



COMMUNITY RECREATION CENTER PLANNING & DEVELOPMENT

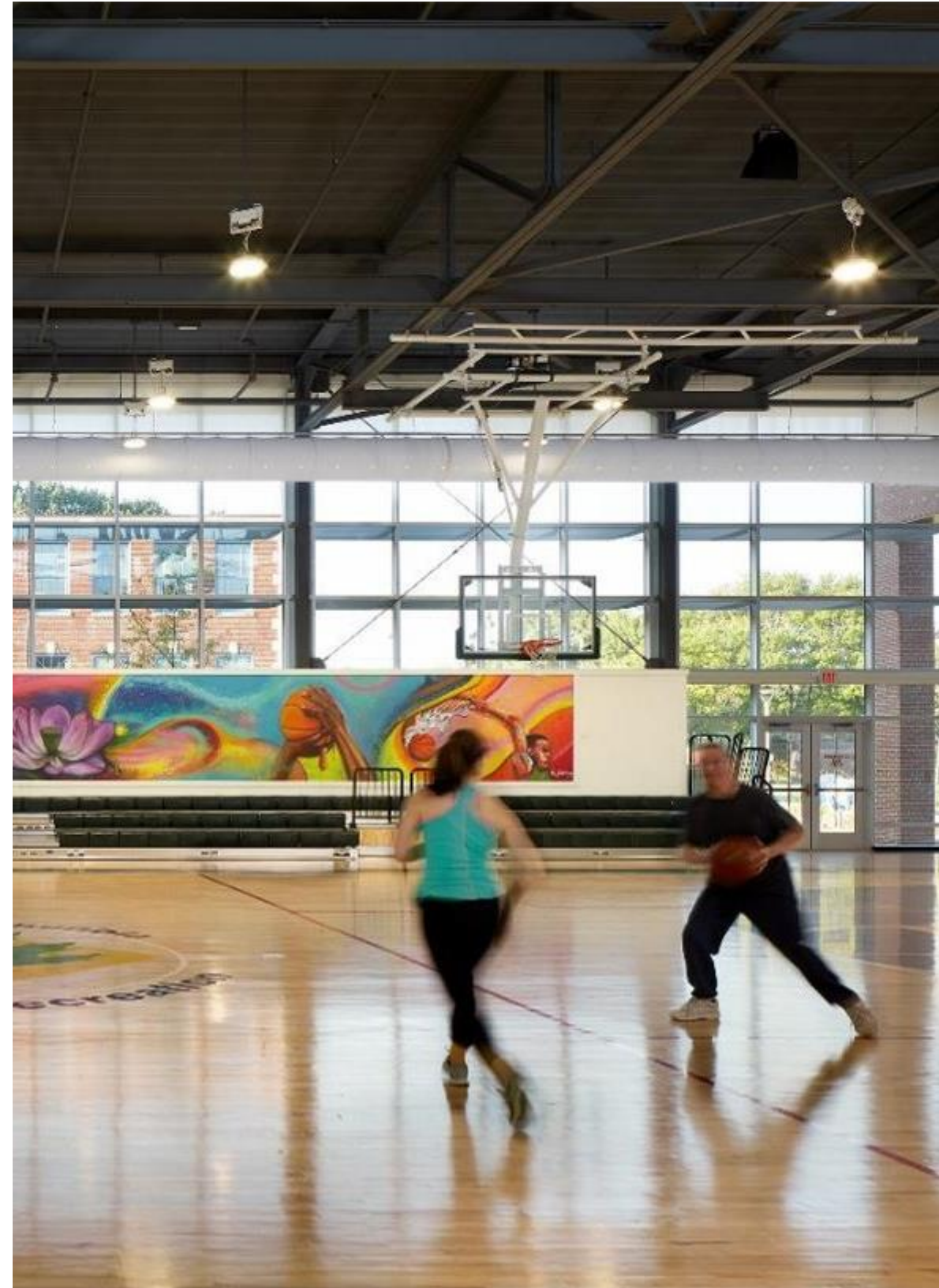
COUNCIL MEETING

January 19, 2021



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.

