



# TOWN OF NEWTOWN

## *COMMUNITY CENTER ADVISORY COMMITTEE*

*Meeting Notes, September 1, 2016 Meeting*

*Council Chambers, Municipal Center*

*3 Primrose Street, Newtown*

**Present:** John Boccuzzi, Bill Buchler, Andy Clure, Carla Kron, Amy Mangold, Maureen Crick Owen, Kinga Walsh

**Absent:** Sean Dunn, Brian Hartgraves

**Others in Attendance:** Pat Llodra - First Selectman, Geralyn Hoerauf – STV|DPM, Evan Eleff – SFA, one member of the press and six members of the public

The meeting was held so that SFA could provide additional information to the Advisory Committee regarding the assumptions and rationale behind the draft pro forma provided at the August 22<sup>nd</sup> meeting. This review and discussion provided additional information to SFA relevant to finalizing the feasibility analysis, and will also enable the Advisory Committee to better understand the basis for the data and facilitate future application of the feasibility report as the Community Center project progresses. Attached is a copy of the questions and comments provided to SFA in advance of this meeting, along with SFA's explanations provided during the meeting.

Highlights of the questions and issues discussed:

Membership fees projected may be lower than anticipated because of the absence of a fitness center to pair with the aquatics activities. Fitness centers are the primary driver of revenue at the typical community center. Projections are based on comparable memberships at the adjacent NYA. Membership cost and daily drop-in fees are set to limit barriers to use as a community asset.

Although the community center facility will be open and available to the entire community, paid programming necessarily will be assigned to particular demographic groups. Any perceived emphasis on "youth" programming is due to the fact that that group utilizes structured recreational programming more than any other demographic. Without paid programmed activities there will be less of a revenue stream and more difficulty in delivering a sustainable facility. Reduced fees for senior programming has also been factored into low revenue projections.

The projected scheduling of dedicated programming does not necessarily require dedicated physical spaces. Even the addition of a climbing wall would only use a small portion of a larger multi-use recreation space.

SFA will confirm area comparables for drop in pool use, pool lane rental and other projected program costs. Space rental costs have been developed as comparable to Edmond Town Hall costs.



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In reviewing the details under Facility Expenses and Operating Expenses, reductions in costs were identified due to shared services with the Town. Lawn/snow care, accounting services, and legal fees would be eliminated; bank charges, and insurance costs could be reduced.

The facility has been projected to be managed by the Town and not an external management group.

Subsequent to the presentation of the SFA responses the Advisory Committee determined that the next step would be a meeting to further discuss the draft pro forma, determine the level of Town subsidy that the committee is comfortable with, identify additional efficiencies (lowered operating costs) through shared Town services, and identify revenue enhancements (programming and/or membership fees). The committee will also develop a conceptual framework of facility components that balance revenue generation features with the desire for flexible and drop-in spaces. Each component should be considered: analyzing the cost to provide and operate against the value to the community of the feature. Although the bottom-line analysis does not indicate that the facility will be entirely self-sustaining, the committee members agreed that it is good to have this information now and the work done by SFA has validated need for an outside feasibility review.

The next meeting will be scheduled within the next two weeks after polling committee members and coordinating schedules.

