

TOWN HALL MEETING 2019

Saturday, 17 August 2019

2/F, Olympic House, So Kong Po, Causeway Bay, Hong Kong

From 5:30 pm

AGENDA

- 1.0 Steve Palmier, Convener, Welcome address
- 2.0 Wu Kam Shing, Chairman (2016-2019), "Meeting our duty to members"
- 3.0 Ian Brownlee, MasterPlan, Update on lease discussions
- 4.0 Sandy Macalister, General Manager, VRC business plan; Making our clubhouses better for all members
- 5.0 Alex Leung, Sporting Subcommittee Convener (2017-2019), New boats and new sporting programmes
- 6.0 Members' questions
- 7.0 Steve Palmier, Closing remarks

1.0 Welcome address

Steve Palmier welcomed the 20 attendees, including six General Committee members, and explained that the purpose of the meeting was to explain what the VRC had done over the past year, what the future vision is, and where we are with the leases, so that members could vote appropriately at the AGM (7 September 2019). He explained that the auditorium at Olympic House had been booked in anticipation of greater numbers.

2.0 Meeting our duty to members

Chairman Wu Kam Shing thanked participants and said that the purpose of the meeting was to learn from members and to show that the General Committee and club management are open to members. He introduced Ian Brownlee of MasterPlan, consultant to the VRC to provide an update on lease issues; Sandy Macalister, General Manager, to give a presentation on points of development; and Alex Leung, Sporting Subcommittee Convener, to share developments on Sporting activities.

3.0 Update on lease issues

Ian Brownlee of MasterPlan, consultant to the VRC on lease issues, provided an overview of the current status of the lease at Emerald Bay, Sai Kung.

[*Note:* The lease has been on temporary six-month rollover leases since May 2012; the 15th six-month lease extension was granted on 22 July 2019. The Club has been in negotiations with the Home Affairs Bureau and Department of Lands since then for a 15-year lease; in December 2018 we were informed that the lease would be issued with substantial new conditions including resumption of some 60% of the grounds of Emerald Bay. Since then, the negotiating team led by the General Manager has focused on meeting the new conditions and minimizing the resumption

of land under lease by the Government]. *See Town Hall Presentation powerpoint, slide 5. Areas outside the blue lines will be resumed by Government.*

Key points:

- The Private Recreational Lease consultation, whose recommendations were finalized in February 2019, has changed the whole way sports clubs have to manage their premises.
- Home Affairs Bureau said the two PRL sites they were most concerned with were Hong Kong Golf Club in Fanling and the VRC.
- The Department of Lands insists that the VRC provide justification for every part of the site other than the clubhouse and beachfront, with access to the water only by the stairs leading from the clubhouse.
- *Response of HAB to VRC/MasterPlan proposal:* The VRC presented its proposal justifying continued occupation of the Emerald Bay site and lease extension in April 2019; Home Affairs Bureau advised broad consent to the plan by email on 22 July 2019, on the condition of making changes to the Articles of Association.
- *Initiation of negotiations with Department of Lands:* Masterplan has asked the Department of Lands to begin discussions in parallel on the future lot boundary and the content of new lease conditions, by letter on 22 August 2019. We know that the conditions will include 240 hours of usage by approved bodies and 30% outside usage. Ian estimated negotiations with Department of Lands Sai Kung would take at least another year.
- The MasterPlan team prioritized its arguments for each part of the footprint, with first priority for water sports, second priority to land sports, and third priority to nature enjoyment.
- *Opening up:* The VRC has to open up facilities to outside bodies, provide central facilities for National Sports Associations and facilities for local and international competitions.
- *Reporting requirements:* The VRC will have to provide 240 hours of usage per month for qualified outside groups; it will have to provide a report every three months to the Home Affairs Bureau. For each training course, 30% needs to represent outside people. The reporting format is complicated and needs dedicated manpower to handle.
- *Response to a question by Steve Palmier on reporting requirements:* HAB will count the hours as follows – if a school group of 12 people visits the club three times a week for a day each, the calculation would be 8 X 3 X 12, or 288 hours. The problem at present is that frequently hours go uncounted due to lack of monitoring by staff. Middle Island at the Royal Hong Kong Yacht Club has 4-5 people just managing the counting and reporting process. The requirement is only for Emerald Bay; usage at Deep Water Bay does not count.
- *Detailed programme of usage for each sub-section of the land under lease:* MasterPlan broke down the site into separate areas A, B, and C. *See Slide 10.*
- *Area A*, representing the grounds on the west side of the access road, potentially can be developed as an archery range for the disabled. The club

