



# **Canberra Alpine Club**

## **DISCUSSION PAPER ON FORWARD CAPITAL WORKS PROGRAM**

**2022-2026**

**March 2022**

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## 1. Purpose

This paper presents proposals for capital improvements options at Perisher for the period 2022-2027 and seeks feedback from Members.

The final conclusions will be taken forward to the 2023 AGM or an Extraordinary General Meeting with a motion requesting the authorisation of the appropriate expenditure authority for the Committee to proceed with the first project planned for 2023/24. All projects will generally require at least 12 months lead time for design, preparation and construction contracting.

## 2. Executive Summary

A five (5) year forward capital works program has been prepared for consideration by Members. We wish to canvass member's opinions on:

- The proposed capital projects, their relative priorities and their proposed timing;
- The preferred method of financing the capital projects.

The outstanding balance on the existing Jindabyne loan is scheduled to be repaid by the end of 2022. The Members voted at the 2017 AGM to focus on the pay down of this loan in preference to an active Perisher capital works program. The loan paydown now presents the opportunity to resume our capital works program for the Perisher lodge.

The proposed capital projects are detailed in [Section 4: Proposed Capital projects](#) and [Attachment A: Proposed capital works program](#). The annual timing is nominal based on cash flow projections and project lead time. The timetable may be extended if necessary. The individual projects are concepts only at this stage and estimates will not be able to be finalised until designs and quotes are finalised. They are based on conservative average building costs which is difficult to estimate because of the present construction industry price increases and shortage difficulties.

The financial projections, refer to [Section 4: Financial Projections](#) and [Attachment B: Financial projections](#), suggest the proposed 2022-2027 capital works program can be financed from club revenue. The paydown of the Jindabyne loan will release considerable annual cashflow to be utilised for capital works. The average four year loan repayments (2018-2021) has been \$150,000, principal and interest payments plus extra accelerating payments. For the financial modelling only a conservative \$100,000 has been used for the reduction in our forward annual expenditure. All forward revenue and expenditure projections have used a four year average as a base and then had CPI applied.

The Committee recommends the retention of the annual capital contribution for at least 2023 and possibly 2024 as a precaution until the project costs and cash flows are more predictable.

The Committee intends to explore the option of retaining the current loan facility with a minimal balance outstanding to help manage the risks of unexpected expenditures and/or

reductions in revenue, including having further seasons impacted by Covid, during a period when significant capital expenditures are being made.

A survey was conducted in late 2021 with Members that has guided the proposed capital works program and the relative timing of the projects. Discussion and details can be found in [Section 6: Online Survey results](#) and the CAC website.

Next steps for progressing the proposed major projects include seeking members comments on possible layout options for the Perisher lodge basement and dining and kitchen spaces. Once desired layouts are agreed, the Committee intends to initiate a tender process for the basement refurbishment around mid-2022, and then seek member approval for the associated expenditure. Ideally work will commence on the basement refurbishment following the 2023 winter season, in around October 2023. The Committee intends to initiate a tender process for enclosing the south deck during 2023 with the required financial approvals following and work ideally commencing in October 2024.

### 3. Discussion

The two Club lodges (Jindabyne and Perisher) are the Club's main assets and are the basis for our main operations. Expenditure on capital works is required to keep the Club's lodges open for business. Capital works expenditure comprises ongoing maintenance of the existing facilities, the acquisition/replacement of various fixtures, fittings and furniture and major upgrades of lodge facilities.

The rebuilding of the Jindabyne lodge in 2013-14 has been the most significant capital project undertaken by the Club in recent years. Previous significant capital projects included the 1983 extension and upgrade of the Perisher lodge and the 1998 Perisher lodge bedroom wing extension.

A survey of Club members was undertaken in 2021 to help inform the future capital works program. Eighty three (83) members responded to the survey and significant support was received for a number of major projects which will significantly enhance the Perisher lodge. Renovating the Perisher lodge basement, including the basement bathrooms and creating an activities space, received the highest level of support, closely followed by enclosing the south deck. These projects have therefore been included on the proposed capital works program for 2023-24 and 2024-25 respectively. Enclosing the south deck will also provide an opportunity to refurbish the existing kitchen and dining space, which is slated for 2025-26.

