



# COMMUNITY RECREATION CENTER PLANNING & DEVELOPMENT

COUNCIL MEETING PREP

December 11, 2020



# Agenda

- 01** Overview & Objectives
- 02** Project Status
- 03** Key Decisions & Approvals



01

OVERVIEW &  
OBJECTIVES



# Overview & Objectives

- › Overall project update
- › Empowerment
- › Support decision-making

***Every decision regarding the Center's program, location, and operations will be made with the residents of New London at the forefront.***

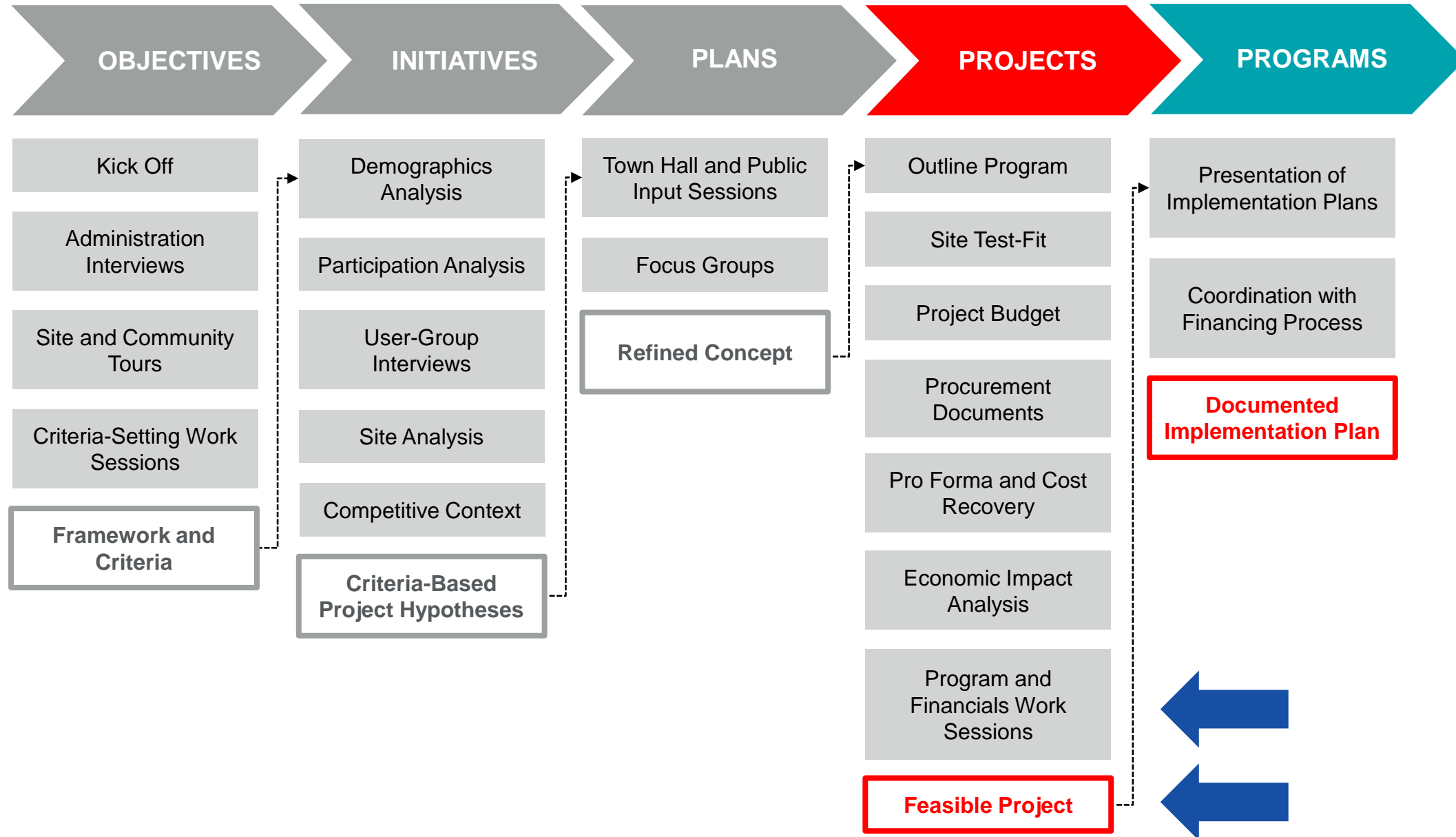
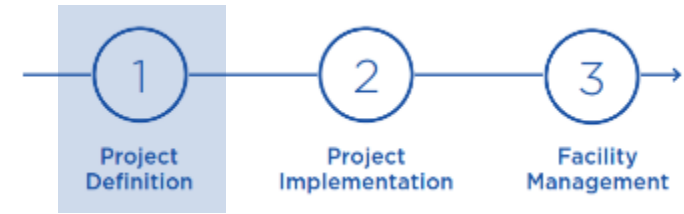
02