has been in discussions with Hong Kong Sports Association for the Physically Disabled (HKSAPD) which would co-sponsor the archery range and help it achieve full utilization. HKSAPD is currently seeking funding for the archery range; funding from the Hong Kong Jockey Club is unlikely because it does not fund projects for private clubs.

- *Area B*, including land to the east of the access road, could be used for sporting competitions.
- *Area C*, including the waterfront and areas used for boat storage now, could be optimized for storage. Chris Yee (Deputy Chairman) has put together a plan showing how boat storage could be consolidated.
- *Area D*, including the clubhouse, can also be monitored and included in the accounting.
- *Area for resumption by government*: Government said we have to give something back – MasterPlan has designated the steep slopes to the far west of the property as the best area to return.
- *Land resumption*: If the VRC fails to meet the criteria every three months, Department of Lands will take the land away.
- *Revenue support*: All of the outside bodies and individuals who make use of the site can pay for it; the income should meet operational costs.
- *Usage pattern, in answer to a question from Steve Palmier about increased demand on weekends*: Any usage of the club facilities can be designated as a training programme even if it is not structured as such, and outside members are a plus. During weekdays, the biggest use is public schools. Even if the groups don't meet the requirements, the revenue is welcome. A good example of a programme that met the requirements and involved outsiders was a recent swim competition that had 300 people. Ian suggested that if you had a series of events at Emerald Bay, with a few 100 people each, they would be counted twice, both as events and as the number of people. Sandy Macalister, General Manager, noted that the biggest challenge was getting the usage right since most people wanted to use the club on weekends.
- *Transportation to Emerald Bay*: In answer to a question from Greg Crichton about chartering minibuses to incentivize schools' participation, Ian noted that there will be no parking on the site for larger vehicles like buses. Most schools own their own vans or book Uber vehicles. Many of the groups are sponsored by LCSD and can charge transportation back to the government. If the VRC wants to operate a shuttle from Sai Kung for its members, that would be another consideration.

4.0 VRC business plan

Sandy Macalister, General Manager, reviewed the three-year business plan he drafted at the beginning of 2019 and its current status. *See Town Hall Presentation powerpoint, slides 15-19.*

Key points:

- The model we are running on is unsustainable, with operating expenses continually running at a loss. We are continually drawing down on cash reserves. We want to address that.
- Accounts have been done outside, with the outsourced accounting firm continually behind schedule by as much as six months, which leads to management by blindfold. The plan is to bring accounting in-house, using Aspen Club Management software (<http://www.aspenclubsoftware.com/>) which will make possible real time revenue reporting, paperless mailing, and a much higher degree of efficiency.
- The original business plan was based on assumptions of an increase in subscription fees, which has not happened. We have missed a year of revenue. The subscription increase would have taken revenue to \$10.7 million. [Note: The subscription fee increases were intended to go to an EGM in May 2019, but was pulled after complaints about the absence of a separate line for ordinary members. A special resolution on fee increases will be re-introduced after the AGM on 7 September 2019].
- Sandy's view is that the VRC is a subscription-based business, which is the same as any successful club. The easiest and most consistent income is from subscriptions, and the secret of any club is to get subscriptions as high as the members will stand and think they are getting value.
- New members also support revenue. There were 44 new members last year; 40 so far in 2019 and we may be able to get to 60.
- 2019 performance:
 - F&B has doubled and in a good place
 - Expenses have been higher than expected, and will be lucky to break even
 - Next year, with a subscription increase, we will be in a better place
 - We have concentrated on F&B improvements at Emerald Bay, and need to do more at Deep Water Bay
 - Currently using Emerald Bay as a production kitchen and sending food to Deep Water Bay
 - At Deep Water Bay, will bring in more of a café feeling to support the paddlers
 - At Emerald Bay, we are primarily supporting families. Emerald Bay has a very good atmosphere at the moment, partly due to the gift of furniture from Club Lusitano and the purchase of kitchen equipment at a steep discount from the Excelsior Hotel
 - Climate change resilience, specifically protection against storm surge is a potential huge expense. With a typhoon such as last year's Typhoon Mangkhut, we are look at storm surges of up to 6m.
 - Going forward, we need to improve our standards, maintenance, planting, hygiene and efficiency. We are very inefficient at the moment. We are held back by our poor accounting and membership systems. We can fix the accounting problem with software – it comes at considerable const but is worth it.

