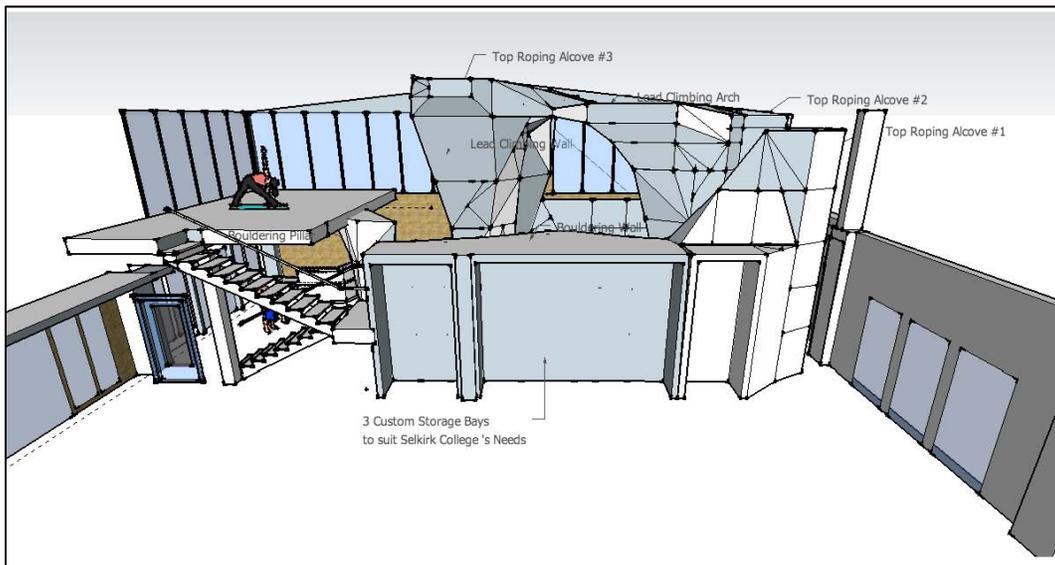


Kootenay

Climbing Association

MARY HALL GYMNASIUM

BUSINESS PLAN



November 2012

1 CONCEPT

A high quality climbing gym located in the Mary Hall gymnasium offering lead climbing, top roping, boulder, and supporting programs, to residents of the area. The climbing gym would be developed by the Kootenay Climbing Association, and run and maintained by trained staff. The gym would be open to the public for use at regular hours at a drop in rate comparable to other recreational activities available in the area. Longer term membership also available to all users. The gym would also offer specialised programs to schools, youth, students and other groups.

Demand to support an indoor climbing facility in the West Kootenay exists:

- An indoor climbing gym has operated in Nelson for the past twenty years, and only recently closed due to the loss of their venue,
- Indoor climbing, and the outdoor recreation it leads to, is a growing industry,
- Over 400 people recently expressed support for maintaining a indoor climbing gym in the community,
- 28% of Selkirk College students on the 10th Street campus expressed support for a climbing wall by signing an informal survey,
- The West Kootenay is known as a place with 'mountain culture', and a wide range of people move to the region to take part in the 'mountain lifestyle',
- Climatic conditions are not conducive to year round climbing and an indoor facility is required for recreation and learning uses,
- Climbing is an activity that people of all ages and physical abilities can take part in. It promotes flexibility, strength, and problem solving in a supportive environment.

For me, it is more important to get the gym going ASAP.

2 THE KOOTENAY CLIMBING ASSOCIATION

The Kootenay Climbing Association (KCA) is a non-profit that was established in February 2012 by a diverse group of residents who wanted to ensure that the needs of the climbing community would still be met after the closure of the existing climbing gym. The mandate of the KCA is to promote climbing by establishing and operating an indoor climbing facility for children, youth and adults servicing the West Kootenays.

The KCA currently has a membership of 110 people, ranging in age from 4 to 70, and consists of:

- Experienced and novice climbers,
- Children, youth, and adults,
- Families
- Non-climbers with an interest in the sport (i.e., for their children)

The board of the KCA is made up of the following individuals.