Ongoing maintenance and acquisition/replacement of various items including replacing the lounge and dining furniture at Perisher, installing a stair lifter at Jindabyne and exploring options for solar power for the Jindabyne lodge also continue to feature on the proposed capital works program over the next 5 years.

Prior to including the major upgrades to the Perisher lodge on the proposed capital works program, the Committee also considered the option of a total redevelopment (knockdown/rebuild) of the Perisher lodge site. Advice received suggests that the costs associated with a total redevelopment would be far in excess of the costs associated with the individual projects and would not be able to be funded by club revenue within the next

15-20 years. The approvals processes required for a total redevelopment of the site would also be significant while no additional approvals will be required for the individual projects.

#### 4. Proposed Capital Projects

The following major projects are proposed for the 2022 to 2027 period.

##### Basement refurbishment

The basement has had only minimal improvement for many years. At present the basement accommodates the winter entry, ski storage and waxing facilities, general storage, a tool and storage room, the original bathrooms and showers, two small drying rooms, the lodge's two freezers and the laundry. The décor is very dated and the layout could be considerably improved to provide greater utilisation of the available space.

A proposed concept design has been prepared, refer to [Attachment C: Basement Refurbishment](#). The proposal provides for a large living area, amenities including upgraded showers and toilets, revamped drying and equipment storage and relocated tool room.

The estimated cost is \$310,000.

##### Dining room extension

A Development Application (DA) to extend the dining room was approved by the NSW Department of Planning on 11 April 2013 for a period of five years. Work commenced as a stage 1 with the replacement of the south deck in 2013 and the installation of a mesh floor and steel sub-structure which is capable of sustaining the full extension. Because work has commenced there are no time limits for the full extension completion.

Stage 2 is to complete the construction of the dining room, for this a Construction Certificate (CC) will be required.

Refer to [Attachment D: Dining room extension](#) for details. The estimated cost is \$100,000.

##### Kitchen and dining room refurbishment

After the completion of the dining room extension then it is proposed to refurbish the present kitchen and dining rooms by improving the kitchen utility and opening the whole area.

The estimated cost is \$150,000. Refer to [Attachment E: Kitchen/dining room refurbishment](#) for details.

##### Bottom floor new wing ensuites

The bedrooms on the bottom floor (rooms 11-14) were installed with the view to the future installation of en-suites. The en-suite layout and plumbing connections were preinstalled and only require installation of the walls and internal en-suite facilities. The existing hallway bathrooms adjacent to bedrooms 15 and 16 could merged by a doorway connection. This proposal would reduce the internal room area in each bedroom and may require reallocations of beds and reduced storage space.

The Covid pandemic has highlighted the advantages of having bedroom en-suites and maximising en-suites will be a major advantage going forward.

Estimated cost is \$120,000.

## 5. Financial Projections

The Club's financial position on 31<sup>st</sup> December 2021 comprised cash reserves of \$224,737 and a Jindabyne loan balance of \$120k.

The last two years have had disrupted cash flows because of Covid. In 2020 the lodges were operating at reduced capacity while in 2021 they were affected by State and Territory lockdowns which commenced around the 9<sup>th</sup> August for the remainder of the ski season.

The forward annual projections shown below have been conservatively estimated with a view that there may still be a slight ongoing Covid impact on finances. It has been assumed that bed tariffs and general expenses will increase by CPI each year over the period without any significant unforeseen general increases.

It is planned that the Westpac loan with a balance of \$120,000 at 31 December 2021 will be paid out by December 2022. The present annual total debt repayments for this loan is approx. \$65,000 however the accelerated annual average payments since 2017 have made the total annual debt repayments more like \$150,000. With the loan fully paid out this means that this money will now be available to service the capital works program from 2023 onwards.

Around 50 per cent of survey respondents supported retaining the capital contribution increase put in place to help repay the Jindabyne redevelopment loan, with around 25 per cent being opposed. The annual capital contribution, averaging \$63K, has been an important component of the debt reduction program. There is a strong correlation between the capital contribution and the annual surpluses which has enabled accelerated reduction of the Jindabyne loan over the past ten years. Retention of the capital contribution will add \$63,000 annually to be used to service the capital works program.

