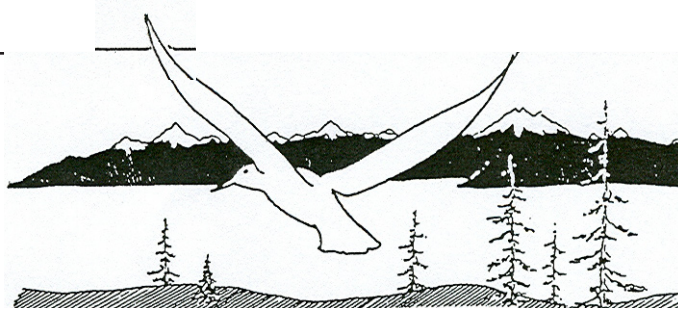


The LMC

LOG



LEADERSHIP....OPERATIONS....GOVERNANCE

A Publication of the Ludlow Maintenance Commission

Spring, 2005

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PRESIDENT'S MESSAGE.....

by Bruce Schmitz

Can we achieve a shared vision for the future of our Beach Club, one that will serve the needs of our growing and changing community? Can we reach consensus on a plan for creating that vision and the means to fund it that will be supported by the majority of our members? Two committees have been established to find answers to these questions. A committee dealing with facilities is charged with taking member input to determine the kind of upgrades and remodel desired. A finance committee is examining ways of funding those improvements and considering options that will minimize financial impact on our members.

This issue of the LOG is dedicated to articles about the Beach Club, its use and its current condition. We strongly encourage you to read the articles, then fill out and return the enclosed questionnaire. The results of the questionnaire will determine member support for a remodeled Beach Club. We hope to have the results analyzed by April 30. We will spend no LMC funds until we determine that the membership is indeed supportive of an improved and expanded clubhouse.

Given results that demonstrate member support we will proceed with group meetings to help define in more detail, area by area, the scope of the desired remodel effort. We will then use that input to help prepare preliminary design drawings. We would expect that stage to last through the summer of 2005. Obtaining the necessary funding is critical to moving forward. The finance committee will report on their recommendations after they have studied all options. We have asked that their detailed report be ready at the same time preliminary design drawings are finished. Then we can assess the availability of money to support the desired plan.

If a plan acceptable to the membership is developed, the board will authorize proceeding with a detailed design, obtaining firm bids and permits, and selecting a contractor for the work. That effort is estimated to last through the spring of 2006. We would hope to begin construction in the late Spring/early Summer of 2006 with completion by early 2007.

During the past six years two major remodel plans for the Beach Club were developed. Neither plan was implemented for several reasons including divisions within the community on what was desired for a remodel and differences on how the work would be funded. This cannot be allowed to happen again or the results will be the same, and most likely a remodel of the Beach Club will never occur. We will use the lessons of past attempts and develop community-wide consensus in order to move forward. If we proceed, the LMC membership will be kept fully informed of plans as they are developed. We will communicate through the LOG, through our improved web site, with presentations at the monthly board meetings and in community meetings. The process will be transparent, and you, the members, will make the final decision.

FYI

One of the objectives of the LOG is to better inform members about our community. This is the third in a series of informational articles.

The Ludlow Maintenance Commission (LMC) Annual Meeting takes place the third Saturday in April at 2 p.m. in accordance with the Article II of the LMC Bylaws. The annual mailing, including the ballot and other information, will be sent to members at least 14 days prior to the meeting. Be sure to mail your ballot or bring it with you to the annual meeting on April 16. Is the annual meeting open to everyone? YES! All LMC members are encouraged to attend and welcome new trustees.

Trustees are elected by simple majority with each owner having the same number of votes no matter how many properties are owned. But when it comes to amending the LMC Articles of Incorporation, Bylaws and Restrictive and Protective Covenants, and imposing capital assessments, different majorities apply. A future article in the LOG will cover the details and percentages. Suffice it to say, we vote for representation and amendments democratically with some majority differences. We vote for capital assessments according to the number of properties owned.

DO WE CONTINUE TO MAINTAIN OR REMODEL?

Our clubhouse is located in one of the most beautiful sites of Port Ludlow. The amenities provided in the Beach Club add to the value of all of the properties in North Bay. However, our Beach Club is over 35 years old. As with any aging building it will require continually increasing maintenance costs unless a significant remodel is done. Since the club was built, swimming facilities were added and a modest remodel was done in the late 1980's. Upstairs bathrooms, the manager's office and the hostess area were added to the upper level. A major reworking of the game room was done in 2003 to convert it into a meeting room. Otherwise no major changes have been made in the building since it was originally built.