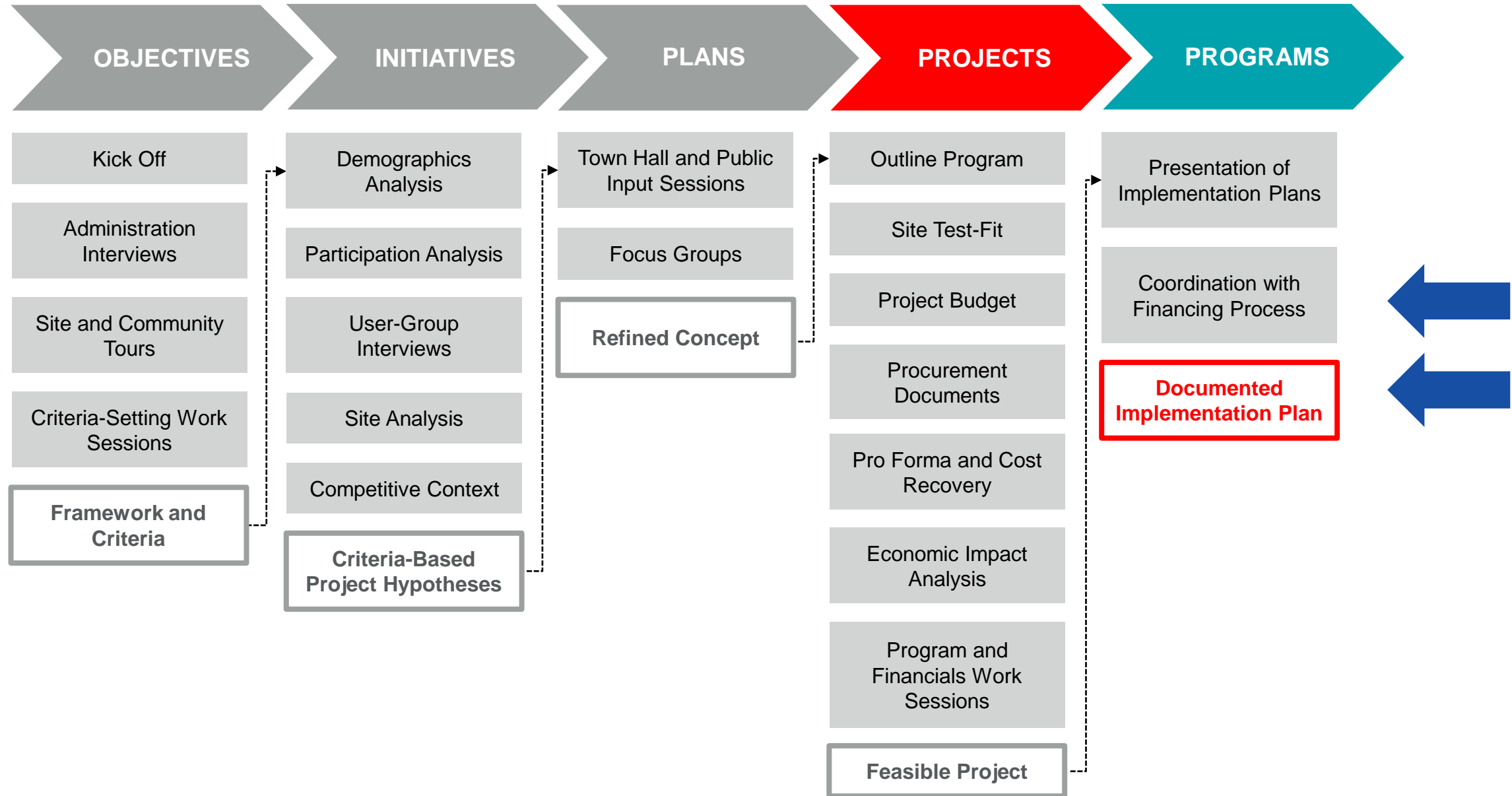
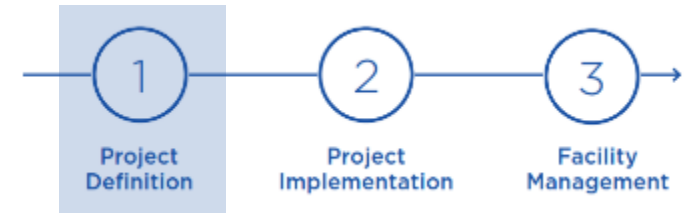
02

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

- › 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

CRITERIA: DELIVERING ON NEW LONDON CORE VALUES

- › Despite limitations in facility space and having no permanent home, New London Recreation and Youth Affairs continues to provide accessible programs and support healthy lifestyles.
- › Not only will a new Community Recreation Center allow for additional types of indoor programs, it will also empower New London Recreation to serve many more residents in a sustainable way, to the benefit of the entire community.