Community - Climbing - Culture

President – Shawn Tasker

Shawn worked at the previous climbing gym as an instructor. He is an avid climber with over 25 years experience in outdoor climbing including alpine, bouldering, and sports climbing which includes establishing new routes. Shawn has experience as an educator and is presently employed as a manager in the construction industry. He is also working on his Masters in Environmental Education and Communication.

Vice President- Christine Deynaka

Christine is a lawyer whose positive memories of climbing motivated her children to try the sport. Her son was a member of the local climbing team and her daughter has enjoyed children's recreational programs. Christine supports climbing as a sports option for youth in the Nelson and area community, and is looking forward to her and her children using a new facility

We are keen to get whatever we can started.

Secretary – Ico de Zwart

Ico has been climbing for 16 years and would like to continue for another 30 years. He is looking forward to sharing the climbing experience with his wife and two young children, and an indoor gym provides a perfect place for a family friendly activity that everyone enjoys. He works as an environmental consultant in Nelson.

Treasurer- Sofeya De Vries

Sofeya is a teacher of the visually for school districts 8 (Kootenay Lake) and 20 (Kootenay-Columbia). Her teaching passions lie in providing recreational opportunities to students with physical disabilities. Sofeya is the founder and program manager of *Kootenay Project Adventure for the Visually Impaired*. Naturally, climbing is one of the main activities of this adventure program. While Sofeya was introduced to climbing over 10 years ago, this sport has become more of an addiction in the last 2 years.

Communications – Scott Jeffery

Scott is a firefighter with Nelson Fire Rescue where he is a Technical High Angle Rope Rescue Instructor. Scott has been rock climbing outdoors for 30 years and climbing in indoor gyms since the early 90's. Scott's climbing adventures have taken him to mountains, crags and boulders around the world; however, a favorite recent experience was climbing 'The Date', 5.10, on Pulpit Rock with his daughter Victoria. Scott is looking forward to the social and family friendly climbing that an indoor gym at Mary Hall will bring to the community.

Membership in the KCA would not be required to use the gym. Currently, membership in the KCA is nominal since the intent has been to demonstrate that there is a climbing community in the region that does want a climbing facility. Once the KCA has achieved its

mandate of developing a climbing gym, membership in the KCA would be included with the purchase of a year pass to the gym. This would be similar to many other non-profit recreation providers, such as the Nelson Nordic Club and Glacier Gymnastics Club.

3 BUSINESS MODEL

3.1 Description of Service

The Kootenay Climbing Association's aim is to operate an indoor climbing facility open to all people who may be interested in participating. The gym would offer the following services:

- A climbing facility for lead climbing and top roping for people who have demonstrated the ability to safely engage in these activities,
- Bouldering walls for un-roped climbing,
- Instruction in safe indoor climbing techniques for people new to climbing,
- Programs targeted to children, youth, and students,
- A climbing team for those wishing to improve their skills in a group environment,
- Programs for schools, outdoor recreation courses, and other groups in the West Kootenay,
- A venue for birthday parties and other social events,
- A venue that local climbing guides and other groups (e.g. Search & Rescue) can use in their instruction programs,
- Equipment rental,
- A social venue for climbers and other outdoor enthusiasts to meet.

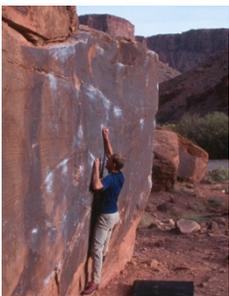
*I really love climbing,
and I speak for the
whole climbing team,
and I hope this
works.*

The climbing facility would fill the need that the closure of the current climbing facility leaves.