Now is an opportune time for the LMC membership to decide if we will continue to be satisfied with paying for costly maintenance or whether we will undertake a significant remodel to make the club functional for current and future use. Otherwise, during the next several years extensive maintenance work will need to be done to the building to keep it in an operational condition.

Another essential fact to consider is that the county and the state are considering changes to Shoreline Regulations that may make it more difficult, if not impossible, to enlarge the Beach Club in the future. Setback requirements contained in the State Shoreline Regulations are expected to become significantly more restrictive making it impossible to expand. We will never have a better opportunity for the remodeling of the Beach Club than now. The paragraphs below discuss the current status of the Beach Club and some of its near-term needs.

- When the Bayview room was built support posts were placed within the room to act as structural members for the roof. They break up the room and limit effective seating and use. The walls do not meet current earthquake building code

requirements and shear panels must be added to meet the current code. The roof on the Beach Club is nearing the end of its useful life and must be replaced in a very few years. The clerestory portion of the roof over the Bayview Room must be lowered if we are to meet current fire codes. The carpeting in the Bayview Room and other upstairs areas is at the end of its life and must be replaced.

- The kitchen area off of the Bayview Room is too small and is inadequate for food preparation. The kitchen needs expansion and additional equipment to be an effective work-space and to allow more major events to be held in the Beach Club.
- The current HVAC system used to heat the Beach Club will need replacement in the next few years. The current Beach Club is not energy efficient, our heating bills in the winter are very high and they will continue to rise as energy costs escalate.
- The security system is on the verge of failing and will need replacement shortly. We need a current state-of-the-art system that can better protect the facility, our employees, and our membership. Additionally, in the past several years we have had several electrical problems in the Beach Club. The wiring is old and many of the circuits are not adequate for the loads of our equipment. The electrical system is in serious need of updating.
- In recent years we have added equipment to our exercise facility to meet the requests of our membership and their desire to live a healthier lifestyle. The added equipment has increased the use of the facility markedly. Last year saw a 50% increase in usage compared to the previous year. The membership wants additional equipment but we need more space to properly house it, better ventilation to control the room temperature, and sound proofing so meetings in other rooms are not disturbed.

THE BEACH CLUB
Hours
Monday - Sunday 7 a.m. - 9 p.m.
(All Members: Present a valid membership card or pass to be admitted to the Beach Club).

Indoor Pool Hours
Monday - Sunday 7 a.m. - 8:30 p.m.
(See the detailed schedule posted on the Beach Club Bulletin Board)

Age Limitations
Pool and Jacuzzi: Anyone 16 and under must be accompanied by an adult.
Exercise Room: Anyone 17 and under must have direct adult supervision.

OUTDOOR POOL OPENS MAY 30th

- The entryway to the Beach Club is viewed by many as being cold and unattractive to our membership. Envision an attractive lobby and reception area where we can meet other community members and sit in comfort for informal meetings.

Significant building is currently in process in the North Bay area. Over the next 5-10 years the North Bay area will be built out, adding over 30% to the current residents of our area. Younger families are moving into the North Bay area. These families have children who have recreational needs which are not being met. The significant increase in residents will place further needs and strains on our facilities.

Thus, we find ourselves at a crossroads. The choice is ours today. We may not have the same opportunities for expansion in the future due to proposed Shoreline Management changes. Building and labor costs will only continue to escalate making it more difficult to provide for our needs in future years. We can continue to spend our money on increasingly frequent maintenance for our aging building or we can move forward with a remodel effort that will provide for the future needs of our membership.

AND WELL YOU MIGHT ASK!

“What another survey?”

Well, not exactly. We’re asking for your help with a short questionnaire to help clarify some “gaps in knowledge” that were identified from the information gained in past responses to surveys. Our community is continually in flux with an approximate 50% turnover since the last remodel survey was sent. This questionnaire is simply to help identify more precisely what is desired for Beach Club improvement at this time and what will be supported by a majority of North Bay owners.

“Why the sudden urgency?”