## SFA Response to NCCAC Questions and Comments

### Memberships and Fees

1. What are the assumed benefits to purchasing a membership?
  - a. The membership model in the pro forma reflects members of the aquatics center, who would be able to use the pool for lap swim and could receive discounts on programs.
  - b. There is no assumption of membership for the “dry side”, as one of the primary goals for the community center is to create an accessible, inviting gathering space with as few barriers to entry as possible. Additionally, there are no membership-based spaces or programs reflected in the dry side of the community center.
2. What data supported your membership breakdown by demo group?
  - a. We use an in-depth, proprietary analytical process that factors population by distance from the facility, age segmentation, participation rates by activity, participation trends, competition, key demographic and socioeconomic factors, quality of the facility, quality of management, and population growth rates.
3. Based on the Aug 22 presentation, all membership numbers were based on resident only pricing; is it possible to determine the impact of higher non-resident rates on revenue stream?
  - a. That is correct. As we identified, the facility is expected to primarily serve Newtown residents, and while we would recommend creating an increased rate for non-residents, that additional revenue will be minimal and cannot be forecasted reliably.
4. Given there are 25-26K people and believe about 8500 households in Newtown, please explain why membership estimate is so low. Can a comparison be made to the Ridgefield Rec Center membership numbers even though they include a fitness center?
  - a. The membership number may be lower than expected because of the limited offerings associated with membership. Members will only receive benefits related to the aquatics center, and since there is no recreational component in the aquatics facility, people who desire to be members of this facility will be primarily limited to people who swim for fitness on a regular basis.
  - b. The low daily fee contributes to lower membership numbers; we projected a low fee in order to limit barriers for use, but that decreases the value of the membership for people who are not regular lap swimmers.
  - c. A comparison to Ridgefield Rec Center or any other facility with traditional (dry) membership-based fitness space cannot be made reliably due to a distinct and significant difference in the benefits of membership.
5. How would these numbers hold “true” if a stand-alone building? I think this means community center with no pools.
  - a. SFA has committed to producing separate projections for the dry and aquatics portions of the community center. As stated during the September 1 call, this is a time-consuming exercise that is beyond the original scope of work and will take a couple of weeks to complete.
6. Was consideration given to support for those unable to afford membership, such as a sliding scale and what is the presumed impact on revenue?
  - a. There is no need-based scholarship program included in the projections.
  - b. For reference, a standard target would be a 10-15% reduction of total revenue with no reduction of costs.

7. What consideration was given to the effect of an aging population on space usage and program payment structures?
  - a. Yes, population demographics, socioeconomics, and trends are considered in the forecast.

### Programming

1. Were the identified programs examples only or were these activities developed together with Parks & Rec:
  - a. Climbing area – with Parks & Rec
  - b. Recreation area – with Parks & Rec
  - c. Martial arts – by Parks & Rec
  - d. Youth intro to fitness – by Parks & Rec
  - e. Intro to running – by Parks & Rec
  - f. Intro to cycling – by Parks & Rec
  - g. Triathlon Club – by SFA
2. Some programs will utilize “sports” equipment. This appears to be counter to the original recreation focus and could be seen as duplicative of existing local businesses (i.e. NYA, other local gyms).
  - a. The projected sports and recreation programs are not duplicative in the market and are built off of current and future offerings from Parks & Rec, which is assumed to be primarily responsible for the delivery of in-house programs.
3. Climbing Wall – at a cost of \$175,000, what is the benefit of increased membership to justify that additional expense? Does a climbing wall attract more members? What experience does SFA have with other community centers having climbing walls? What is the climbing revenue based on? You have \$63,000± for Year 1 in revenue.
  - a. There is no assumed membership increase based on the addition of the climbing wall (see “Membership and Fees” question 1).
  - b. SFA has significant experience with climbing amenities and recommends that they are added with the intent of being a programmed asset – if programs are not designed, marketed, and sold for the wall, it will not be a revenue driver.
4. What information was provided by Parks & Rec that prioritized the “youth” demographic group (i.e. designated lounge area, recreation programming)?
  - a. Parks & Rec defined a large number of youth-based programs that would be offered from the recreation center, and a number of those (e.g. summer camps, broom ball, etc.) would require dedicated space to ensure safety, reduce facility wear-and-tear, support multiple, simultaneous programs for different age/affinity groups, etc.
5. Would it be reasonable to increase the revenue assumption for contractor classes at more than \$25 per class?
  - a. \$25 revenue share per class is the structure Parks & Rec currently has with the majority of its third-party program partners. If Parks & Rec can negotiate a higher rate, the amount can be changed.
6. Can you provide a sample one week programming schedule for the dry spaces that would indicate assumed space usages? Is there room for additional programming within the square footage provided?
  - a. We can – this will be part of the deliverable when we produce the separate pro forma documents referenced in “Membership and Fees” question 5.