Reference to [Attachment B: Financial Projections](#) shows that the financial projections suggest that the proposed 2022-2027 capital works program can be financed from club revenue if current financial income and expenditure trends continue.

The Committee intends to explore the option of retaining the current loan facility with a minimal balance outstanding to help manage the risks of unexpected expenditures and/or reductions in revenue, including having further seasons impacted by Covid, during a period when significant capital expenditures are being made.

## 6. Online Survey results

A survey of Club members was undertaken in 2021 to help inform the future capital works program. Eighty three (83) members responded to the survey and significant support was received for a number of major projects which will significantly enhance the Perisher lodge. Renovating the Perisher lodge basement, including the basement bathrooms and creating an activities space, received the highest level of support, closely followed by enclosing the south deck. These projects have therefore been included on the proposed capital works program for 2023-24 and 2024-25 respectively. Enclosing the south deck will also provide an opportunity to refurbish the existing kitchen and dining space which is slated for 2025-26.

Around 50 per cent of survey respondents supported retaining the capital contribution increase put in place to help repay the Jindabyne redevelopment loan, with around 25 per cent being opposed.

The online survey details are on the CAC website.

## 7. Attachment A: Proposed capital works program

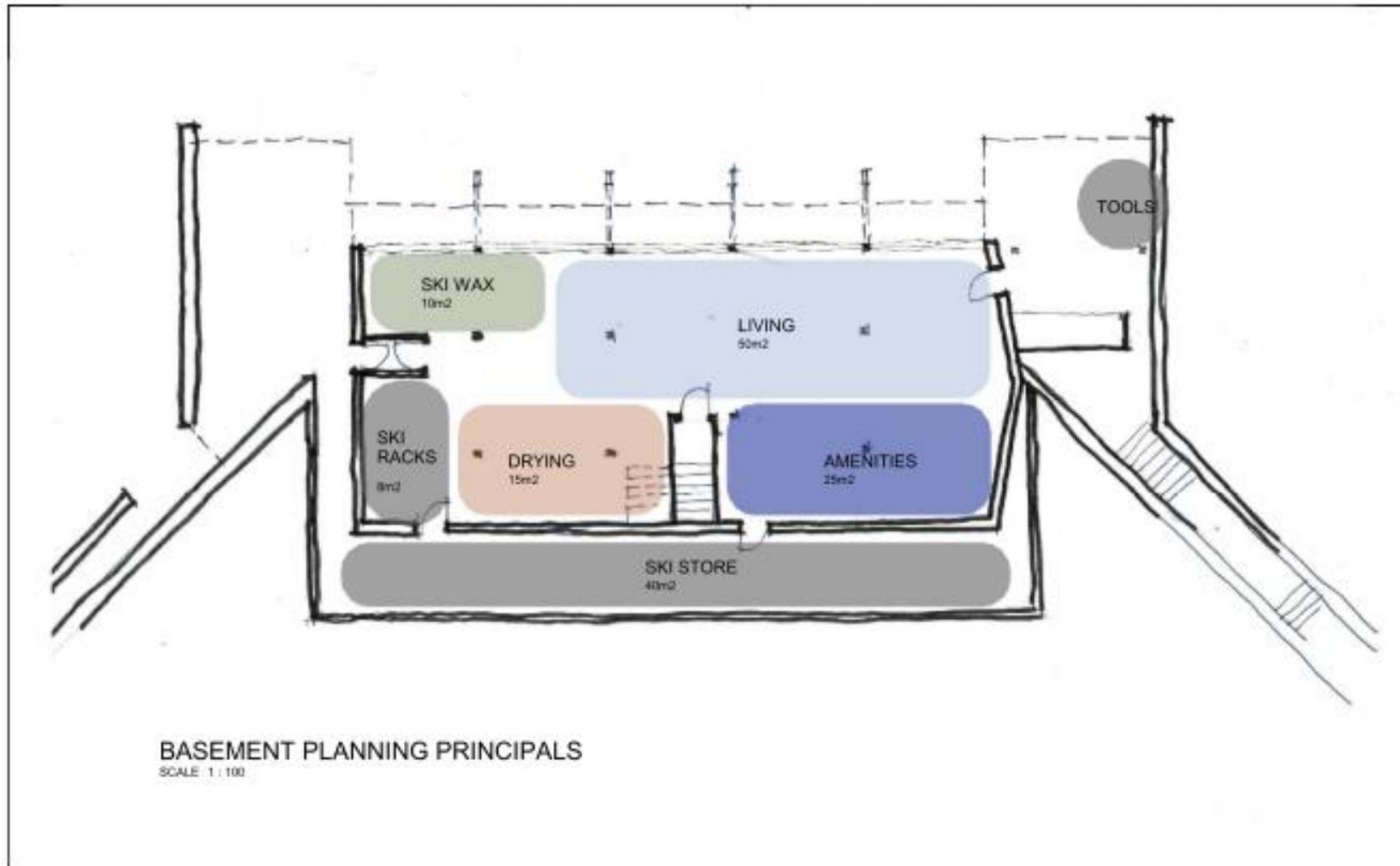
<b>Perisher</b>	
<b>2021/22</b>	
Repoint stonework south deck wall	\$40,000
<b>Total</b>	<b>\$40,000</b>
<b>2022/23</b>	
Replace lounge room furniture	\$15,000
Room 5 soundproof/EMF screen wall	\$4,000
Old wing bedrooms -insulate inside face of external walls, insulated blinds - Room 2,3, 4, 5, 6 & 7	\$10,000
Stairway capping stones	\$5,000
Repoint stonework - north deck wall	\$20,000
<b>Total</b>	<b>\$54,000</b>
<b>2023/24</b>	
<b>Refurbish basement and ski rooms</b>	<b>\$310,000</b>
<b>Total</b>	<b>\$310,000</b>
<b>2024/25</b>	
<b>Enclose south deck new dining room</b>	<b>\$100,000</b>
Manager's flat windows maintenance	\$10,000
Replace dining room furniture	\$10,000
Entrance foyer refurbishment	\$15,000
<b>Total</b>	<b>\$135,000</b>
<b>2025/26</b>	
<b>Refurbish kitchen and dining room</b>	<b>\$150,000</b>
Refurbish manager's flat kitchen	\$30,000
<b>Total</b>	<b>\$180,000</b>
<b>2026/27</b>	
<b>Ensuities in new bed wing and refurbish existing</b>	<b>\$120,000</b>
<b>Total</b>	<b>\$120,000</b>
<b>Jindabyne</b>	
<b>2022/23</b>	
Stair lift - wheelchair platform	\$15,000
Decking awning	\$5,000
<b>Sub-total</b>	<b>\$20,000</b>
<b>2024/25</b>	
Mattress replacement program #1	\$10,000
<b>Sub-total</b>	<b>\$10,000</b>
<b>2025/26</b>	
Mattress replacement program #2	\$10,000
<b>Sub-total</b>	<b>\$10,000</b>
<b>2026/27</b>	
PV installation	\$20,000
<b>Sub-total</b>	<b>\$20,000</b>
<b>Annual Misc Capex &amp; Maintenance for Perisher and Jindabyne</b>	<b>\$15,000</b>