# PROJECT STATUS



# Project Status

## DEVELOPMENT OF AN IMPLEMENTATBLE PLAN



03

# KEY DECISIONS & APPROVALS



# Key Decisions & Approvals

- › Decision-making criteria
- › Outline program
- › Preliminary project budget
- › Cash flows and initial seed money
- › Preliminary delivery schedule
- › Implementation team
- › Cost recovery strategies
- › Site refinement



# Key Decisions & Approvals

## CRITERIA: NEW LONDON CORE VALUES

### Key New London values influencing how criteria are formed:

- › Make a city of diverse constituencies function as one community.
- › Address the needs of every household and family to raise children with the opportunity to compete in the world and achieve well-being.
- › Continue the ascension of the city into a place worthy of investment by industries and families alike.
- › Take advantage of the city's locational attributes and neighboring populations to create positive revenue streams that make access to New Londoners affordable.
- › Ensure the center's long-term financial viability.

# Key Decisions & Approvals

## CRITERIA: SUMMARY STATEMENTS

- › The center vision is a combination of a traditional community center and a recreation center, which must accommodate demand for the **most popular activities** and prioritize **youth development** and **family recreation**.
- › The physical building should signify the City's commitment to **community wellbeing** and achieve bold architectural expression via **building form and experience**, rather than the liberal use of expensive materials.
- › Every New London resident should be accommodated **regardless of their ability to pay**.
- › The center management must be **aggressively entrepreneurial** and pursue opportunities to generate speculative revenue for the sake of cross-subsidizing programs for low- and moderate-income residents.

**Criteria will be rigorously applied to ensure City resources are appropriately invested and results are optimized.**

### **New London partners engaged:**

- New London Recreation
- Economic Development & Planning
- Office of the Mayor
- Community Task Force representing a wide variety of industries and perspectives
- New London Youth Affairs
- City Council Economic Development Subcommittee
- Senior Center and Human Services
- Schools
- Sports clubs

# Key Decisions & Approvals

## OUTLINE PROGRAM

- › The ~62,000 sf (gross) Community Recreation Center will prioritize youth development and family recreation.
  - Administrative space for center management team plus Recreation and Youth Affairs department
  - Two court gym
  - Six lane swimming pool
  - Fitness center
  - Six multipurpose rooms convertible for rec and education, including instructional kitchen space
  - Lounge / game room



# Key Decisions & Approvals

## PRELIMINARY BUDGET

Preliminary Budget	
Hard Costs	\$23M
Soft Costs	\$7M
<b>Total</b>	<b>\$30M</b>

Detailed budget in Appendix

- › Total preliminary budget is \$30M
- › Assumes build-ready site (no additional site acquisition or significant preparation costs)
- › Assumes 62,000 SF building with 265 parking spaces