The LMC Reserve Fund was established to provide monies for limited life items so that special assessments would not be necessary as items reached the end of their useful life. The Reserve Study contains a list of those limited life items and their remaining life. Many of the items on the list are approaching the end of their life. Within the next few years we are going to be faced with a series of necessary major expenditures for items such as:

- Fire protection upgrades
- Roof repair and replacement

- HVAC/ventilation system replacement and upgrade
- Energy efficiency improvements
- Electrical system upgrades
- Safety improvements
- Carpeting and deck replacement

The synergy of many of these replacement items with possible remodel efforts, combined with the rapid build out of the North Bay, provides an opportune and cost effective time to start planning for the expansion and upgrade of our Beach Club facilities.

“Where do we go from here?”

Our community has learned much from our past experiences and gained valuable insight to help us move forward with updating our club facilities. The members’ desires reported on the current questionnaire, combined with previous remodel plans, can produce a comprehensive plan that will be cost effective, timely, and reflect the needs of our membership. Communication will be maintained with LMC members by the board throughout this planning process. Ultimately, LMC members will decide how we proceed.

MORE ABOUT MAKING THINGS HAPPEN HERE

Did you ever wonder how we got the grand piano? The huge refrigerator? The warming ovens? The planters with seasonal flowers that greet us when we enter the Beach Club?

These items were all purchased through the generosity of members and groups. A need was seen, a supporting group proposed it. The Operations Committee, management and trustees considered it and when approved, fund raising began.

The refrigerator and ovens are now utilized by many different groups for a variety of dinners and luncheons. The Beach Club was recently the venue chosen by accomplished pianist Lisa Lanza for her concert particularly because she found our piano to be one she loved to play. Another talented pianist and composer, D’Arcy Reynolds, recently recorded a CD for her mother, Joan Reynolds, in a private recital. And the piano is used to accompany many groups at the Beach Club.

Is there something your group has wanted to have? Make a plan, submit a proposal, then begin your fund-raising project. The generosity of our members is boundless when contributing to additions they think our members would appreciate. These gifts are gifts to all of us!

METHODS AND MEANS FOR REMODELING OUR CLUB HOUSE

As you have noted by now, this issue of the LOG is mostly about the possibilities of a remodeling project for the Beach Club. But how, you may be asking, do all these efforts tie together?

There are essentially three tracks along which the various efforts of committees, board and owners will travel. The board has put this process in motion as a result of needs for repairs and the pressure from use on the existing clubhouse. The facilities committee was formed to survey the community to learn whether remodeling should proceed, and if so in what areas. At the same time a finance committee has been formed that will study every possible method of funding a remodel effort. Both of these committees will report back to the board of LMC regularly. The board will guide the work of planning any remodel and the finance committee’s work as well. At points along this track the owners will be asked to make decisions from the information gathered.

The METHOD –

A questionnaire is inserted in this issue, which we very much hope you will complete and return. When results are in and tabulated the results will be reported to the board. The facility committee will then form a number of small groups of interested members to meet and focus in detail on specific areas of use, both existing and potential. (There is space on the questionnaire for you to let us know if you would be willing to help with this)! Those groups – focus groups – offer another

opportunity for more detailed description of user group needs.

The user group meetings will produce details of the facilities that members are requesting. These “detailed descriptions” of various areas will be used by the board in deciding on the elements of the club to be expanded, remodeled and changed to meet the needs members have expressed.

The MEANS –

The ad hoc finance committee for Beach Club improvement has been meeting for one month now. Its members represent a cross-section of the community, from the younger population to those who have owned property in North Bay for many years.

Several of the committee members also served on previous remodel committees so they come to this effort with a great deal of experience. They remember, as you may also remember, that the board got a very positive reply to the question of remodeling some years ago. The challenge at that time was approving financing for the project.

The finance committee members are dedicated to coming up with a finance plan by August 1, 2005. They will be reporting on progress as ideas develop.

A VIEW FROM THE TOP....

What you've told us the Beach Club might look like in the future.....

Past surveys about the Beach Club have given us demographics and other self-reported use information. We also have on file very specific, even hour by hour, records of Beach Club use. Statistics, past and present, abound. But, we live in a constantly changing and growing community with younger retirees and more families than ever before. We would be wise at this time to look 20 years into the future and plan with that in mind.

Past remodel plans show how the club might look and what it could include. We also know how it could look from the many comments relating to the Beach Club that were written on the Long Range Plan Survey. None of those comments requested anything exotic or extreme, but members were insistent that something be done soon. It was surprising that so many comments related only to Beach Club improvement when the survey question simply stated, "...tell us anything at all that you feel is important."