5.0 New boats and new sporting programmes

Alex Leung, VRC Sporting Subcommittee Convener, presented on developments in the Sporting Subcommittee. *See VRC Sports Subcommittee Update powerpoint presentation.*

[*Note:* The long-standing Sporting Subcommittee was re-organized a year and a half ago to support new programmes and sporting sections including Stand-Up Paddle board, surfski, open water swimming, and water polo].

Key points:

- The objective of the Sporting Subcommittee is to support the sport sections of the club. At present there are six sections – dragon boating, outrigger canoeing [*Note:* both managed by the VRC paddle section], Stand-up Paddle boarding (SUP), surfski, open water swimming, and water polo.
- Not enough members know that we have these activities.
- We have SUPs for rent and have purchased 8 surfskis, four each for Deep Water Bay and Emerald Bay. The surfskis are high quality Epic V7s, a good balance between sustainability and performance, that take abuse very well.
- We have had classes for members and their children in SUP for more than a year. Alex asked how we could get the news out more effectively that we have equipment to use.
- We will be starting surfski classes by this summer, even though it's late.
- One of the reasons for buying club surfskis and club outrigger canoes is that we have limited storage space, and the availability of club boats makes it possible for more people to enjoy the facilities without having to own their own boats.
- We also have outrigger canoes that can be used by members.
- We have two club managers at Deep Water Bay and Emerald Bay who both understand water sports.
- The direction we are going is to push the club to be more involved in sports, and to get people to use the club more and be more involved.
- Alex asked members for comments on how to do the job better.

6.0 Members' questions

- (Unidentified member): Asked to communicate better how to use the boats. When entering the club, there should be a reminder, price list, and regular email reminders. The member commented that food and atmosphere have improved a lot at Emerald Bay.
- (James Spence): Commended Sandy for managing HAB. He said he believed communications with members have improved, and optics have improved. However, he thinks there is a problem at Deep Water Bay with staff turnover and staff who are poor at taking orders. His final point was that despite a large membership, there were only about 20 members at the meeting. He asked why there was such apathy. Everyone says they are proud members of the club, but nobody is here.