# Key Decisions & Approvals

## ADD ALTERNATES

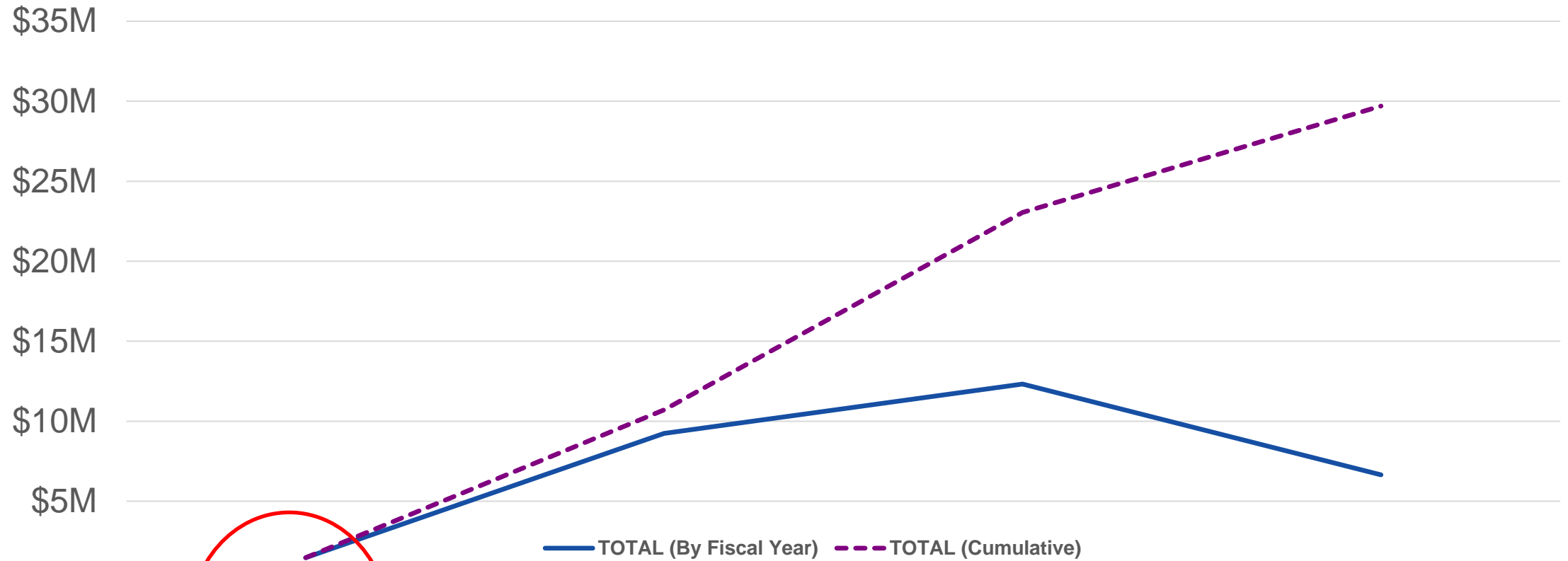
- › Additional options would require fundraising but would enhance benefits for community use and cost recovery
  - Add a leisure pool (\$1.5 M)
  - Add a third basketball court (\$3.1 M)
  - Add an indoor jogging track (\$2.0 M)
  - Increase the size of the lap swimming pool (\$3.1 M)
- › Opportunity to implement these elements during construction
  - Design for potential additions (arrangement around the perimeter, circulation, etc.)
  - Decisions made by fall 2021



