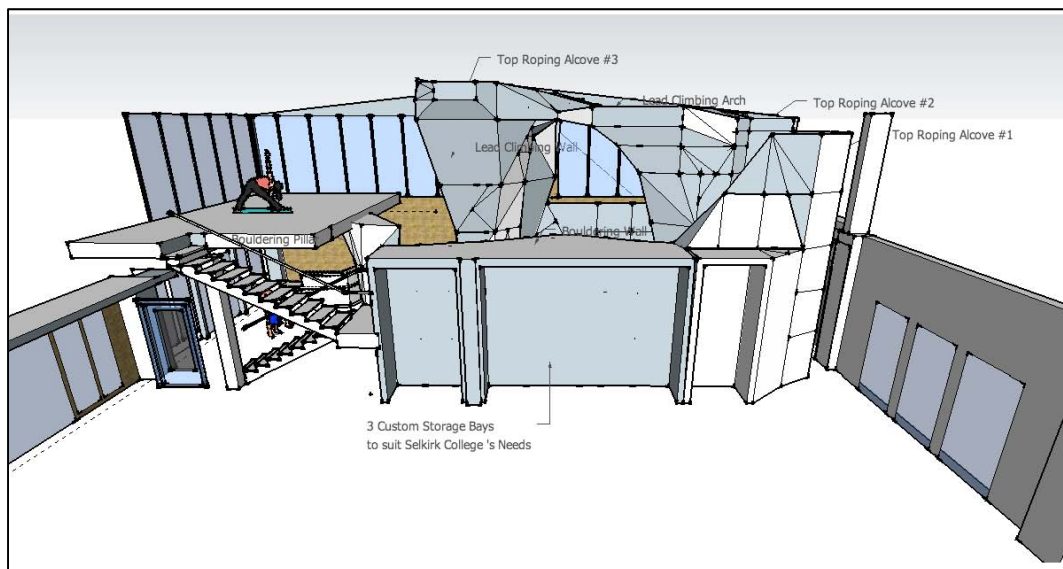


# Kootenay

Climbing Association

## MARY HALL GYMNASIUM

### BUSINESS PLAN



Aug 23, 2013



## 1 CONCEPT

A high quality climbing gym located in the Mary Hall gymnasium offering lead climbing, top roping, bouldering, 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 will also be 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 closed due to the loss of their venue,
- Indoor climbing, and the outdoor recreation it leads to, is a growing industry,
- Over 400 people have expressed support for maintaining an indoor climbing gym in the community,
- 28% of Selkirk College students on the 10<sup>th</sup> 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 Society that was established in February 2012 by a diverse group of residents who wanted to ensure that the needs of the climbing community would be met after the closure of the previous 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 an active membership of over 210 people, ranging in age from 4 to 71, and consists of:

- Experienced and novice climbers,
- Children, youth, and adults,
- 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.

*President – Shawn Tasker*

*Community - Climbing - Culture*

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.

*Treasurer- Larry Bickerton*

Larry is a retired dentist and has been a climber for only a few years. He comes with a wealth of experience in running businesses and non profit sports organizations with active roles in the Speed Skating Club and Triathlon.

*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.

*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.

*Design- Cam Shute*

Cam is an engineer who works in the outdoor sports industry. He is a avid climber and lives in Nelson with his wife and children

*Media- Nate Smith*

Nate works in media with "The Vacuum" and loves to go on climbing adventures all over the world. He recently moved to Squamish in order to climb more.

*Selkirk Liaison- Aimie Chernoff*

Aimie is a climber who lives in Castlegar and works at Selkirk College.

Membership in the KCA would not be required to use the gym. Membership would be included with the purchase of a year pass to the gym, or be available for purchase for a small fee. 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.*

#### 3.2 Location

The climbing wall will be located within Mary Hall, a gymnasium complex at the Selkirk College 10<sup>th</sup> 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.

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.

*Really good to see it back in town*



### 3.3 Operating Hours

The facility would be open during weekdays and Sundays in the afternoon and evenings. Initially the hours of operation will be within the operating hours of the Mary Hall gymnasium. The facility may 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 26 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 after school 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 we would prefer 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).

Table 1. Proposed operating hours.