7. Please restate what the cooking facility will include. Would a caterer for a party/banquet of 150 people use this? On site cooking or only warming options? If only the latter, how would that impact the ability to hold banquet events in the Great Room?
  - a. The teaching kitchen would have 3-4 oven/range set-ups, individual prep stations, a large teaching prep station, cold and dry storage, etc.
  - b. The kitchen would also have equipment so that events could be catered with food cooked off-site and held in the community center's holding and warming carts/cabinets, cold and dry storage spaces, etc.
  - c. For events, the kitchen can be rented by the group hosting the event so catering for large events will be possible.
8. The upfront construction cost detail shows "Cooking and kitchen" totaling over \$200K - what percentage is for concession versus the cooking class area? Will they physically overlap/be in same space? Is the benefit of cooking classes that will only generate \$5K in annual revenue a good value add for the upfront cost?
  - a. The concession counter is a limited portion of the overall budget.
  - b. The intent for the concessions area is that it is tied into the front desk in the lobby for daily sales of grab-and-go, pre-packaged food and drinks that are made by front desk staff with no obligation to prepare food (thus eliminating the need for regular, dedicated staffing). During certain events, the concessions area could be stocked with additional options to allow for a movie-theatre-style assortment.
9. Concessions & Vending Revenue & Expenses – Given that this only nets \$8,500± in the first year, does it make sense to have a concession stand? Would it be acceptable to just have vending machines? If there were special events then perhaps vendors could be retained for that event. Is the concession stand necessary for a facility like this?
  - a. Per the response immediately above, the concessions area is not a dedicated, staffed space for the vast majority of the schedule.
  - b. Vending machines can be added.

## Aquatics

10. Please expand on swim meet revenue opportunity of 25 yard vs. 50 meter pool (i.e., what meet type specifically) and differences in rental charges
  - a. The swim meets modeled in the projections are for in-house swim team meets, not for rental meets. If a 50-meter pool was built, more swimmers could be hosted for short-course meets (25-yard formats representing 85-90% of the youth meets in the country) and additional events could be added for long-course meets (50-meter formats representing 10-15% of the youth meets in the country).
  - b. If swim meets are expected to be a bigger area of focus – which, per our conversation on site, they were not expected to be – more seating capacity would be recommended.
11. Lane rental rates appear low for this market and comparable facilities
  - a. We are in the process of double-checking rates and will adjust as necessary.
12. Why are swim TEAM coaches, refs, meet costs an expense? Isn't this expense specific to each swim team and covered by the team? For example, the Team pays to use the pool and privately handles own expenses. Amount in question: about \$200K.
  - a. The swim team is projected as a new in-house team that would be separate from any existing swim program. As such, all revenue is included in the projections, and accordingly the associated expenses are covered by operations.

- b. If the swim team was modeled as a third-party partner program, revenue projections would switch to a lane rental model and expenses would be removed; the result would be significantly lower revenue and expense projections resulting in significantly lower net operating income for the pool.
- 13. Pool birthday party rentals: Our site visits indicated pool rentals for parties, for example at Ridgefield, at 5-8 per weekend (which equates to 225-360 for 45 usable weekends/year). Why is the estimate in year 1 only 26/year, for example? That is less than one per week.
  - a. Pool parties are projected at such a low number because there is no recreation component in the aquatics model. Without slides, play structures, splash areas, current areas, etc., the opportunity to attract birthday parties is minimal.
- 14. The assumptions and revenue for aquatic fitness appear to be low.
  - a. We are in the process of double-checking and will adjust if appropriate.
  - b. For reference, the existing senior center charges \$20 per year and includes 14 classes per week at no additional fee. The impact of this is that we project extreme price sensitivity for senior aquatics fitness, which is a major driver of the low revenue projections.
- 15. Can you explain what the assumptions are for Aquatic Instruction Revenue given that it is 55% of the aquatics total revenue? In particular describe how you arrived at the swim lessons revenue, as that is 44% of the total aquatics revenue. What is the 1,750 swim lessons based on?
  - a. We use an in-depth, proprietary analytical process that factors population by distance from the facility, age segmentation, participation rates by activity, participation trends, competition, key demographic and socioeconomic factors, quality of the facility, quality of management, and population growth rates.
- 16. Drop in price for pool use is currently \$15 for summer hours. Can the projections support a higher cost for daily pool use?
  - a. We are in the process of double-checking rates and will adjust as necessary.
- 17. Can you provide a sample one week programming schedule for the two pools that would indicate assumed program usages? Is there room for additional programming?
  - a. We can – this will be part of the deliverable when we produce the separate pro forma documents referenced in “Membership and Fees” question 5.