# Key Decisions & Approvals

## CASH FLOWS & INITIAL SEED MONEY

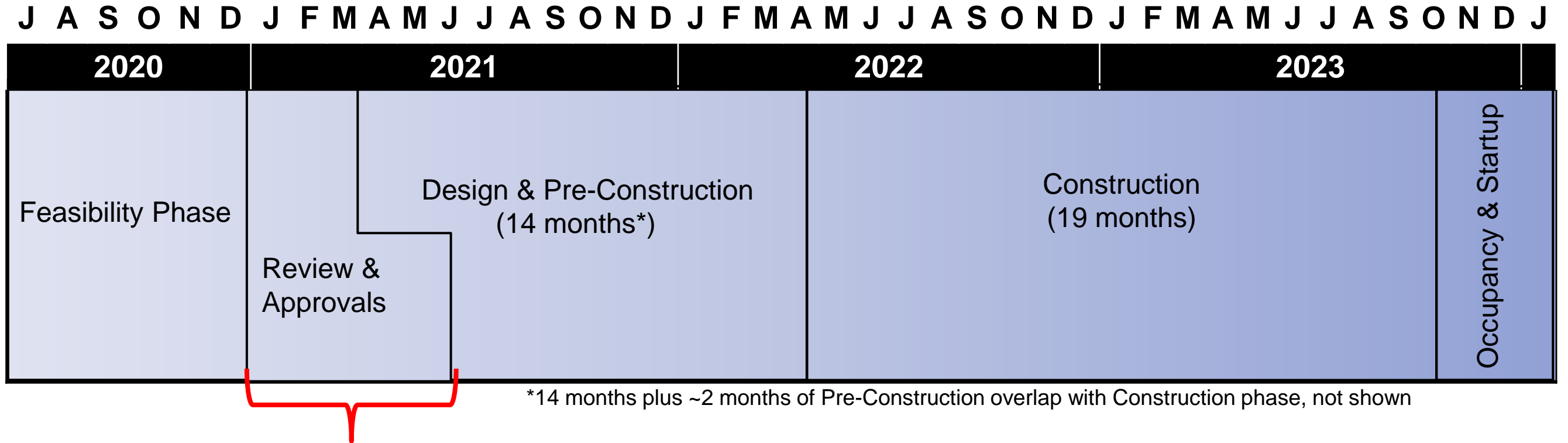
City of New London  
Community Recreation Center  
Project Cash Flow



	FY21	FY22	FY23	FY24
TOTAL (By Fiscal Year)	\$1.5M	\$9.2M	\$12.3M	\$6.7M
TOTAL (Cumulative)	\$1.5M	\$10.7M	\$23.0M	\$29.7M

# Preliminary Schedule

## PROJECT TIMELINE



The project can move as fast as the speed of decision making and access to capital

- › **Jan 18:** Council vote to begin PZC & RCDA Review
- › **Feb 15:** Council approval of PZC recommendations
- › **Jan 18 – Mar 15:** A/E procurement
- › **Mar 15:** Formal Project approval, capital appropriation, award of A/E contract

# Key Decisions & Approvals

## COST RECOVERY STRATEGIES

Operating Pro Forma	First Full Year			Stabilized
	2023	2024	2025	2026
Operating Revenue	\$ 1,077,000	\$ 1,363,000	\$ 1,750,000	\$ 2,119,000
Fixed Revenue	\$ 83,000	\$ 85,000	\$ 86,000	\$ 87,000
<b>Total Revenue</b>	<b>\$ 1,160,000</b>	<b>\$ 1,448,000</b>	<b>\$ 1,836,000</b>	<b>\$ 2,206,000</b>
Operating Expenses	\$ 1,797,000	\$ 1,850,000	\$ 1,905,000	\$ 1,961,000
<b>Net Operating Income (EBITDA)</b>	<b>\$ (637,000)</b>	<b>\$ (402,000)</b>	<b>\$ (69,000)</b>	<b>\$ 245,000</b>
<i>Operating Cost Recovery</i>	60%	74%	92%	108%

- > Assumes growth to ~5,600 monthly and annual members at effective rates of \$30 and \$300, respectively
  - Also assumes revenue from Daily passes, effective rate \$6
  - Inherent risk to membership retention to be addressed in detailed business planning
  
- > Assumes ~\$2M total operating expenses to achieve targeted revenue generation
  - Personnel Costs \$1.2M (FTE & PT)
  - General expenses, supplies, services, etc. ~\$660K
  - Management Fee \$143K