New London has **0 square feet** of city indoor recreation with dedicated community space, but currently has

18+ community groups meeting regularly in space-constrained Senior Center*

13,000+ hours of outdoor recreation space rentals annually*



7,000+
Potential
Basketball
Players



13,000+
Potential
Swimmers



18,000+
Potential
Fitness
Participants

within a 15-
minute drive
from
downtown†

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 (likely 6 hoops)
 - Six lane swimming pool
 - Fitness center
 - Six multipurpose rooms convertible for rec and education, including instructional kitchen space
 - Lounge / game room



Key Decisions & Approvals

OUTLINE PROGRAM: USING THE SPACE

- › Community engagement, stakeholder interviews, and interactive planning sessions provided clarity on the existing deficits, ideal conditions, and strategic alignment with New London’s goals.
- › The outcome is a program specifically focused on accommodating different uses that achieve the City’s strategic objectives, as defined in the criteria





YOUTH DEVELOPMENT
*Sports leagues
 Camps
 Tutoring & academic resources
 Teen Lounge
 Learn-to-swim
 Early Learning Center
 Leadership development*



MOST POPULAR ACTIVITIES
*Basketball
 Volleyball
 Futsal
 Swimming
 Fitness Classes
 Cardio
 Strength training
 Senior classes*



COMMUNITY WELL BEING
*Educational classes
 Arts & Cultural activities
 Meeting space
 Book Bank
 Community garden*



FINANCIAL SUSTAINABILITY
*Low-cost activities
 Financially accessible options
 Revenue generation
 Space rentals
 Premium options*

Key Decisions & Approvals

PRELIMINARY BUDGET

Preliminary Budget Summary	
Hard Costs	\$23M
<i>Building</i>	<i>\$19M</i>
<i>Site Prep, Parking, Landscape</i>	<i>\$2M</i>
<i>Furniture, Fixtures, & Equip.</i>	<i>\$1M</i>
Soft Costs	\$7M
<i>Architectural, Engineering, Project Management</i>	<i>\$3M</i>
<i>Contingency (Buffer)</i>	<i>\$2M</i>
<i>Construction Period Interest, Fees, & Startup Costs</i>	<i>\$2M</i>
Total	\$30M