3.2 Location

The climbing wall will be located within Mary Hall, a gymnasium complex at the Selkirk College 10th Street campus owned by the City of Nelson and operated by Selkirk College. The use of Mary Hall provides several advantages to the KCA in the construction and operation of the climbing gym, including:

- pre-existing infrastructure for recreation, including washrooms and showers,
- relatively low overheads as the facility is used as a gymnasium already and the inclusion of the climbing gym would result in a negligible increase in operating costs,
- exposure to a wide range of potential clientele. The gym is used by both students at Selkirk College, and a variety of other groups, such as the badminton club, floor hockey and basketball groups. An estimated 10,000 visitors used the gym in the last school year (September to May),
- potential for future expansion.



*Really good to see it
back in town*

In return, the KCA would provide Selkirk College with a high end climbing gym available for use by students of the college. The facility would compliment the existing recreation facilities of the college, and could be used to help attract future students. The KCA would also develop and offer specialised programs to Selkirk College students, as well as offer reduced rates to students. More information of the financial benefits to Selkirk College and its students are discussed in Section 7.

3.3 Operating Hours

The facility would be open during weekdays in the afternoon and evenings, and in the weekends during the day. The facility would also be open outside of these hours for large groups or other organised events, such as birthday parties and school groups. Initial operating hours would be 30 hours a week (Table 1).

The operating hours are based on comments received from the climbing community and an analysis of operating costs and revenue. The prime usage time for a gym is afterschool for youth, and in the evenings for adults. Many families have also expressed an interest in opening during the weekends as a family activity. While it would be nice to have operating hours that suits everyone, the largest cost in operating the gym is staff wages. As a result, usage of the gym needs to cover wages (at a minimum). A conservative estimate of annual income (Section 7) suggests that a minimum of 30 hours a week for 40 weeks a year is achievable.

Table 1. Proposed operating hours.

Day	Hours
Monday	Closed
Tuesday	5 pm – 9 pm
Wednesday	3 pm – 9 pm
Thursday	3 pm – 9 pm
Friday	3 pm – 9 pm
Saturday	3 pm – 6 pm
Sunday	1 pm – 6 pm

Operating hours may be increased if revenues are higher than predicted, or if ancillary programs are being run that allow the gym to be open to the public at the same time. For example, after school youth programming could allow the gym to be open on Mondays, or earlier on Tuesdays. The gym will close during the summer, when outdoor climbing opportunities are available, although various programs may continue to operate. The KCA will adjust operating hours in the future to better meet the needs of the community provided that gym use allows for increased hours.

The KCA is aware that these hours do not directly overlap with the current operating hours of the gymnasium during the weekends, and that a Selkirk staff member may need to be present whenever the gym is open. Weekends have been identified as a key time period by our membership. The KCA is also aware that Selkirk is interested in extending the opening hours to include weekends. Within its operating costs estimate, the KCA has included a provision to cover 50% of the wage for the Selkirk staff member for weekend hours (see Section 7, Table 10).

3.4 Facilities

3.4.1 Climbing Area

The climbing wall would provide both roped and bouldering areas. The roped climbing area would consist of ~ 2,000 sq ft of walls up to 23' high, sufficient for 15 separate routes. These routes would all be setup to allow both top roping from a fixed anchor at the top of the route, as well as lead climbing, which requires intermediate anchor points at regular intervals up the route. The bouldering area would consist of ~1,000 sq ft of bouldering.

A variety of angles from steep slabs to severely overhung would provide a range of climbing difficulty to suit all levels of climbers.

3.4.2 Reception

A small reception will be incorporated into the design to allow for one point of entry to the climbing area. This will facilitate the collection of gym passes, ensuring gym users have signed waivers, and enable staff to monitor the climbing area and the people using the facility. The reception area will be equipped with a computer, cash register, EFTPOS terminal, and a phone.

3.4.3 Washrooms

Separate washrooms for men and women are provided within the existing Mary Hall facility and will be available for use by climbers. The washrooms include shower stalls, toilets, wash basins and a change area with lockers.

3.4.4 Storage

Storage for rental equipment, unused holds etc will be incorporated in to the climbing wall design.