- (Sandy Macalister): Thought people were held back by the protests and didn't want to venture out. If it had been held at Emerald Bay, there would be even fewer people, and if we held it at Deep Water Bay, it would be unfair to Emerald Bay.
- (Alex Leung): Asked how people found out about club meetings. With sports, we send out emails but do people read them? A lot of clubs send out paper newsletters. Would that help:
- (Greg Crichton): Noted that when someone sends out an email, it doesn't get read. If it's on WhatsApp, or Telegram, it gets read and the response comes back fairly quickly. The group here [at the town hall meeting] is older. Younger people read messages on their phones.
- (Tony Reno) Asked if the club has a marketing person.
- (Sandy Macalister) Answered that we do not have a marketing person. We have 15 staff across the two locations. Sharren does everything from administration to HR to members. We don't have the luxury of a person dedicated to marketing, although we have a person coming in to handle events, replacing another who left.
- (Steve Palmier) Had two questions – when might the lease at Emerald Bay be confirmed, and the relationship between Emerald Bay and Deep Water Bay in terms of the lease. His questions were directed at Ian Brownlee.
- (Ian Brownlee): Ian talked to HAB last week and has policy support. Next, Lands Department will have to deal with the details. It will likely be 12 months from now before we have a new lease. On Deep Water Bay, the lease is a real relic. HAB knows the lease has expired and doesn't know what to do with it. There are other sites that are similar. He recommended against raising Deep Water Bay for now because we have other issues. When the time comes, we want to get a much more permanent lease. For climate change resilience, we will need to raise the Deep Water Bay hardstanding by 3m. To spend that money, we need to get a more permanent lease. There are leases of 15 years in some categories for National Sports Associations; at the moment, Deep Water Bay is just sitting there.
- (Jamie Spence) Asked if Sandy was worried about the Deep Water Bay lease.
- (Sandy Macalister) Sandy said no. Deep Water Bay is in the zoning plan. We're on a three-month rollover lease because of the highway widening plan, and any land resumption by the Government would require a re-zoning which would be very difficult.
- (Unidentified member) Thanked the VRC staff and Alex, and said some good questions had been raised. We have been members for 10 years, but nobody has ever come to me and said I know you are a swimmer, but why don't you try this or that? That should be the route, if we have a clear proposition from the club, what we are trying to achieve, then you would have recognition and a full room here. I read your emails, but I think the proposition needs to be clear, what you are trying to achieve, and be the bets in Hong Kong. Often when I'm in the club, I feel the need to help. Why don't you ask your members to help, with painting or whatever.
- (Sandy Macalister) Said that was wonderful to hear.

- (Unidentified member, same as above) Said we will have to fight together to survive.
- (Steve Palmier) Said there are occasional notices about gardening and events relating to Emerald Bay. The paddle section uses a lot of volunteer work to maintain the fleet but that could extend to grounds).
- (Luca Benaglio) Asked if the club had ever considered any form of social media. He joined a month ago, but there is no place he can go to see what the VRC offers. He has seen the email, which is useful, but the website is not friendly at all.
- (Sandy Macalister) Said he totally agrees. He is in conversation with Uniserve to revitalize the site. We need Instagram. Very soon, within September, he said we should be able to do a better job with social media [*Note: With the replacement of our Events Manager*].
- (Jamie Spence) Noted that there is a lot of empty space on the website. If ask for volunteers from members for content development, some members might put their hands up. The problem is with the delivery of the message and the receiver. You've got a really good message but it's difficult to hear.
- (Sandy Macalister) The paddle section is very active. We have two Facebook sites within the club, one for the paddle section and one for the club. The Club one is fairly inactive.
- (Unidentified member, same as before, addressing Alex) Alex, I'd like to meet with you. SUP is getting the most attention, but maybe we should do more to promote other activities.
- (Alex Leung) The Sporting Subcommittee meets monthly, and we have tried to get people to represent the different sections. I don't know what to do with swimmers. Should we get instructors, give courses? Most of our swimmers just swim and don't want to swim faster.
- (Unidentified member, same as above) If you say there is a representative for each category, I would like to know who they are.
- (Steve Palmier) As head coach of the paddle section, we provide training programs for dragonboat and outrigger, but not surfski at this time. The paddle section used to be a separate club, which is why we tend to be more organized. We are trying to build up surfski. If someone wanted to be a coach of surfski it would be great. Same with SUP and swimming. Really it's searching for coaches and a mini-committee to run it.
- (Alex Leung): We are very open. It's not only about getting my message to you as your message to me. Probably before today you didn't know there was a Sporting Subcommittee. The easiest thing to do is to approach Sandy, Kally, or Momo. Just call me.
- (Michael Stansfield) For surfskis and SUPs, with both of those assets, originally you had to take a course, and I understood it would be a monthly thing. It hasn't happened this year. I wonder if you are going to be putting out a plan. SUP was clearly put in, but not surfski.
- (Alex Leung) We had SUP classes last year. After the pilot programme last year, we thought we wanted to make it more accessible to our members. We will be publishing it in the next few months. Only members can use them, and to rent them you have to get on the list. There are two options to get on

