

Reston Runners
Talking Points for Recommendation to Raise Dues

Board Recommendation:

BoD recommends a vote FOR this increase in dues to \$35 per individual per year, effective for annual membership 1/1/2021. All new and renewal memberships would be a single annual membership with an option of automatic renewal,

Talking Points:

- Membership Dues:
 - Current Dues is \$15 per member with a household at \$25 – New annual rate simplifies membership to 1 single category. Single memberships ensure every member signs the waiver annually and are added to the email server for voting and communications. Rate is less than \$3 a month. (less than a starbucks cup of coffee)
 - Current dues level has been in place for more over 30 years (no increase or change)
 - We have about 300 members.
- Membership Benefits
 - Organized, supported group runs/walks (multiple mapped/measured courses + some timed runs) around local area
 - Inclusive community of like-minded people encouraging fitness and wellness in our community
 - Insurance coverage (thru RRCA)
 - Website and weekly e-news
 - Hydration (water, cups, Gatorade.....post COVID)
 - Select organized social events with food, beverages
 - RR Club swag
 - Access to various programs [some require registration and participation fees, some get discounts, e.g., RMR]
 - Discount at YMCA
 - Discount at Potomac River Running
 - Discount at Fusion 360
 - Club programs that build fitness and friendships: Interval training, WTP, 10 Weeks to 10k, Airport Run
 - Priceless friendships that have been created by walking and running together
- Why raise dues now?
 - Previous boards considered increasing the dues, but not enough advance notice was given to include the vote in annual meetings.
 - Membership Survey in 2018 – overwhelming response that dues were too low
 - Dues haven't been increased in 20+ years
 - BoD is fulfilling its fiduciary responsibilities to ensure a club for the next generation of runners and walkers
 - Club needs to cover a larger percentage of basic fixed costs of club (see analysis below) as there are more competing programs (PRR programs compete against our programs)
 - Current fixed expenses exceed income from membership (doesn't even take into account variable / controllable expenses
 - Cancellation of programs due to COVID dramatically reduced income from programs and new memberships.

- Comparison with other clubs (running and cycling) indicate general membership fees range from \$35 to \$50 per year per member
- Also, need to mitigate risk of shut down of programs and impact on income generation
- Need to maintain some limited retained earnings, so cannot rely on spending this
- Overview of analysis of general financial position
 - Income
 - Membership past dues generates about \$4500/per year
 - Programs (RMR, ITP, 10-wks-2-10k, YIM, WTP, etc) yields ~\$15,000/per year [NOTE: programs don't generate income equally and is not guaranteed any year.
 - Total is about \$19,000/per year
 - RMR income generally covers cost of RMR. When there is a net positive balance, it can be applied to RR expenses. For 2020/2021, RMR funds are already committed.
 - Expenses
 - Fixed expenses are ~\$10,500 / per year (RRCA insurance, Storage locker, USPS mailbox, Website + infrastructure, accounting)
 - Variable expenses are about ~6,500/ per year and include
 - Gatorade, cups and equipment
 - Food, Beverages, Catering for events (Annual meeting, Summer BBQ, Holiday party, Thanksgiving Day run, Airport run transportation, coffee breakfasts)
 - Premiums/gifts to club members (annual meeting)
 - We will have very little buffer left when we start 2021, far less than is prudent
 - Just liquidated our other CD to cover expenses for the balance of 2020
 - We have just one \$5000 CD left in reserve, which matures next year.
 - Have some program cash from RMR that is already committed for 2021 marathon (pre-paid 2020 registrations so not really liquid.
 - Conclusion 1: Fixed expenses exceed income from membership dues
 - Conclusion 2: there are controllable / variable costs which can be cut
 - Conclusion 3: program income subsidizes membership income and covers fixed and variable costs + allows for build-up of some retained earnings
- Current Situation / Risk Picture
 - COVID-19 halted general runs and forced cancellation of most programs and reduced number of new members from joining (and related income)
 - Restarting organized runs as of 7/1/20 but limited
 - ITP and 10-wks-2-10k are being started but low attendance and low income (anticipated to breakeven between program revenue and specific expenses)
 - Bottom line: fixed expenses exceed income and reducing any available cash balances
 - Liquidated CD to cover current expenses, but there is very little else left
 - If we do not change membership dues, we are at risk of having to:
 - cut all discretionary expenses and possibly reduce fixed costs (eg eliminate email and keep communications only on website)
 - tap into committed cash (RMR) which is needed to keep our flagship RMR viable and, unlike other income, comes from outside the club. We owe our entrants a quality race
 - cease to exist as a financially stable club

FAQs/Questions that we may need to address at some point:

If I don't renew my membership can I still run with the club? (We don't enforce "members only" in club runs)

- Any one person can probably be a free rider, but if many people do so, the club will fold
- I would hope you would not feel right about taking advantage of the financial and volunteer hour contributions (e.g. course marking) of your fellow runners without contributing yourself.

Can I bring my significant other to an event if they are not a member? Will there be a guest fee for club events?

- I think we have to say there are fees for all of our programs but not for our club runs

Why did we eliminate family memberships?

- Equity between single and married runners
- Easier, as well as fairer, to administer
- Children under 18 can participate in runs.

If you say higher level of dues will cover fixed costs that programs are now helping to pay for, then where is the program income going to go after COVID is over and we get back on track?

- In 2021 and probably 2022, any program income will be needed to grow back our financial buffer
- We don't recommend this dues increase be only for 2021. Your dues should cover the basic fixed and predictable costs of Reston Runners. That main point is true today and will be true in the future – the pandemic is forcing us to correct this long standing imbalance in how we run this club.

I thought in the good old days we had an ample buffer of \$50k or \$60K?

- The RMR year end balance has income for the marathon but not the marathon expenses which are paid out in April the following year, thus reducing the RMR balance.
- See Reston Runners Historical Bank Balance in financial spreadsheet (pre 2016, data is incomplete in Quickbooks)
- Previous boards, kept dues constant and increased member benefits like catering social events and nicer premiums.

It looks like we do have money in the bank, the RMR account, why can't we use that to get us through this short-term problem?

- First of all, this is not a short-term problem, it's a long-standing imbalance that now must be addressed due to the short-term (we hope) COVID problem.
- RMR funds are separate, that race pays for itself and is it's main source of our RRCF ability to reach out to our community, WHEN IT DOES WELL. But there is no guarantee RMR will make money every year, and because of our discounts we have already said we will offer for 2021 to those who signed up for the 2020 race, we are not likely to make the kind of net income we are used to from RMR this spring.
- RMR is like a business that needs to pay its own way and if we are fortunate create some net income. But we should not go raiding its bank account, it is not a rainy-day fund.
- The RMR is our club's public face to the many non-club members who enter. We owe those who enter a quality race with the swag and post-race food that our entrants expect and other races offer. We should not risk ruining our reputation by diverting these funds to other needs, especially after Anna and the RMR committee worked so hard to minimize expenses and responsibly reuse supplies.