# Key Decisions & Approvals

## SITE REFINEMENT

### Site Analysis Criteria Scoring

	Bates Woods Park	Fort Trumbull
Development and Design Considerations	82	85
Transportation Considerations	70	65
Energy & Utility Considerations	9	9
Site Suitability Considerations	95	105
Cost and Economic Considerations	51	99
Schedule Considerations	32	56
<b>Overall</b>	<b>339</b>	<b>419</b>

- › Edgerton, Downtown, Ocean Beach, State Pier, and Cedar Grove are no longer being considered due to readily known cost factors and a comparative lesser ability to achieve targeted outcomes for New Londoners
- › Selection of the specific site may be during implementation

# Key Decisions & Approvals

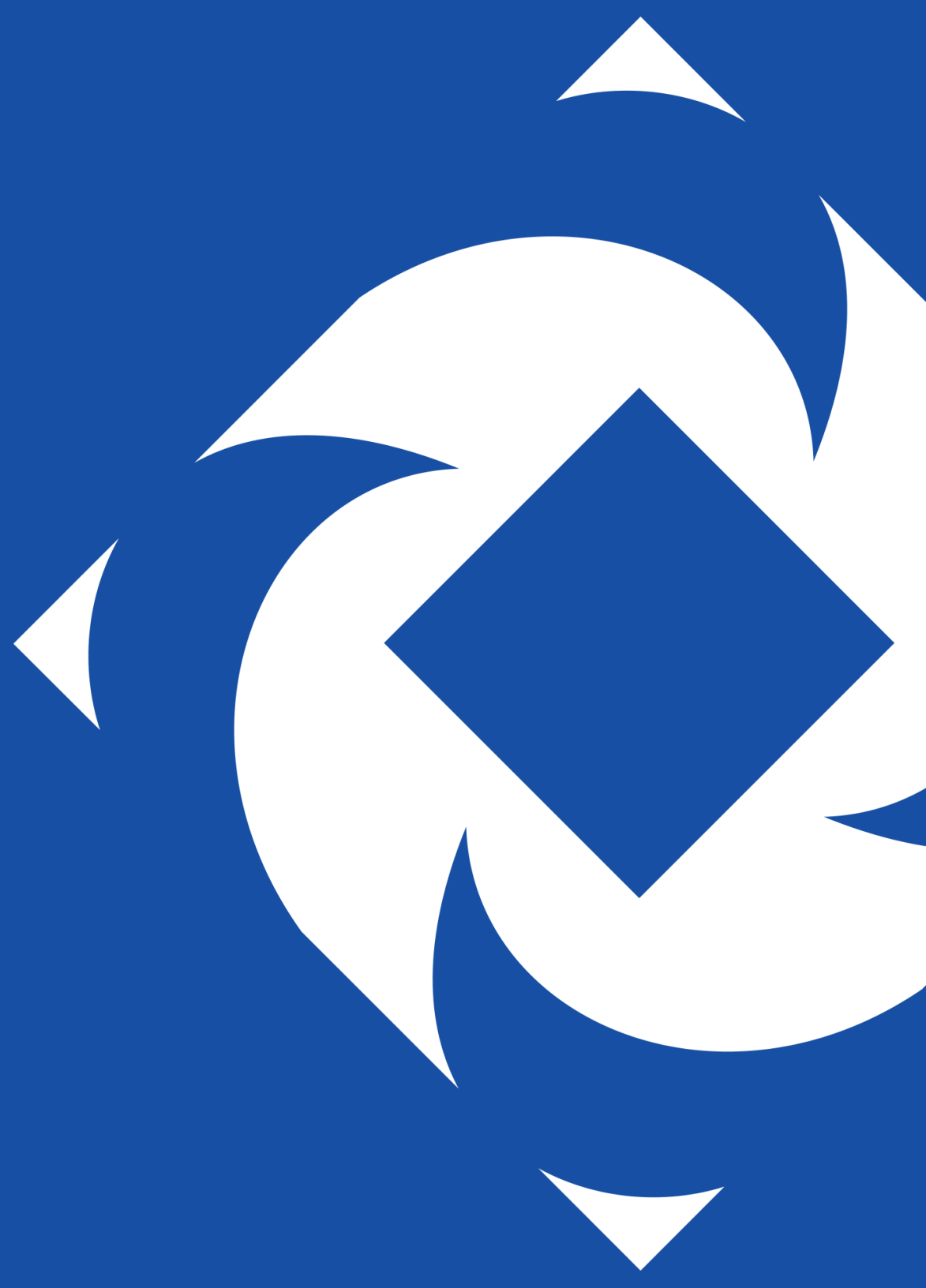
## Project Definition Approvals (Phase I)