**General:**

- 18. Some expenses seem redundant to town-providable services: lawn/snow care (\$12K), janitorial/maintenance/repairs (\$54K), banking fees (\$18K), insurance (\$81K), legal (\$15K) to name a few. Are there other personnel efficiencies that we should consider?
  - a. We reviewed some of these on the call and will reflect expense reductions in the separate pro forma documents references in “Membership and Fees” question 5.
- 19. Facility Expenses – Do these expenses assume that Town resources will be utilized to minimize the cost?
  - a. All expenses were projected as if the community center is a stand-alone asset. See response to question immediately above.
- 20. Parking spaces: Please restate your assumptions as to the number of parking spaces that the Community Center (including the 2 pools) will require.

- a. We used the low-end of the industry-standard calculation (4 spaces per 1,000 SF of space), knowing that for peak swim times and large events existing, shared parking spaces would be used.
21. Please provide detail or comps for salary assumptions, as well as what considerations were made for who will fill the spots (e.g., adult vs. part time high school or area college kid). If hiring high school/college aged, would assume lower cost but if compensation needs to be in line with other municipal employees then perhaps the assumptions are too low.
  - a. All salaries (management-level and part-time/seasonal) were projected based on industry standards. Full-time staff salaries include an adjustment based on cost of living that raised the base salary by 24%.
  - b. Taxes and benefits were projected at 30% of total payroll.
  - c. These numbers can be adjusted based on your recommendations and comparable Town salary rates as necessary.
22. Are the headcount/employee assumptions taking into account the resources already available within Town departments? If the Town was to manage the community center, what kind of savings could be achieved?
  - a. All employee assumptions were projected as if the community center is a stand-alone asset.
23. Performing Arts and Special Events, Dance, Arts/Arts & Crafts' revenue line items seem very low especially given the level of interest and demand expressed. Did the reduction in the great room/event room area create an area that was deemed too small to hold community requested programming? Was there a shift in priority of space size during interviews with stakeholders groups?
  - a. As discussed on the call, the revenue lines may seem low because these are all third-party partner programs. The community center receives a revenue share as opposed to receiving all revenue and covering associated expenses.
24. Camp: is it assumed that part of day's program would include pool time?
  - a. Yes.
25. How would dedicated childcare space be handled?
  - a. Any childcare programs will take place in the recreation room and/or multi-purpose rooms, during which time those spaces will be locked and programmed so that interaction between youth-based programs and non-youth-programs will be minimized or eliminated.
26. Space rental rates appear low and should consider the higher rates that would be charged to non-residents.
  - a. Rates are market adjusted. See Edmond Town Hall rates as a very near comparable.
  - b. For non-residents fees, refer to "Membership and Fees" question 3.
27. Please recap storage areas as this was indicated as a priority and was a recommendation from NCCC (only seeing specified as related to kitchen).
  - a. Storage is considered in four ways;
    1. Dedicated (named) storage, e.g. listed the natatorium.
    2. Flex rooms used for storage, e.g. use of the Staging/Green Room as storage space when no event is set up.
    3. Storage within a dedicated space, e.g. the Kitchen footprint is large enough to include cold/dry storage.

4. Additional storage added, e.g. 10% of non-aquatics space added to the total facility size for mechanical, electrical, and storage.
28. Was any consideration given to the interest in providing space for the Legacy Foundations within the center? Would this space be provided at no cost?
  - a. As discussed on the call, a different conversation is being had to ensure space for Legacy Foundations outside of the community center.
29. In your professional opinion, should this facility be managed internally through the town's existing structure or separately?
  - a. We believe that the community center, as currently projected, would be best served through the Town's existing structure and particularly in partnership with or managed by Parks & Rec.
30. There is still considerable interest in reviewing the high-level pro forma in support of the future ice arena
  - a. This is being sent as an associated document.