the list. You can take a course which is only for members and is our own qualification, because we want our members to be proficient but also know how to take care of the equipment. There will be a list of qualifications and people who are qualified. Or, you can ask one of the sporting subcommittee members who are proficient in the sport and can qualify another member. For surfski, you have to be able to swim, get back on the boat, read the currents, read the waves, how to get the boat from the rack to the water and vice versa, and how to report damage. We are lagging behind and haven't done that yet, but it is something we will do.

- (Bruno Arboit) Asked what has been earmarked as the major expenditure going forward.
- (Sandy Macalister) The thing the club needs is certain staff positions filled. This will always be the biggest expenditure. We've been very careful to hold back. We haven't known where we were until recently. There's an awful lot we need to do – changing rooms to be refurbished; disabled toilets in Emerald Bay; the archery range. We don't want to pay for the archery range by ourselves, but if we do it will be a very simple one. We were hit hard by Typhoon Mangkhut. Total damages were \$711K and we have only been able to recoup \$239K from insurance. The worry is always another big typhoon. If one does hit, we no longer have the insurance that we had before.
- (Bruno Arboit) If the best case is breakeven, we have to start looking at other sources of income. The Hong Kong Jockey Club was mentioned even with the archery range. A lot of organisations would be prepared to support work with outside organisations for HAB. The club, I love Deep Water Bay, but it's a glorified boatshed. From an F&B perspective, it's very basic. Is there potential to outsource the F&B function, for instance by working with another club?
- (Sandy Macalister) We can do much, much better. Please be a little more patient. I know it's been a long time. We need to up our beverage, we need to up our food. We have a plan. We have a new chef, but we don't know what the future is there. It's extremely hard to find a good cook and kitchen staff. We do have a plan. But we need to see if we can get the right people. It's not a good kitchen and it's hard to get people to work there. Emerald Bay is doing much better. Deep Water Bay – I hope you will see changes quite soon. We haven't been able to get in and do what we want to do. There is a huge variety of frozen food that we can use with the new equipment, and we hope to do something soon.
- (Jamie Spence) What about outside organizations?
- (Sandy Macalister) Jockey Club won't sponsor us.
- (Jamie Spence) What about platinum sponsors like Deloitte or whatever?
- (Sandy Macalister) To me, the archery range would be a fantastic one to sponsor.
- (Bruno Arboit) Sponsorship could even extend to hiring coaches.
- (Sandy Macalister) I would love to see sponsorship of programmes.
- (Bruno Arboit) I'd be happy to be of assistance with that.
- (Unidentified member) What about camping?

- (Sandy Macalister) In season, we have a scouts' programme, venture programme, and family camping. A lot of the time our problem is too many people camping.
- (Unidentified member) I'd like to make a suggestion to keep the club as green as possible. Greenery is good.
- (Suzanne Broughton) I showed up because I saw the WhatsApp message from Steve Palmier. I've seen a lot of improvement, trending in the right direction. We could have a volunteer day, not just for painting, but for text and social media. We have a lot of people who could come in and do it.
- (Sandy Macalister) We have a tremendous problem in the boatshed, which is messy. Kally [Deep Water Bay manager] had a suggestion to move the internal racks forward and use the space behind for storage. It would lead to a much cleaner boatshed and much cleaner upstairs without all the storage there. The scaffolding goes out tomorrow, and it won't take us long to move the racks forward and see if we can create storage. The boats can be moved back inside next week.

7.0 Closing remarks

Steve Palmier, as Convener of the Town Hall Meeting, thanked members for joining the 2019 Town Hall Meeting. He said that the General Committee has heard members' concerns and will discuss them at the GC in anticipation of the Annual General Meeting. He asked participants to consider standing for the General Committee at the Annual General Meeting. "We need your help!"

Chairman Wu Kam Shing thanked members for coming and declared the meeting closed at 7:30 pm.