- › Market-responsive and criteria framed program elements
- › Program add alternates
- › Preliminary budget
- › Preliminary project development cash flows
- › Preliminary delivery schedule
- › Operations and cost recovery strategies
- › Sites under consideration

## Implementation Approvals (Phase II)

- › Site selection
- › Building efficiency
- › Actual design
  - Internal relationships
  - Exterior elevations
  - Interior finishes and systems
- › Detailed cost estimates
- › Capital appropriations
- › Detailed approvals schedule
- › Detailed business planning

# Appendix



# Detailed budget estimates

Hard Costs		Total Cost
1	Site Acquisition	\$0
2	Construction Contract	
	A. Enclosed Building	\$19,250,000
	B. Demolition, Excavation & Site Preparation	\$934,000
	C. Site Utilities & Infrastructure	\$311,000
	D. Parking	\$765,000
	E. Plaza, Overall Site Aesthetics, and Landscape Allowance	\$500,000
3	Furniture, Fixtures & Equipment	\$916,000
4	Inflation Allowance	\$0
<b>Subtotal - Hard Costs</b>		<b>\$22,676,000</b>
<i>Total Hard Costs per SF</i>		<i>\$364</i>
<i>(without FF&amp;E or inflation)</i>		<i>\$269</i>

Soft Costs		
6	Architectural & Engineering Fees	\$1,797,000
7	Additional Architectural & Engineering Services	\$180,000
8	Testing Fees, Surveys , Etc.	\$227,000
9	Local Fees & Permits	\$0
10	Start-Up Expenses (Pre-Opening salaries & marketing, etc.)	\$350,000
11	Direct Project Expenses	\$50,000
12	Project Contingency	\$1,517,000
13	Construction Period Interest	\$470,000
14	Project Management	\$1,005,000
15	Fundraising Fees	\$0
16	Debt Issuance Fees	\$848,000
17	Credit Insurance	\$582,000
<b>Subtotal - Soft Costs</b>		<b>\$7,026,000</b>
<b>Development Budget</b>		<b>\$29,702,000</b>
<i>Cost per SF</i>		<i>\$477</i>

