

## **Seattle Tennis Club Charge to Long Range Strategic Planning Committee Membership Policies**

Two main issues: Consider and, if appropriate, recommend

- a change in the policy for setting the annual **number of active membership openings**.
- a bylaw amendment for the admission of “**significant others**” as **joint members**.

Additional issues: Consider and, if appropriate, recommend

- a proposal or proposals to increase the number of **social members**, and other changes in the privileges of social members.
- a proposal or proposals to increase the **diversity** of the membership.
- a change in the policy for admission of **non-resident junior members**.
- a change in the policy for admission of **JSPs** to Senior Active membership.
- a change in the policy applicable to the **dissolution of members’ marriages**.

The Board intends that the Long Range Strategic Planning Committee as a whole will address the membership issues which have been directed to it.

## Notes

Following are my notes on the issues listed above. These aren't "official," but are only my personal take on what the Club and the Board is looking for from the Committee. I've attached a few old bits of background material as well.

Scot J. Johnston

## Main Issues

These two issues are specifically mentioned in the Board minutes.

### Number of Active Membership Openings

*Finance Committee; Demographic Tool.* Work on this issue should be done in coordination with the Finance Committee. The Finance Committee and a consulting firm, Two Degrees, have produced and are refining a demographic tool. It is intended to provide a means of predicting member count at various points in the future, as well as their age profile.

*Triggers?* The current policy (i) looks at "triggers," which create openings, and (ii) smoothes things a bit by using a three-year rolling average. The triggers are approximate, at best. Among the options for a new policy might be:

- relatively minor tinkering with the current triggers (see attachment from 2000: "Possible Rule Changes ...");
- a re-designed system of triggers, which takes into account new trigger events: it could perhaps have more triggers which create openings, but net them against (*i.e.* fill them with) JSP-to-Senior events;
- a system based on a formal, defined actuarial / demographic estimation process, such as the demographic tool referred to above;
- a more open-ended system that has generally-described goals or principles, with their year-to-year implementation (in the form of defining a number of openings each year) left to a process involving the Board and appropriate committees (see attachment: 1997 memo); or
- something else entirely.

*Member Usage.* The driving consideration should be our practical capability to accommodate member usage, rather than adherence to any abstract notion of what the number of members should (or shouldn't) be. This may require some crystal-ball work. Views of other committees will be helpful.

*Financial Considerations.* In addition to member usage, financial effects should be considered. This is not to say that financial considerations should control; however they can't be ignored, as financial necessities will have their effect, whether we want them to or not. Paying off our current debt is not optional, and our ability to complete various future capital projects will be affected. A drop in annual openings might be accommodated without any change or, depending on its size (and various assumptions), might require an increase in initiation fees, an increase in the assessment, a change in future capital expenditure plans or other actions.

*Side Issue: Timing.* One detail that the Committee might want to discuss in connection with a proposed change (or even if no change is proposed) is a policy for timing of admissions.

Currently, while we don't have a formal policy, our practice is, somewhat, to "load up the pipeline" and admit a year's worth of members in the early part of the calendar year (see attachment: "Notes on Timing ...").

*Vision.* While considering this first issue might at first seem a mostly technical task, the compromises involved require forming a vision of what the Club is about and who its members are and should be.

### **"Significant Others" As Joint Members**

*Basic Question.* The bylaws currently provide that "Spouses of single members may be elected to joint membership status." Obviously, there are benefits to a spouse being admitted as a joint member: without any increase in total dues, the spouse can use the Club independently, both of them can vote, etc. Currently, single members have a more expansive privilege to bring guests (of either gender, and of any relationship to the member), but there are limits on this.

The basic question is whether the ability to become a joint member should be extended, in the case of an unmarried member, to a "significant other," *i.e.* a person with whom he or she has some sort of long-term relationship that is similar to a marriage. Consideration should extend to situations in which the "significant other" is of the same gender as the member.

*Discretion.* This topic has a few aspects to it which are highly emotional issues for many of our members, as well as non-members. Feelings run strong and, in some cases, may be diametrically opposed. The LRSP Committee will need to address and discuss the topic with discretion and sensitivity for all views.

*Form of Action.* While a bylaw amendment is the most direct and obvious action that might be taken, the Committee should not feel constrained against pursuing less obvious suggestions.

## **Other Issues**

These are all topics that have been raised, and where a recommendation for change might be in order.

### **Social Members**

*Head Count and Privileges.* Our current count of social members is well under target. In addition to paying dues, social members use the day-to-day food and beverage facilities, schedule special events and participate in Club social activities. From time to time, individuals and committees have suggested expanding social members' privileges in order to attract more of them.