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

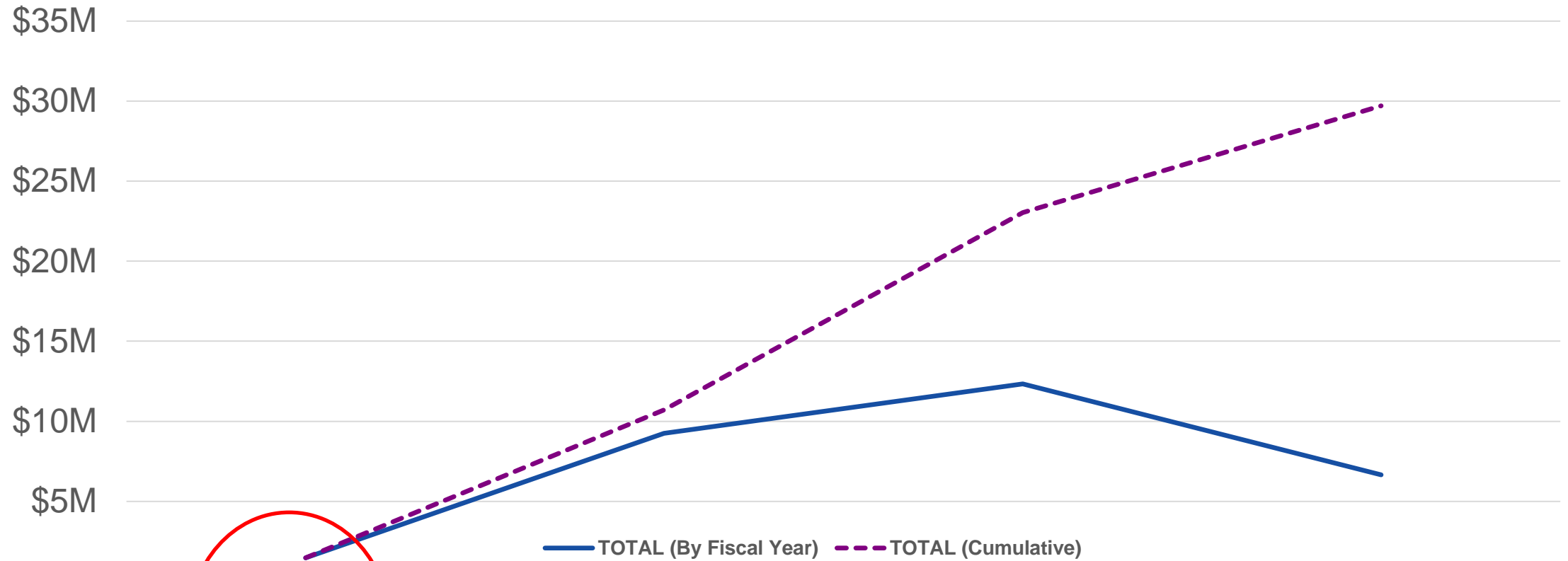
- › Additional options would require fundraising but would enhance benefits for community use and cost recovery
 - Add a leisure pool (\$1.5M)
 - Add a third basketball court (\$3.1M)
 - Add an indoor jogging track (\$2.0M)
 - Increase the size of the lap swimming pool (\$3.1M)
- › Opportunity to implement 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

Key Decisions & Approvals

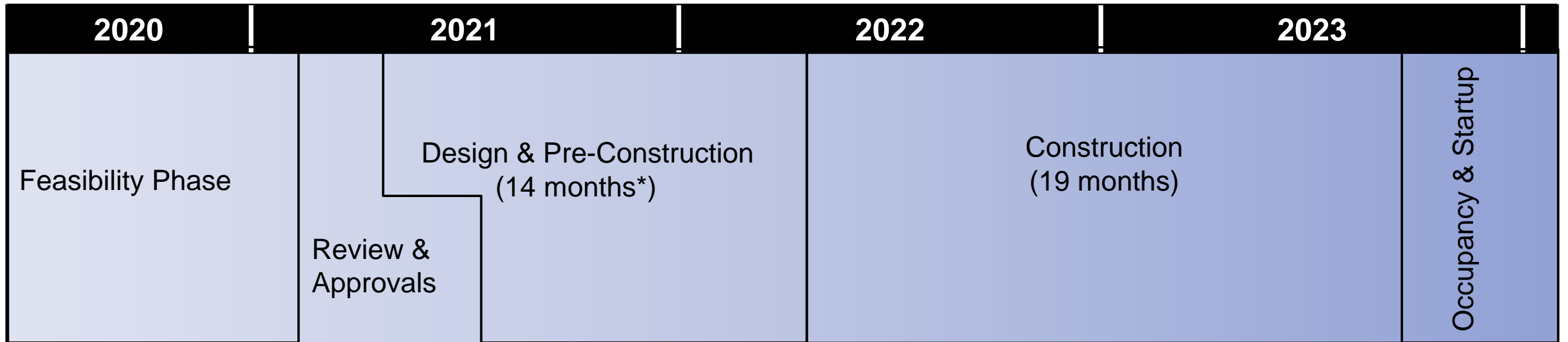
PROJECT TIMELINE

“Be quick, but don’t hurry.”