# Detailed pro forma

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>Variable Revenue</b>				Stabilized Year						
1 Memberships & Admission Fees	\$ 768,000	\$ 999,000	\$ 1,340,000	\$ 1,675,000	\$ 1,675,000	\$ 1,825,000	\$ 1,825,000	\$ 1,825,000	\$ 1,990,000	\$ 1,990,000
2 Rentals	\$ 120,000	\$ 130,000	\$ 137,000	\$ 147,000	\$ 154,000	\$ 158,000	\$ 163,000	\$ 169,000	\$ 174,000	\$ 179,000
3 Programs	\$ 189,000	\$ 234,000	\$ 273,000	\$ 297,000	\$ 305,000	\$ 315,000	\$ 324,000	\$ 334,000	\$ 344,000	\$ 354,000
4 Vending & Concessions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5 Advertising										
6 Sponsorships										
7 Capital Campaign										
<b>8 Sub-total Variable Revenue</b>	<b>\$ 1,077,000</b>	<b>\$ 1,363,000</b>	<b>\$ 1,750,000</b>	<b>\$ 2,119,000</b>	<b>\$ 2,134,000</b>	<b>\$ 2,298,000</b>	<b>\$ 2,312,000</b>	<b>\$ 2,328,000</b>	<b>\$ 2,508,000</b>	<b>\$ 2,523,000</b>
<b>Obligated Revenue</b>										
9 Williams School (hypothetical)	\$ 25,000	\$ 26,000	\$ 27,000	\$ 27,000	\$ 28,000	\$ 29,000	\$ 30,000	\$ 31,000	\$ 32,000	\$ 33,000
10 Ortho therapy use (hypothetical - aquatics)	\$ 18,000	\$ 19,000	\$ 19,000	\$ 20,000	\$ 20,000	\$ 21,000	\$ 21,000	\$ 22,000	\$ 23,000	\$ 23,000
11 Naming Rights (hypothetical)	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 41,000	\$ 41,000	\$ 41,000	\$ 41,000	\$ 41,000
12 Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>14 Sub-total Obligated Revenue</b>	<b>\$ 83,000</b>	<b>\$ 85,000</b>	<b>\$ 86,000</b>	<b>\$ 87,000</b>	<b>\$ 88,000</b>	<b>\$ 91,000</b>	<b>\$ 92,000</b>	<b>\$ 94,000</b>	<b>\$ 96,000</b>	<b>\$ 97,000</b>
<b>15 Total Revenue</b>	<b>\$ 1,160,000</b>	<b>\$ 1,448,000</b>	<b>\$ 1,836,000</b>	<b>\$ 2,206,000</b>	<b>\$ 2,222,000</b>	<b>\$ 2,389,000</b>	<b>\$ 2,404,000</b>	<b>\$ 2,422,000</b>	<b>\$ 2,604,000</b>	<b>\$ 2,620,000</b>
<b>Expenses</b>										
16 Personnel Costs	\$ 1,060,000	\$ 1,090,000	\$ 1,123,000	\$ 1,156,000	\$ 1,190,000	\$ 1,227,000	\$ 1,265,000	\$ 1,303,000	\$ 1,341,000	\$ 1,381,000
17 General Expenses/Advertising/Marketing	\$ 63,000	\$ 65,000	\$ 67,000	\$ 69,000	\$ 71,000	\$ 73,000	\$ 76,000	\$ 78,000	\$ 80,000	\$ 83,000
18 Aquatic Supplies/Chemicals	\$ 22,000	\$ 23,000	\$ 23,000	\$ 24,000	\$ 25,000	\$ 25,000	\$ 26,000	\$ 27,000	\$ 28,000	\$ 29,000
19 Utilities	\$ 265,000	\$ 273,000	\$ 281,000	\$ 290,000	\$ 299,000	\$ 307,000	\$ 317,000	\$ 326,000	\$ 336,000	\$ 346,000
20 Repair and Maintenance	\$ 105,000	\$ 108,000	\$ 111,000	\$ 114,000	\$ 118,000	\$ 121,000	\$ 125,000	\$ 129,000	\$ 133,000	\$ 137,000
21 Contracted Services	\$ 68,000	\$ 70,000	\$ 72,000	\$ 74,000	\$ 76,000	\$ 78,000	\$ 81,000	\$ 83,000	\$ 86,000	\$ 88,000
22 Insurance	\$ 31,000	\$ 32,000	\$ 33,000	\$ 34,000	\$ 35,000	\$ 36,000	\$ 38,000	\$ 39,000	\$ 40,000	\$ 41,000
23 Management Fee	\$ 131,000	\$ 135,000	\$ 139,000	\$ 143,000	\$ 147,000	\$ 152,000	\$ 156,000	\$ 161,000	\$ 166,000	\$ 171,000
24 Other Program Supplies	\$ 52,000	\$ 54,000	\$ 56,000	\$ 57,000	\$ 59,000	\$ 61,000	\$ 63,000	\$ 64,000	\$ 66,000	\$ 68,000
<b>27 Total Expenses</b>	<b>\$ 1,797,000</b>	<b>\$ 1,850,000</b>	<b>\$ 1,905,000</b>	<b>\$ 1,961,000</b>	<b>\$ 2,020,000</b>	<b>\$ 2,080,000</b>	<b>\$ 2,147,000</b>	<b>\$ 2,210,000</b>	<b>\$ 2,276,000</b>	<b>\$ 2,344,000</b>
<b>28 Net Operating Income (EBITDA)</b>	<b>\$ (637,000)</b>	<b>\$ (402,000)</b>	<b>\$ (69,000)</b>	<b>\$ 245,000</b>	<b>\$ 202,000</b>	<b>\$ 309,000</b>	<b>\$ 257,000</b>	<b>\$ 212,000</b>	<b>\$ 328,000</b>	<b>\$ 276,000</b>
<b>30 Capital Improvement Fund</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 200,000</b>	<b>\$ 200,000</b>	<b>\$ 200,000</b>	<b>\$ 200,000</b>	<b>\$ 200,000</b>	<b>\$ 200,000</b>	<b>\$ 200,000</b>
<b>31 Operating Cost Recovery</b>	<b>60%</b>	<b>74%</b>	<b>92%</b>	<b>108%</b>	<b>106%</b>	<b>110%</b>	<b>108%</b>	<b>105%</b>	<b>110%</b>	<b>108%</b>
<b>32 Cash Flow</b>	<b>\$ (637,000)</b>	<b>\$ (1,039,000)</b>	<b>\$ (1,108,000)</b>	<b>\$ (863,000)</b>	<b>\$ (661,000)</b>	<b>\$ (352,000)</b>	<b>\$ (95,000)</b>	<b>\$ 117,000</b>	<b>\$ 445,000</b>	<b>\$ 721,000</b>