*Privileges Generally.* The Committee should also review and consider clarifying or changing the privileges social members currently have: for example, social members (and their children) can sign up for athletic classes if space is available. On the one hand, this allows the Club to offer more and more diverse classes. On the other, there may be situations where the privilege runs too far. Consultation with the Athletic Committee and Roger Miron would be in order.

*Other Ideas.* I suspect the Committee can imagine ways to expand the social membership other than simply offering more privileges. Some of them may not be a good idea, but maybe there are one or two that are.

## **Diversity**

Like the “significant other” topic, this is a sensitive and potentially emotional subject. However, the Committee might have some practical and positive ideas to recommend.

## **Non-Resident Junior Members**

Under current policy, children of non-resident members cannot apply to become members. The only way around this is for the non-resident parents to choose to be classified as resident members for a full year<sup>1</sup> and have their children admitted as resident junior members. The family could then be re-classified as non-residents, but at the cost of paying the significantly higher resident dues, as well as losing their food minimum, for an entire year.

The reason this is a significant issue for some non-resident families is the transition to JSP and Senior Membership. A non-resident child who grows up without ever becoming a non-resident junior will not be eligible to become a Senior Member.

There isn’t any immediately obvious reason for the policy. A non-resident junior classification does exist, and non-resident juniors do pay dues. It would also be mildly beneficial for the Club to know the number and ages of non-resident juniors.

## **JSPs**

I don’t think there’s much of a push for a change here, but I think it’s appropriate to consider our current policy and either confirm it or suggest changes, if the Committee thinks it appropriate.

## **Dissolution of Members’ Marriages**

As you know, this was recently addressed by the Membership Committee, which made some changes, but declined to make any major revision to prior policy (see attachment). There are some who feel that the “25-year rule” (the rule that generally allows both spouses to continue as members if they have been married for 25 years) should be changed to a 20-, 15- or 10-year rule.

One possibility that has been suggested is that the non-continuing spouse could apply to become a new member just as anyone could, but that he or she would be given “credit” on the waiting list as if he or she had been on the list since he or she was first a joint member.

It is, I suppose, worth noting that there are (and have been) Board members, committee chairs, active tennis players, etc. whose continuing membership depends on the status of their marriage. While the Committee may not wish to make a change, the topic deserves consideration.

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<sup>1</sup> We don’t allow members to switch from resident to non-resident membership for periods of less than a year, for other reasons.

## Possible Rule Changes to Increase Active Openings

1. **An opening is created when anyone from any category transfers to Honorary.**

In 1999, **16** went from Active to Honorary; **6** went from Social to Honorary. The average Active to Honorary has been 8 per year for the last 10 years; however it has been higher recently.

Projections for Next 3 Years

	Active Who Will Qualify for Hon.	Active Turning 80 but Don't Qualify	Social Who will Qualify for Honorary	Social Turning 80 but Don't Qualify	N/R Turning 80 Who Qualify	N/R Turning 80 but Don't Qualify
2001	10	5	6	13		2
2002	11	6	3	6		1
2003	14	7	5	7		4

2. **Lower Honorary age.**

Con: Will create only a one-time influx  
Reversing would create problems

3. **Change the Honorary requirement to only age 80.**

Con: Reversing would create problems

4. **Death or resign of Social who were formerly Active creates an opening.**

**11** in 1999

The total number of Socials who were once Active is not readily available.

5. **Active to Social creates an opening – if they want to go back to Active they take the next Active opening.**

It has averaged **23** per year over the last 9 years. There is a net of 16 over the last 10 years.

I estimate 14 of Active to Social in 1999 will not return to Active.

Pro: We could do this for a limited amount of time.

## 6. Resign JSP makes an opening

An average of **7** per year for last 9 years. The range has been 3 to 13. There have been 8 in 2000.

Pro: An explanation could be made that it is actually opening an eventual Active slot. The eventual generational impact would be the same.

## 7. Active to Social for “x” number of years creates an opening.

Con: There would be a delay in the impact for the “X” number of years.  
Would require additional administrative time.

## 8. Active to Social over 70 years of age creates an opening.

The impact of this would be very similar to #5.

## 9. Resign from Social or Active over age “X” creates an opening.

Using age 70, there were **13** in 1999.

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Note: Based on the average number of members (bodies) per new membership in 1999:

Additional Memberships		Additional People
1	=	3.3
2	=	7
3	=	10
4	=	13
5	=	17
6	=	20
7	=	23
8	=	26
9	=	30
10	=	33
11	=	36
12	=	40
13	=	43
14	=	46
15	=	50
16	=	53
17	=	56
18	=	59
19	=	63
20	=	66

This does not take into account children marrying and bringing in a spouse and the generational expansion.

