Dear SCRA Members,

Summer approaches, along with a great set of SCRA social events and swimming and tennis programs. Don’t forget to sign up for FUN CAMP, Swim Lessons, & Tennis Clinics & Teams by going to registration links on the SCRA web page at http://www.stanford.edu/dept/scra/. Also, remember to come to our Annual Club Party on July 4th with Kids Carnival (10am), BBQ of hot dogs, hamburgers, drinks provided at noon along with the traditional member potluck of side dishes and desserts. For those who love chili, our newest event, the chili tasting contest, starts at 1pm. Always a lot of fun …

The main purpose of this letter is to notify you of a $5 per month dues increase ($2.50 per month for our emeritus members) to begin July 1st, and to provide an explanation for the increase along with an overview of SCRA’s current financial picture. At the end, we will also mention thoughts and plans about facilities improvements that are under discussion.

**Finances**

We have now had about a year and half of experience operating the renovated SCRA, and as a result are in a better position to assess the actual costs of running the facility. Financial estimates made when the renovation was planned had forecast that we would need around 500 members to comfortably break even each year, with enough surplus to budget for occasional capital improvements and major up keep expenses. It now appears to us that this estimate may have been somewhat on the high side, though we do need to increase membership from our current level of about 440.

At present, SCRA’s annual revenues are about $1.15 million, of which 40% come from program fees and 60% from membership dues, initiation fees, and some minor sources such as facility rentals. Our annual costs are likewise roughly $1.15 million, of which about 43% go to employee compensation and the rest for all operating costs, debt service, and program expenses.

These numbers, however, do not include the obligation under our loan agreement with Stanford to accumulate an $80,000 reserve fund to be used to cover any unexpected annual deficits. Our first fiscal year in the new facility ended (in September 2010) with a surplus of $13,387, which has gone into the reserve fund. Last year Stanford allowed us more time to get to the $80,000 number, which we think will be feasible with some growth in membership, dues increases to match slowly rising compensation and operating costs, and continued efforts to control costs. We would also like to be in a position to spend on facilities improvements that many members have asked about. These include, in the short
run, a play structure for kids; some fixes and improvements to the tennis courts; and perhaps in the longer run, a more shallow “splash pool” for lessons, new swimmers, and additional lap swimming.

With the help of DAPER\(^1\) and the SCRA staff, we have been working to cut costs and raise program revenues. Over the past year and half we have greatly reduced reliance on the Stanford “red coat” hours, have increased program fees particularly on non-member participants, and have reduced expenses from renting lanes at other pools for the swim team at certain times during the year. Andrea Barnes (Tennis) and Scott Shea (Aquatics) have been innovating new program ideas and activities that have successfully increased participation and fun.

We will continue to work on containing and reducing operating costs while increasing program revenues, but we do not see a way to get to a modest annual surplus solely by this route. We also face steady if gradual increases in compensation and utility costs. These several considerations have led us to conclude that a small dues increase is warranted, which in combination with some membership growth and continued cost control, should put us in a position to be able to meet the reserve requirement and have resources for facilities improvements and the occasional unexpected capital expense.

Compared to all other swim and tennis clubs in the area, SCRA remains an extremely good deal. Monthly dues at Foothills, Alpine Hills, University Club, Ladera Oaks, and Fremont range from $183 to $262. Initiation fees range from $11,715 to $25,500.

**Facilities Update**

The first big demand from members in the new SCRA was heating in the locker rooms. After exploring different ways this might be accomplished, we installed a forced air system in December, which has been working well.

We are always interested in member input about what the next steps should be. To date, members have expressed strong interest in some of the items mentioned above, including a play structure for young kids, improvements to tennis court surfaces, and the possibility of a splash pool (between the main pool and the tennis courts) for kid fun, lessons, and extra lap lanes. These are all relatively big ticket items (especially the last), that may or may not be financially feasible or that may only become feasible after several years of planning and saving. If you have thoughts about what you think the priorities ought to be, including other ideas for facilities improvements, please do send us comments and suggestions. We greatly appreciate your feedback and in fact rely on it to get a sense of what we need to work on!

Sincerely,

The SCRA Board Steve Pokorny (President); Rob Daines; David Drover; David Engstrom; Jim Fearon; Leslie Fiedler; Bob Kessler

\(^1\) Under our loan agreement with Stanford, the Department of Physical Education and Recreation (DAPER) manages the facility on behalf of SCRA.