# Pro Forma Assumptions

## PRELIMINARY BUDGET

- › Personnel expenses are based on 6 FTE staffing plus ~30K hours of Part Time labor.
- › Non-Personnel expenses, including utilities, custodial, aquatic supplies/chemicals, etc., are estimated by square footage using industry standards.
- › Fixed Revenues are assumed to include naming rights, Williams School aquatics, and another potential partnership such as healthcare / therapeutics.
  - These assumptions are feasible but currently hypothetical only. In Phase II implementation agreements like these would be sought out and finalized.
- › Variable Revenues consist of Memberships, Programs, and Rentals, estimated by modeling realistic programming schedules and rates.

# Membership Assumptions

## PRELIMINARY BUDGET

- › For cost recovery, membership revenue must be ~\$1.7M in the stabilized year.
- › Membership revenue of ~\$1.7M is feasible based on our modeling informed by prior experience and industry standards.
  - Assuming preliminary membership list (“sticker”) prices shown at right
  - Assuming scaled / discounted prices based on household income. Different methods to implement; currently modeled at 1% of HHI
- › Membership types and rate details (youth / senior rate, family package, price scaling mechanism) should be determined in detailed business planning.

	List Price	Overall Effective Rate
<b>Daily</b>	\$8	\$6
<b>Monthly</b>	\$43	\$30
<b>Annual</b>	\$430	\$300

Based on household income distribution, ~60% of City of New London residents would pay a discounted membership rate from \$75 to \$300 in this sample model.

In the overall membership pool, ~35% would pay a rate lower than the list price.

# Membership price distribution



Rate	Overall	New London Residents
\$75	9%	23%
\$200	8%	13%
\$300	7%	9%
\$430	65%	41%

*In the sample model, a higher proportion of NL residents (orange) are paying lower prices (left side of chart), and a higher proportion of overall membership (blue) is paying full price (right side of chart, \$430).*