Day	Hours
Monday	Closed
Tuesday	3 pm – 9 pm
Wednesday	3 pm – 9 pm
Thursday	3 pm – 9 pm
Friday	3 pm – 7 pm
Saturday	Closed
Sunday	4 pm – 8 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.

### 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 12-15 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.



*Good luck! We miss the gym!*

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.

#### *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. The office area will be equipped with a computer, cash register, EFTPOS terminal, and a phone.

### **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:

- Acting 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,
- Making indoor climbing as affordable as possible.

### **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 has negotiated a 5 year lease agreement with options to renew in order to provide long-term stability to the operation.
  - The KCA will encourage the purchase of annual passes, which provide an increased level of certainty with respect to revenue for the coming year.
2. 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 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.

*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!*



### 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 (9 month)
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 set up 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 KCA will operate independently from Selkirk College, and decisions regarding staff will be made solely 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,
- daily deposit,
- 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 Office Equipment

A list of office equipment required is summarised below (Table 3):

Table 3. Office equipment required.

Equipment	Number
Computer	1
Printer	1
Cash register	1
EFTPOS terminal	1



## 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 2.

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)	June 30
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	August 31
4 Detailed design and engineering	Construction Plans Cost estimate ( $\pm 10\%$ )	Fundraising of the required amount to proceed.	\$9,000	TBD (October 2013)
5 Construction	Completion of facility	~ 2000 sq/ft Partition/desk/stretching Area Matts and floor anchors Business operation plan in place (staff, safety, insurance etc.)	\$56,000 \$20,000 \$10,000	TBD (January-April 2014)
6 Operation		Completed facility	\$15,000 - \$20,000 (3 months operation expenses)	TBD

## 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 2013/2014 winter	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.



## 6.3 Capital Costs

A completed facility is expected to require expenditure by the KCA of ~ \$100,000 ( $\pm 15\%$ ) 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 ~ 2000 ft<sup>2</sup> wall for lead and top rope climbing. 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 over \$20,000 from donations, grants, memberships, fundraising and 0% investor 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 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.

<b>Funding Source</b>	<b>Received</b>	<b>Target</b>
KCA memberships and fundraising	\$3,000	\$5,000
Member donations	\$8,500	\$30,000
0% loans from individuals	\$4,500	\$20,000
Corporate sponsors		\$20,000
Granting institutes	\$6,000	\$20,000
Professional services		\$1,000
Construction materials		\$5,000
Volunteer labour		\$5,000
<b>Total</b>	<b>\$22,000</b>	<b>\$106,000</b>

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. Now that 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.

<b>Component</b>	<b>Cost</b>	<b>Comments</b>
Engineering and Design	12,000	2,000 sq/ft @ \$6 sq/ft
Wall fabrication and assembly	58,000	2,000 sq ft @\$29 sq/ft
Other materials (drywall, finishing, lights etc)	20,000	
Labour	5,600	\$50/hr and \$20/hr for 2 weeks
Climbing equipment	2,000	Harness, ropes, belay devices etc
Flooring and pads	8,000	
<b>Total</b>	<b>105,600</b>	

## 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.



Table 8. Estimated annual revenues.

<b>Income</b>	<b>Rate</b>	<b>Number</b>	<b>Annual Revenue</b>
Adult Year Membership	400	30	12,000.00
Family Year Membership	800	10	8,000.00
Youth Year Membership	300	10	3,000.00
Selkirk Student Semester	100	40	4,000.00
Adult Drop In	12	500	6,000.00
Student/Youth Drop In	10	400	4,000.00
Afterschool/PD Programs	50	90	4,500.00
<b>Total</b>			<b>\$41,500.00</b>

Estimates for expenses are outlined in Table 9. 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.

Table 9. Estimated annual expenses.

<b>Expenses</b>	<b>Annual Cost</b>	<b>Comments</b>
Rent	5,000.00	Covers costs to Selkirk College
CGI Insurance	2,800.00	Required for roped climbing
Directors Insurance	300.00	Required by KCA
Wages – KCA staff	25,200.00	Assumes 30 hrs/week at \$21 for 40 weeks
Miscellaneous	1000.00	Office supplies etc
Depreciation	1,200.00	To replace used equipment over time
Financing	5,000.00	\$20,000 over 48 months at 0%
<b>Total Expenses</b>	<b>\$40,500.00</b>	