3.4.5 Office

The climbing gym would include a small work station with a computer, cash register and phone. A small office for the KCA to store financial records, individual waivers, marketing and planning material etc may be included in the design if feasible. If space is available,



Good luck! We miss the gym!

the office could be located elsewhere within Mary Hall. The office will be equipped with a computer, phone, and printer.

3.5 Social Goals

The mandate of the KCA is to construct and operate an indoor climbing facility to service the West Kootenays. Other social goals that the KCA will achieve include:

- To act as a social hub for the climbing community,
- Promoting climbing as a sport,
- Promoting an activity that leads to an appreciation of the outdoor environment,
- Promoting an activity that can be enjoyed by people for their entire lives and leads to a bridge with communities and cultures all over the world.

3.6 Risks and Assumptions

Operating an indoor climbing facility is not without risks. The KCA has identified several major risks associated with the operation.

1. Income generated by the facility is not sufficient to cover the expenses of the operation. The KCA has identified several strategies to mitigate this risk.
 - The KCA is a non-profit society, eliminating the need to generate a profit.
 - The KCA will operate the climbing facility within Mary Hall, allowing for the potential of significant savings by working with Selkirk College.
 - The KCA is also looking to negotiate a long-term lease agreement in order to provide long-term stability to the operation.
 - The KCA will encourage the purchase of year passes, which provide an increased level of certainty with respect to revenue for the coming year.
2. The susceptibility of the climbing facility to changes in market rents or to changes in building ownership.
 - The construction of the climbing facility is expected require a substantial capital investment. The KCA is not in a position to own the building where the climbing facility will be located, and the operation is susceptible to changes in market conditions, such as increased rents or a change in the use of the building. To mitigate this risk, the KCA will negotiate a long term rental agreement (minimum of 5 years) prior to construction.
 - Operating the gym within a Selkirk College recreation facility also eliminates the possibility of the space being converted to other, non-recreation focussed, commercial uses (i.e. office space).
3. Liability issues associated with accidents occurring during use of the operation of the facility.

Climbing is viewed by many as a dangerous sport, and while this perception doesn't reflect the reality of climbing in a controlled indoor environment, liability issues could potentially arise due to the misuse of equipment. To reduce the

I wish to have a quality gym with good, well done routes. I think a gym is something we really need in Nelson!

Great! Love climbing!

likelihood of this, the KCA will require every person using the facility to demonstrate that they have the required skills to safely climb with others. This includes: demonstrating proper belay technique; demonstrating proper techniques for safely leading climbing; and showing an awareness of others while climbing in an indoor environment, which can often be congested. All people using the indoor climbing facility will also be required to sign a waiver prior to using the facility, relieving the KCA and staff of liability in the event of an accident. All staff will be qualified ACMG Indoor instructors who are fully trained in best practices to ensure safety. Finally, the KCA will maintain comprehensive insurance coverage while the climbing facility is operational.

3.7 Competitive Advantage

The KCA is seeking to fill a niche in the West Kootenays, and no direct competition is present. Other climbing operations in the West Kootenay include a small bouldering facility located at Selkirk College in Castlegar, a portable outdoor wall in the Slocan Valley, and an unknown number of small privately owned bouldering walls. None of these operations provide for roped climbing, provide the opportunity for year round programs and instruction, or are available for use to the wider public. The likelihood of direct competition occurring in the future is also considered remote, since the small size of the population in the area reduces the likelihood that a commercial, for-profit, venture would be viable.

3.8 Pricing

The cost of operating the climbing facility is considered to be relatively fixed on an annual basis. The major cost is associated with staff wages, and as the facility needs to be open for a regular and predictable schedule, these costs will be incurred regardless of whether the facility is empty or full.

Considerable thought has been put in to developing a pricing structure. As the KCA is a non-profit organisation, the goal is to maintain affordability while ensuring that the gym can operate in a financially sound manner. The pricing structure (Table 2) was developed based on the following principles.

- Day use rates comparable to other activities (yoga, pilates, squash, Nordic skiing),
- Monthly passes based on 5 visits per month (i.e., 5 x day pass rate)
- Program fees comparable to other activities.
- Rates are comparable to other climbing gyms in the interior.

