

POTOMAC VALLEY SWIMMING

TREASURER'S DISCUSSION PAPER ON CAPITAL FUNDING

October 6, 2008

Proposal:

Establish a PVS Capital Development Fund within the current financial structure. Annual membership dues will be increased by \$30 per member beginning in the fall of 2009 to capitalize the fund. The Fund will be restricted to undefined capital projects at an unspecified future date.

Discussion:

Ever since our family joined PVS in 1992, I have participated in various and numerous discussions about "building our own pool." Only a handful of these discussions have gone very far, largely because it becomes obvious pretty quickly that competition swim pools are not financially viable. Notwithstanding that, the concept of public-private partnerships has become reality in the field of community recreation and, as the governing body for competitive swimming in the National Capital area, PVS needs a plan so that we are positioned to take advantage of any opportunity that we create or that is presented to us.

While numerous examples of public-private partnerships exist in our area, I will use the one that I am most familiar with for illustrative purposes. McLean Youth Athletics coordinates youth sports programs in the McLean area. Over 4200 youth are registered for soccer with a total of 8000 registrations over two annual seasons. Some years ago, as a Board member I helped institute a new policy that added a substantial capital building fee to the seasonal registration fee. I believe that the fee is about \$40 per season right now. (It is a little difficult to segregate since it is part of the field maintenance fee that constitutes over half of the \$150 per season registration fee.) With 8000 participants, that adds up to \$320,000 per year. The first few years, nothing happened except that their bank account grew substantially. However, last week, they opened two new turf fields to join the one they had opened three years ago. The total investment is about \$2.5 million. Although I no longer have access to their financial statements, I suspect that 10 years of capital fees have contributed well over half of the total investment.

In addition to raising money from their own members, their actions to raise this investment capital have attracted other funding sources including private foundations, individual donations, and gifts in kind. And, they aren't done. They plan to turf another seven fields over the next few years as funds become available.

The key to this successful capital program was a public-private partnership, in this case with the Fairfax County Recreation Department. The county contributed the land for the project (worth at least twice as much as the installation costs), will hold title to the fields and will maintain them at county expense. In another project, MYA received a complete new field (including land) as a

proffer from a developer in Tyson's Corner, again as a public-private joint effort with the Park Authority. In return, the residents of Fairfax County have access to all the fields when they are not being using by McLean Youth.

In another example, when the soccer establishment in Montgomery County initiated an effort to develop a major soccer complex, the father of a player donated the bulk of the cost (Hendrick of Discovery). However, he did not step forward until the plans were firm and a substantial amount of capital had already been raised from the soccer community. Similar examples exist throughout the region. What they have in common is that the originating organization had a plan and had begun to raise money for their goal.

In Northern Virginia, we have at least two major sources of support for a public-private recreation partnership. One is Fairfax County. The other is the Northern Virginia Regional Park Authority. In the 90's when they were a client of mine, the NVRPA had a policy of seeking these types of relationships, but I don't believe that they ever concluded any recreation projects, although they did complete some other park partnership projects. What these organizations have that we need is land and an infrastructure to support a building and operations. What they don't have is much money for capital investment in swimming pools. I am sure that similar opportunities exist in Montgomery County or with the National Capital Parks and Planning Commission. Even the District and the Federal Government have some highly desirable locations and we can't rule out working with them either.

As a starting point, we should not have any specific target in mind, except for the goal of either owning or controlling our own competition pool. However, I am certain that unless we start the process now, we will not be prepared for any type of project five to ten years down the road. Obviously, some of our teams will oppose this added cost, especially the county sponsored teams that comprise over 20% of our membership. However, we have very, very limited access to their facilities and they do very little to support PVS and its teams. They generally focus their resources on county residents at this time. However, if we had money in the bank, even they might be interested in finding a way to work with us.

This concept will take significant discussion and will need support from the Board before being presented to the House of Delegates. However, I am confident that our efforts will be time well spent. And, even though many of us will not be active when our efforts actually reach a pay-off, the future families and swimmers of PVS will value our foresight and leadership as they receive the benefits of our planning and development.