- John Wooden, Legendary Basketball Coach

Key Decisions & Approvals

PROJECT TIMELINE



*12 months plus ~2 months of Pre-Construction overlap with Construction phase, not shown

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

- › **Feb 1:** Council vote to begin PZC & RCDA Review
- › **March 1:** Council approval of PZC recommendations
- › **Feb 1 – Mar 29:** A/E procurement
- › **Mar 29:** Formal Project approval, capital appropriation, award of A/E contract

Key Decisions & Approvals

COST RECOVERY STRATEGIES

Operating Pro Forma	First Full Operating Year			Stabilized
	2024	2025	2026	2027
Operating Revenue	\$ 1,077,000	\$ 1,363,000	\$ 1,750,000	\$ 2,119,000
Fixed Revenue	\$ 83,000	\$ 85,000	\$ 86,000	\$ 87,000
Total Revenue	\$ 1,160,000	\$ 1,448,000	\$ 1,836,000	\$ 2,206,000
Operating Expenses	\$ 1,797,000	\$ 1,850,000	\$ 1,905,000	\$ 1,961,000
Net Operating Income (EBITDA)	\$ (637,000)	\$ (402,000)	\$ (69,000)	\$ 245,000
<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

ECONOMIC IMPACT

- › In addition to health and wellness, youth development, and quality of life improvements for all New Londoners, the project will also bring economic benefits.
- › Over the typical useful life of a facility (approximately 30 years), the CRC could generate \$39M in economic output.

One-Time Construction Benefits

 **\$9M**
Output

 **\$11M**
Wages

 **216**
Jobs

Annual Recurring Operations Impact

 **\$1M**
Output

 **\$1M+**
Wages

 **28**
Jobs

Effects are measured in terms of economic activity, jobs, and wages, including **direct impacts** (economic activity created by the expenditure of dollars on construction and operation) and **indirect impacts** (the value of additional economic demands that the project places on supplying industries).*

*RIMS II input-output multipliers were developed based on information published by the U.S. Department of Commerce Bureau of Economic Analysis. All benefit estimates shown are for New London County only; total impacts have been discounted due to leakage outside of the county. Construction jobs calculated as full-time job-years. Recurring jobs are Full Time Equivalent.

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
Overall	339	419

- › 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

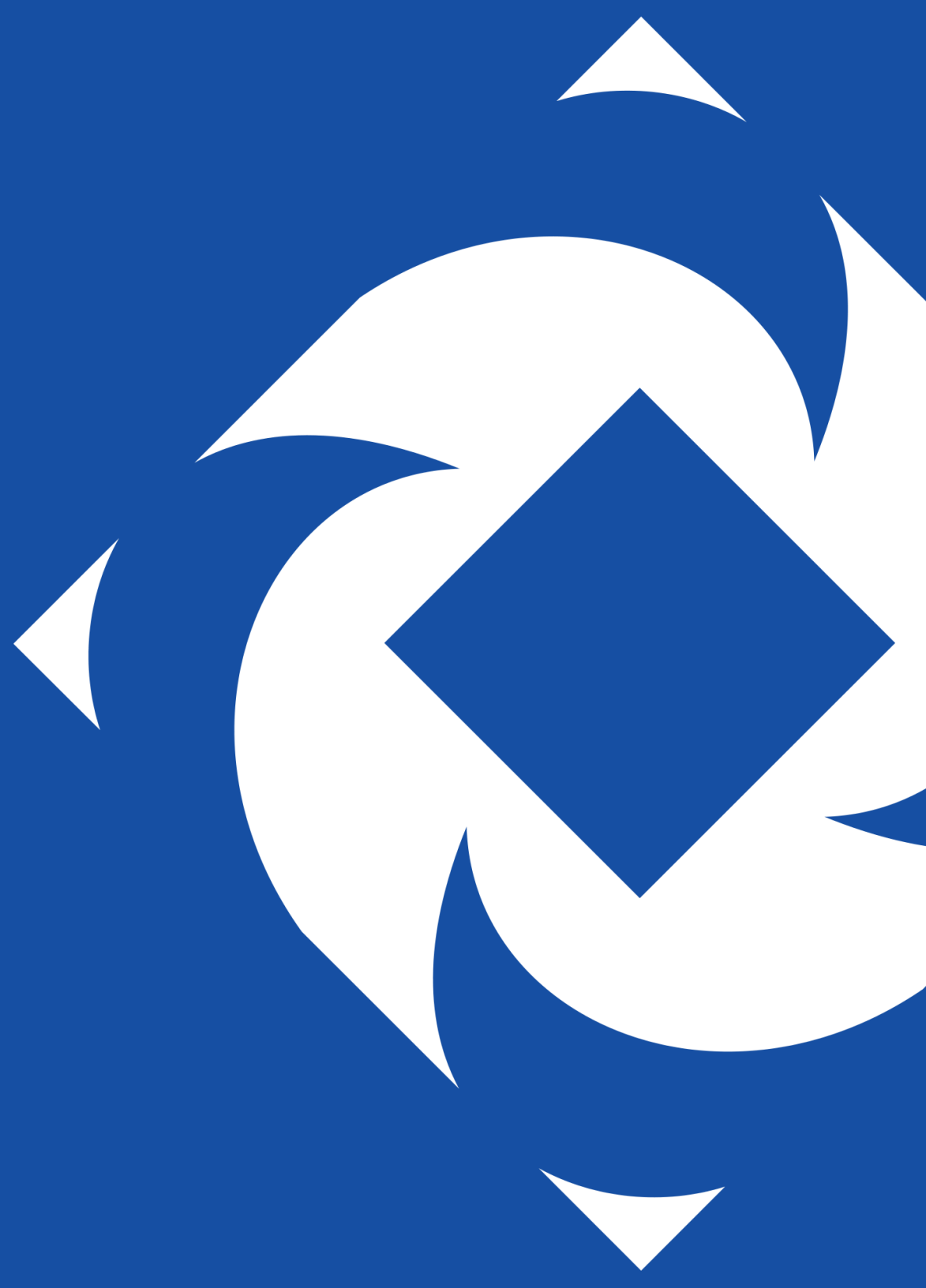
Project Definition Approvals (Phase I)