Other pricing is also being considered, such as: multi-use (punch) passes, discount days for various groups, and family or group specials.



Table 2. Proposed pricing structure.

Category	Age	Day Rate	3 Month	Annual Pass
Adult	(19+ yr)	\$12	\$200	\$400
Youth	(13-19 yr)	\$10	\$150	\$300
Child	(<12 yr)	\$5	n/a	n/a
Family			n/a	\$800
Selkirk Student		\$10		\$100/semester

Pricing for special instruction or group programs will also be similar to other programs in the community.

4 OPERATIONS

4.1 Legal Structure

The KCA is setup as a non-profit society, and will own the facility and oversee the operation of the facility. The day to day operation of the facility will be conducted by one person hired to manage the facility, provided that they operate within the mandate of the KCA. Any changes to the operation of the facility outside of that provided by the mandate of the KCA will require approval from the membership. The KSA envisages that the gym will operate independently from Selkirk College, and that decisions regarding staff will be solely made by the KCA.

4.2 Staffing

As stated in Section 3.1, the KCA foresees the day to day operation of the facility to be the responsibility of one person (the manager). This person will be responsible:

- for opening and closing the facility,
- taking payment for passes,
- signing in users,
- ensuring that new users complete the requisite skills test and sign waivers,
- general administration,
- scheduling additional staff as required to support other programs,
- maintaining adequate records of expenses and revenue.
- act as primary instructor for programming



The manager would report to the KCA on a minimum of a monthly basis. The manager is expected to provide instruction and will need to be certified as a climbing gym instructor by the Association of Canadian Mountain Guides (ACMG). Additional staff for instruction or program implementation would be hired as required. Several people with the requisite skills and experience are available locally.

4.3 Equipment

A list of equipment required is summarised in Table 3.

Table 3. Equipment requirements.

Equipment	Number
Computer	1
Printer	1
Cash register	1
EFTPOS terminal	1
Ropes (30 m for top-roping)	10
Shoes – rental, various sizes	20
Harness – rental	10
Belay Devices – rental	10
Boulder Pads	10

5 MANAGEMENT

5.1 Management Team

The team will be comprised of the board of directors from the Kootenay Climbing Association who will oversee the general operations of the Climbing gym to ensure that the mandate of the KCA is being met. The gym manager would be responsible for day to day management of the gym and report to the board on a monthly basis.



6 PROJECT DEVELOPMENT

6.1 Project Schedule

The KCA has taken a phased approach to this project (Table 4). At the completion of each phase, the success of the project becomes more certain and allows more resources to be allocated. Currently, we have completed Phase 1. The concept has been discussed with key Selkirk College staff and they have expressed interest in the project and have been actively working with the KCA to further the project.

Table 4. Project stages and schedule.

Phase	Key Result	Requirements	Costs (\$)	Completion Date
1 Concept	Interest from Selkirk College Recreation Staff	Conceptual Idea	0	November 1
2 Approval in Principal	Lease agreement/contract from Selkirk assuring use of Mary Hall provided capital costs can be raised	Acceptance of business plan Demonstration of financial viability Demonstration of benefits to college	\$500 (Structural review)	January 15
3 Project Preliminary Design	Conceptual model of facility Cost estimate ($\pm 30\%$)	Structural review Floor space Building/facility constraints Contract between KCA and Selkirk Directors Insurance	\$5,000	February 28
4 Detailed design	Construction Plans Cost estimate ($\pm 10\%$)		\$5,000	TBD Spring 2013
5 Construction	Completion of facility	Adequate capital funds Business operation plan in place (staff, safety, insurance etc)	\$65,000	TBD (June – August 2013)
6 Operation		Completed facility	\$15,000 - \$20,000 (3 months operation expenses)	

6.2 Design/Build Options

At this stage of the project, the KCA is considering two options for construction of the project (Table 5). Option 1 involves constructing the entire climbing facility in one phase. This option requires that all of the funds required are raised before construction can begin, and therefore may take several months to achieve. Option 2 involves a phased approach, with initially bouldering and a smaller wall at first, and build out to the final concept occurring as the ability to raise funds allows.