June 19, 1997

06963/00800

TO: Helen Andrews  
Donna Hunt

FROM: Scot J. Johnston

RE: Some Thoughts on Initiation Fee Policy

In working on the financing plan for the remodel project, one thing that keeps bothering me is month-to-month variation (or worse, year-to-year variation) in initiation fees. Variations aren't a problem now, because we're not spending our non-operating income: it doesn't really matter whether cash increases by \$50,000 or by \$500,000 in a particular month. Once we have the debt in place, cash *won't* be increasing month-to-month (at least not a lot), and if we fall short enough it will decline. Sure, if we keep a reserve (\$300,000, \$500,000, whatever), we'll have room to handle the decline – at least as long as it reverses soon and nothing else (like a bump in necessary capital expenditures or operating results) requires cash unexpectedly. In the interim, I could certainly imagine widespread panic prevailing. Also, it would be great to reduce that cash holdback a bit.

The following is a suggestion for the two of you to consider, and present to the Finance Committee or another body if you want, in whatever form you want (this memo is just a quick outline and not really a good presentation).

What makes initiation fees vary? Obviously, it's a combination of the number of new members admitted (which we can control) and the number of JSPs electing to become senior members at ages 25 and later hitting ages 30 and 35 (which we can't control). (Social membership affects fees, but at \$500 per initiation, not much).

**Current Policy.** The current policy for admitting new members, as I understand it, is that a new member (or joint members) is admitted whenever certain triggering events occur, such as a resignation or death – but not, for example, an active member becoming a social member. I believe current policy does not consider the influx of JSPs into senior active membership in opening new active member slots either.

**Underlying Policy.** Cutting through the detailed surface policy, the real underlying policy (or the "meta-policy") is to keep the number of memberships more-or-less constant. The current surface policy doesn't do this in an exact, but only an approximate, way.

**Possible New Policy.** This leads me to suggest that we might change the detailed surface policy, so long as it accomplishes the underlying meta-policy about as well as the current surface policy does. My suggestion is that the new surface policy be that the Club admit new members so as to keep the month-to-month flow of initiation fees constant and on budget. This would not be that difficult to do as a practical matter: (1) keep a running projection of the amount of JSP fees expected, month-by-month, over the next twelve months or so (using birthdays, experience-based assumptions about the number of JSPs who will elect to become senior

members, and actual responses from JSPs as to whether they wish to become senior members) and (2) invite in the number of new members necessary to hit budget, allowing the appropriate lead time between invitation to join and actual receipt of the fee.

The appropriate committee or the Board could also periodically (say yearly) consider whether the number of members was increasing or decreasing – or (if we have good enough demographic information to do it) likely to increase or decrease in the near future. A good plan would be to do this toward the end of each year in conjunction with preparation of the following year's budget. If membership is increasing (or expected to increase), the initiation fee budget for the following year would need to be reduced to keep membership level, *and other elements of the nonoperating budget would be adjusted* to ensure meeting debt service requirements. Most likely this would mean decreasing the annual capital expenditure budget. Alternatively, the Board could increase the initiation fee so as to make budget while admitting fewer members.

If membership is decreasing (or expected to do so), the initiation fee budget could be increased, which would obviously not pose any financing problem. Knowing the increase is coming would be better than (as in the current system) just suddenly having more money than expected, though, as it would permit the Club to prepay debt and to plan capital expenditures appropriately.

***New Policy Compared to Current.*** Keep in mind that I am not proposing a change in the underlying meta-policy of keeping a constant membership. The comparison is between the current detailed policy (admit on certain triggers) and the proposed policy (admit to meet budget; annually adjust budget to keep membership constant).

The advantage (a *big* advantage in my view) of the proposed policy would be certainty in meeting debt service requirements, as well as in cash management, investment management and capital budgeting.

Properly administered, I don't believe the new policy would be any worse at accomplishing the underlying meta-policy than the current scheme is. The key would be the annual budgeting process and watching the flow of JSPs and JSP money. Fortunately, the flow of JSPs is fairly predictable. The current policy is strange, in that it doesn't even consider the flow of JSPs and its effect on the number of members.

For the purpose of argument, assume the proposed policy *would* be significantly worse at accomplishing the underlying meta-policy. That is: assume that, in some particular circumstance, (a) the proposed policy would cause the Club to admit X number of members in a year, thereby materially increasing the total membership, while (b) the current policy would cause the Club to admit many fewer members. The result of following the new policy would be that nonoperating results would stay on plan, at the expense of an undesired increase in membership. The result of following the current policy would be that we would avoid the increase in membership, at the cost of *not* meeting budget (by a significant amount, if the change in member count was significant), thereby being forced into abandoning capital projects midstream, raising new funds with a short-term assessment, using dues to supplement nonoperating funds or – if push really came to shove – defaulting on our loan.