- › 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 and adjacencies
 - 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
Subtotal - Hard Costs		\$22,676,000
<i>Total Hard Costs per SF</i>		<i>\$364</i>
<i>(without FF&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
Subtotal - Soft Costs		\$7,026,000
Development Budget		\$29,702,000
<i>Cost per SF</i>		<i>\$477</i>

Detailed pro forma

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Variable Revenue	<i>First Full Operating Year</i>			<i>Stabilized Year</i>						
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										
8 Sub-total Variable Revenue	\$ 1,077,000	\$ 1,363,000	\$ 1,750,000	\$ 2,119,000	\$ 2,134,000	\$ 2,298,000	\$ 2,312,000	\$ 2,328,000	\$ 2,508,000	\$ 2,523,000
Obligated Revenue										
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14 Sub-total Obligated Revenue	\$ 83,000	\$ 85,000	\$ 86,000	\$ 87,000	\$ 88,000	\$ 91,000	\$ 92,000	\$ 94,000	\$ 96,000	\$ 97,000
15 Total Revenue	\$ 1,160,000	\$ 1,448,000	\$ 1,836,000	\$ 2,206,000	\$ 2,222,000	\$ 2,389,000	\$ 2,404,000	\$ 2,422,000	\$ 2,604,000	\$ 2,620,000
Expenses										
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
27 Total Expenses	\$ 1,797,000	\$ 1,850,000	\$ 1,905,000	\$ 1,961,000	\$ 2,020,000	\$ 2,080,000	\$ 2,147,000	\$ 2,210,000	\$ 2,276,000	\$ 2,344,000
28 Net Operating Income (EBITDA)	\$ (637,000)	\$ (402,000)	\$ (69,000)	\$ 245,000	\$ 202,000	\$ 309,000	\$ 257,000	\$ 212,000	\$ 328,000	\$ 276,000
30 Capital Improvement Fund	\$ -	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
31 Operating Cost Recovery	60%	74%	92%	108%	106%	110%	108%	105%	110%	108%
32 Cash Flow	\$ (637,000)	\$ (1,039,000)	\$ (1,108,000)	\$ (863,000)	\$ (661,000)	\$ (352,000)	\$ (95,000)	\$ 117,000	\$ 445,000	\$ 721,000

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
Daily	\$8	\$6
Monthly	\$43	\$30
Annual	\$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).