027	457,417	546,888
- Lounge Operations	203,897	165,010	165,594
- Banquet	114,031	85,807	149,414
- Initiation Fees	102,100	110,500	98,200
Total Revenues	1,083,271	1,049,099	1,223,337
Growth Year over Year	3.3%	-14.2%	
Selected Expense Accounts			
Cost of Lounge Sales	289,703	217,090	215,668
Repair and Maintenance	166,431	124,308	105,833
Consulting Fees	98,003	6,625	10,848
Total Expenses	1,262,301	1,046,448	1,017,192
Growth Year over Year	20.6%	2.9%	

I would like to start by mentioning that through the years revenues and expenses from our Club have been fairly stable, except for the specific circumstances I will elaborate on below based on these selected numbers.

On the revenue side you can see that in the Fiscal Year 2018, revenue from Marine Operations and Banquet dropped by a combined \$153,079 from 2017. Overall, the drop in revenue was 14.2% with these two components being the main factors. The drop in Marine Revenue was primarily from the loss of 3 outside slips on the West side, a deliberate decision to vacate slips under the bridge until the bird netting issue was resolved, and the rollback in moorage fees. Birdnetting is now in place; moorage fees have been restored, and the use of the 3 outside slips will not be approved by the Province for at least another year, if at all.

The Fiscal Year 2019, however, saw an overall 3.3% recovery on revenues from 2018, mainly as a result from lounge operations which saw an increase by 24% (from \$165K to \$204K). In the same period,

Banquet also saw a 34% recovery (from \$86K to \$114K). These two components helped to sustain this 3.3% recovery, despite the drop in Marina Operations.

The growth on revenues from Lounge Operations were offset by the increase in its overall Cost of Lounge Sales. The net loss from the lounge operations increased from \$149K in 2018 to \$176K in 2019.

However, an in-depth analysis of the accounts related to Lounge Operations revealed some of the main reasons for this increase:

- a) An arbitrary allocation of overhead expenses in the amount of \$42,703 from 2018 to 2019. Discussions to provide a clearer allocation of overhead expenses is now under consideration.
- b) Salary related to Marina Operations in the amount of \$67,140 was included as Cost of Lounge Sales.
- c) Cost of Food increased from 93% of sales to 112%. The decision to improve quality of food in the lounge was in line with recommendations from members who had been requesting a change in food quality. Similarly, the cost of wine went from 48% of selling price to 53%. These issues have been addressed in 2020.
- d) Hiring of a lounge casual worker and additional increase in wages.

Repair and Maintenance also saw large expenses as deferred maintenance was addressed. This expense amount, however, should have been approximately \$50K lower had it been treated properly in our books: it should have been capitalized instead of expensed. If it had been done correctly, the expense amount would have been in the range of the 2017 amounts. Again, revenues and expenses are normally fairly stable throughout time in the Club.

Finally, another main factor for the rise in expenses in the Fiscal Year 2019 was the increase in consulting fees. The result of a hiring of a Chief Financial Officer, who at this point is no longer with the Club (additional savings!!)

The Club is at this juncture as a result of the combination of a drop in revenues from previous years, increase in administrative expenses (consulting fees mostly), and the improper treatment of transactions in our accounting records. Savings on consulting fees and proper accounting of repairs and maintenance would have put the loss in the range \$40K for the Fiscal Year 2019 and not the \$179K reflected in our books.

Since taking over the Treasurer functions and working closely with your Commodore and the Board of Directors, I would like to point out some of the steps that have already been taken:

1. Tight control on expenses with a clinical eye on the situations that impact these accounts, specially when it comes to allocations and treatment of accounts in our books.
2. Weekly lounge reports with an emphasis on the bottom line.
3. Renegotiation of food services cost (some expenses used to be paid by the Club; they are now fully carried by the supplier) to avoid losses in the lounge operations.
4. Pared down administrative and accounting support. The goal is to continue operating the club at a reasonable level of expense.
5. Implementation of Sam Joe's recommendation for the accounting of revenues and expenses to present a transparent view of the Club's operations and a streamlined Chart of Accounts.
6. Adoption of financial reporting to the Club Members that is easy to understand (still in process as we are evaluating alternatives to manage the Club operations and our accounting system)

Other tools and systems to provide full transparency to the Club Members are also under consideration and will be shared accordingly.

Sincerely,

Enrique Arce Gonzalez
Treasurer