Table 5. Potential Construction Options.

Option	Advantages	Disadvantages
1	Facility complete in one push Requires one fundraising effort Lower overall costs	No indoor climbing until the project is complete
2	Requires less funds to initiate project Allows a start small and grow approach Limited indoor climbing (bouldering) could be available for the 2012/2013 inter	May cost more as construction occurs in stages Potential to lose focus of the overall goal Fewer people may use a more limited facility

Both options have advantages and disadvantages, and the option adopted will depend on a variety of factors, including input/direction from Selkirk College and the climbing community, the ability to achieve fundraising goals, and the progression of the project. At this stage, Option 1 is preferred, with construction of the facility occurring during the summer when the college is in recess.



6.3 Capital Costs

A completed facility is expected to require the KCA ~ \$75,000 ($\pm 15\%$) in order to complete construction. This total includes design, construction, ancillary equipment (holds, mats, computer), staff training, and professional expenses. The estimates for a climbing wall are based on a wall, approximately 2000 ft², for lead and top rope climbing, and a 1000 ft² bouldering wall. Additional funds for venue improvement are also included. At this stage, there is some uncertainty in the total cost, and this reflects the level of uncertainty with respect to design constraints, wall complexity, and finished surface. For example, a climbing wall with a plywood finish and limited variety of climbing angles will be less expensive than a wall with a wide range of angles and a rock-like texture.

To date, the KCA has raised \$1,500 from memberships and fundraisers, and has received over \$20,000 in commitments from the climbing community in the form of zero interest loans. The KCA is therefore in position to carry the project through to the end of Phase 4 (detailed design) without further fundraising. If construction is done in stages (Option 2), then the KCA is currently in a position to carry the project further and build a smaller bouldering facility with the funds in hand.

Additional fundraising to carry the project to completion will begin once Phase 3 (Preliminary Design) is completed. At this stage, the KCA will have received a commitment from Selkirk College guaranteeing the use of the space, and, preliminary design drawings of what the completed facility will look like. The KCA will then be in an excellent position to sell the project to the climbing community and other potential funding sources. The KCA anticipates that a second round of fundraising, with a firm concept and a guaranteed location, will raise a significant portion of the funds required from within the climbing community. The KCA will also seek to raise funds from other sources, including the City of Nelson and the Regional District of the Central Kootenay, corporate sponsors, and granting institutions. The KCA also will seek in kind donations, including professional services, materials (plywood, framing) and construction labour, in order to complete the project (Table 6).



Table 6. Sources of capital funds.

Funding Source	Received	Target
KCA memberships and fundraising	\$1,500	
0% loans from individuals to date	\$20,000	
Additional 0% loans from individuals		\$20,000
Corporate sponsors		\$10,000
Professional services		\$1,000
Construction materials		\$5,000
Volunteer labour		\$10,000
Donations, grants or loans		\$20,000
Total	\$21,500	\$66,000

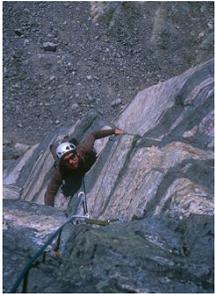
An estimate for construction related costs is provided in Table 7. The capital cost required will be refined during the detailed design stage for the project. Once the KCA has reached an agreement in principal with Selkirk College regarding the climbing gym, the KCA will enlist an experienced climbing wall design company to develop a concept and construction plans for the wall.

Table 7. Preliminary capital costs.