If we were to describe what the clubhouse might include based on previous plans and comments, here are some components we might see in a remodeled Beach Club:

- The entry would be welcoming yet secure.
- The reception desk would be near the entry.
- There would be a pleasant members' lounge and library, possibly with a fireplace.
- The main party room would be expanded to accommodate our growing population and the many groups who use it. The

space would take into account needs of music and theatre performances, dances and meetings as well as dinners. The room would be designed to take advantage of the spectacular view.

- Adjacent to that room would be a well-designed expanded kitchen with all necessary appliances and serving areas.
- An expansion would include multi-purpose spaces, particularly a large room with adequate storage space for groups that would use it (e.g. yoga, floor exercise groups, arts and crafts groups, Brownie and Cub Scouts). It would include a kitchenette and patio so that the lovely yard leading to the beach could easily be used for picnics, parties and receptions. It, too, would take advantage of the view.
- The exercise room would be expanded, and state of the art equipment would be added.
- A well-equipped game room would be provided. Other areas would also be adapted for use by the children in our membership.

In general, the comments indicated that it would be a clean, well-maintained facility with our pleasant and welcoming staff. There would be well-established and equitable use policies. Fire safety, earthquake preparedness and handicapped access would be paramount. It would be a lovely North Bay community center, suitable for our many event and activities.

Now it's your turn. Complete and return the questionnaire by the March 21 deadline. Tell us what amenities you would like to see in our Beach Club.

ENTER, AND SIGN IN, PLEASE!

-Some notes on Beach Club Usage-

We all know to sign in at the desk when we enter the Beach Club. There are three good reasons to do this -- first, we can make sure that only members and authorized guests are using the club; second, we can keep track of usage of the major club amenities (e.g. pool, exercise room); and third, for tax purposes. We are able to offset our taxable income from non-members with expenses prorated by the percentage of "non-member" use of the club. It is very important that anyone using the club, both member and non-member, "enter and sign-in, please!"

Current usage records at the Beach Club go back to 1986, when resort usage was significant and there were far fewer homes and residents in Port Ludlow. Each year since then, the total number of visits to club facilities has been in the 30-40,000 range. What has changed, however, is the mix between members and resort guests. From 1986 to 1989, resort guests represented approximately 33% of club visits. During the 90's, this percentage dropped to around 25% on average. Resort usage dropped to around 15% after 2000, and 2004 saw resort usage fall to only 4%. Member usage for 2004 increased 37% over 2003 and 50% over 1999, only five years ago. During the same period, resort usage dropped 46% from 2003 and 79% from 1989. Incidentally, usage of the exercise area has increased 84% since the purchase of new equipment, and represents about 25% of total number of visits to the clubhouse.

It is no surprise that member usage has increased enormously. There are far more residents, particularly year-round residents, in Port Ludlow. There are now 671 built homes in North Bay, in addition to 118 condominiums. The recent survey by the Long Range Planning Committee showed a steady increase in the number of families with children living in our community. It is clear to see that the steadily growing use of our club facilities by our members represents a challenge as to how we best meet their needs and expectations.

FAQ's

Answers to some frequently asked questions

Q To what extent can monies from the reserve fund be used for a remodel?

A. If a remodel plan proposes to repair or replace an item that is a listed replacement component in the reserve fund, the money may be used for that purpose (e.g. replacement of the roof). In addition, the Board has the authority to reallocate monies in the reserve fund to a capital improvement fund, provided it follows the current reserve funding policy that requires that fund to be maintained at a level of at least 75% of a fully-funded balance.

Q Why keep the reserve fund so fully-funded?

A. A fully-funded reserve is the association's best protection from needing special assessments for future repair or replacement of its major assets.

Q. How are the votes counted when ballots are sent to LMC.

A. All ballots are securely stored as they are received either by mail or delivered in person. All tallying of ballots is done by LMC management and staff under the supervision of two trustees or representatives appointed by the board.

Q. Will you include a secrecy envelope for the ballot with the annual mailing?

A. Secrecy envelopes are not currently used for LMC ballots. Both the Covenants and Regulations Committee and the LMC Board of Trustees have discussed the subject at length and have concluded that current procedures provide adequate ballot security while still allowing the results to be known at the annual meeting.

Contributors to this issue of the LOG are members of the ad hoc Facilities Committee appointed by the LMC Board of Trustees: Elizabeth Van Zonneveld (chair), Adele Govert, Sally Orsborn, Bruce Schmitz, Lou Silverstein, and Beach Club Manager, Dick Smith.