## 8. Attachment B: Financial Projections

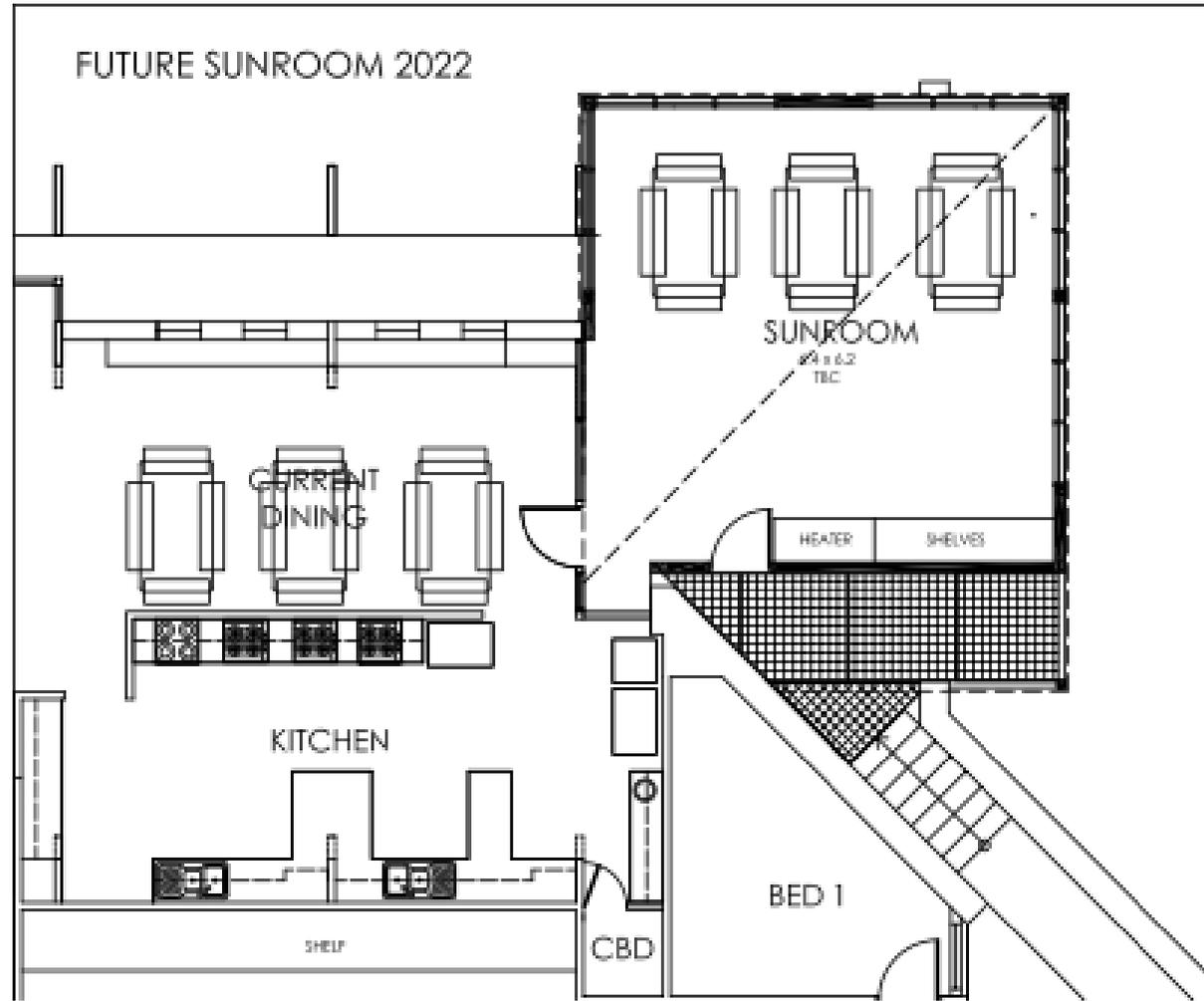
### CAC Financial Projections 2017-2026

	Actual					Projected				
Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenue	\$467,160	\$496,960	\$534,038	\$428,756	\$540,338	\$515,024	\$530,474	\$546,389	\$562,780	\$579,664
Expenditure	\$369,354	\$407,231	\$395,605	\$346,996	\$430,068	\$539,049	\$506,754	\$593,012	\$525,023	\$473,234
Surplus	\$97,806	\$89,729	\$138,433	\$81,760	\$110,270	-\$24,026	\$23,720	-\$46,624	\$37,757	\$106,429
Current assets	\$156,031	\$134,349	\$132,802	\$183,431	\$224,737	<b>\$200,711</b>	<b>\$224,432</b>	<b>\$177,808</b>	<b>\$215,566</b>	<b>\$321,995</b>
Proposed Capital works expenditure							\$180,000	\$247,500	\$162,500	\$95,000
Borrowing Repayments	\$172,592	\$134,616	\$149,002	\$152,359	\$164,555	\$150,133				
Loan payment savings						\$-	\$100,000	\$100,000	\$100,000	\$100,000
Capital Contribution	\$63,889	\$61,705	\$63,033	\$61,282	\$63,509	\$62,382	\$62,382	\$62,382	\$62,382	\$62,382
Westpac loan @ 31 Dec	\$658,000	\$550,000	\$420,000	\$280,000	\$120,000	\$-	\$-	\$-	\$-	\$-

9. Attachment C: Basement refurbishment



10. Attachment D: Dining room extension



11. Attachment E: Kitchen/dining room refurbishment