Component	Cost	Comments
Engineering and Design	10,000	
Materials for climbing wall (plywood, framing, holds)	25,000	3,000 sq ft climbing surface
Other materials (drywall, finishing, lights etc)	4,000	
Contractor	10,000	\$50/hr for 5 weeks
Labour	8,000	\$20/hr for 10 weeks
Construction Insurance	1,600	2 months
Climbing equipment	2,000	Harness, ropes, belay devices etc
Bouldering pads	3,000	
Contingency	11,720	20%
Total	\$75,320	

7 FINANCIAL STATEMENTS AND FINANCIAL PROJECTIONS

The cash flow statement is based on reasonably conservative revenue and expense estimates and is based on several assumptions, the majority of which are outlined in Tables 8 and 9. We estimated total revenue based on drop in or membership/pass sales, birthday parties, and after school programs. Ancillary programs, such as summer camps, or targeted to specific groups are not included. These additional programs will be either revenue neutral or positive, as they will only run if they cover costs. Not including these programs is conservative with respect to revenue estimates. The majority of revenue is expected to come from year memberships, and the cost of annual passes have been set to encourage people to commit for one year. This approach has been chosen since it provides a higher level of stability for the KCA, as the majority of income is provided at the beginning of the year.



Estimates for expenses are outlined in Table 10. Wages are the largest single cost, and this number is directly proportional to the hours of operation. With the exception of wages, the remainder of expenses are largely fixed on an annual basis, regardless of the hours of operation or the number of users. We included a \$1/yr lease cost for the use of the space. The KCA feels that this is justified given the benefits to Selkirk College that the gym provides. We have conservatively estimated that the KCA would provide the equivalent of almost \$14,000/yr to Selkirk College by constructing and operating a gym as described (Table 8). Not included in this is a provision to provide for 50% of the wage of a Selkirk staff member to allow for weekend operation, or the contribution to overall operating costs for the gymnasium.

Table 8. Estimated annual benefit to Selkirk College.

Benefits	Number	Estimated Value	Total Benefit	Comment
Infrastructure	1	\$5,000	\$5,000	5% Interest on \$100,000
Discounted day pass	200	2	\$400	\$2 off day pass
Discounted Semester Pass	50	100	\$5,000	\$100 discount of 3 month pass
Free lesson w equipment rental	200	17	\$3,400	Cost of pass plus rental
Total			\$13,800	

The annual revenues we estimated are sufficient to operate the gym for 30 hours a week, 40 weeks a year, assuming an hourly wage rate (all inclusive) of \$21. We feel that this approach is relatively conservative with respect to ensuring the gym can be operated in a fiscally responsible manner. If revenues are lower than predicted, hours of operation could be reduced in order to lower expenses. Conversely, if revenues are higher than expected, hours of operation could be extended to better serve the community. In addition, the implementation of a variety of programs will provide additional income with very little incremental costs to the KCA.

Table 9. Estimated annual revenues.

Income	Rate	Number	Annual Revenue
Adult Year Membership	400	35	14,000.00
Family Year Membership	800	20	16,000.00
Youth Year Membership	300	10	3,000.00
Selkirk Student Semester	100	40	4,000.00
Adult Drop In	12	490	5,880.00
Student/Youth Drop In	10	400	4,000.00
Birthday Parties	50	40	2,000.00
Afterschool/PD Programs	50	90	4,500.00
Total			\$53,380.00

Table 10. Estimated annual expenses.

Expenses	Annual Cost	Comments
Rent	1.00	Negotiate with Selkirk College
CGI Insurance	3,600.00	Required for roped climbing
Directors Insurance	1,200.00	Required by KCA
Wages – KCA staff	29,400.00	Assumes 30 hrs/week at \$21 for 40 weeks
Wages – Selkirk	4,000.00	50% of staff costs for 8 hrs for 40 weekends
Telephone/Internet	600.00	Assumes adding to Selkirk College system
Utilities (a)	950.00	Assumes a small contribution to overall Mary Hall expenses
Utilities (b)	1,500.00	For additional weekend hours
Miscellaneous	500.00	Office supplies etc
Snow Removal	800.00	If required for outside access
Depreciation	2,400.00	To replace used equipment over time
Financing	5,000	\$25,000 over 60 months at 0%
Total Expenses	\$49,951.00	