



October 21, 2024

POOL UTILITY STUDY RESULTS

TOWNSHIP OF VERONA

PRESENTATION TO THE MAYOR AND COUNCIL



PRESENTATION AGENDA



- Study Background and Purpose



- Study Data and Assumptions



- Pool Utility Cash Flow Scenarios



- Pool Fee Scenarios



STUDY BACKGROUND AND PURPOSE

- Township engaged NewGen in early 2024 to evaluate options that would result in a financially stable Pool Utility.
- The 2024 Pool Utility budget required the use of \$200,000 of American Rescue Plan Act (ARPA) funds to balance the budget.
 - ARPA funds are no longer available for this purpose in 2025 and beyond.
- NewGen was tasked with developing forecasts regarding membership fees and other sources of revenue (or cost savings) to achieve a self-liquidating Pool Utility.

BASIS FOR NEWGEN'S FORECASTS

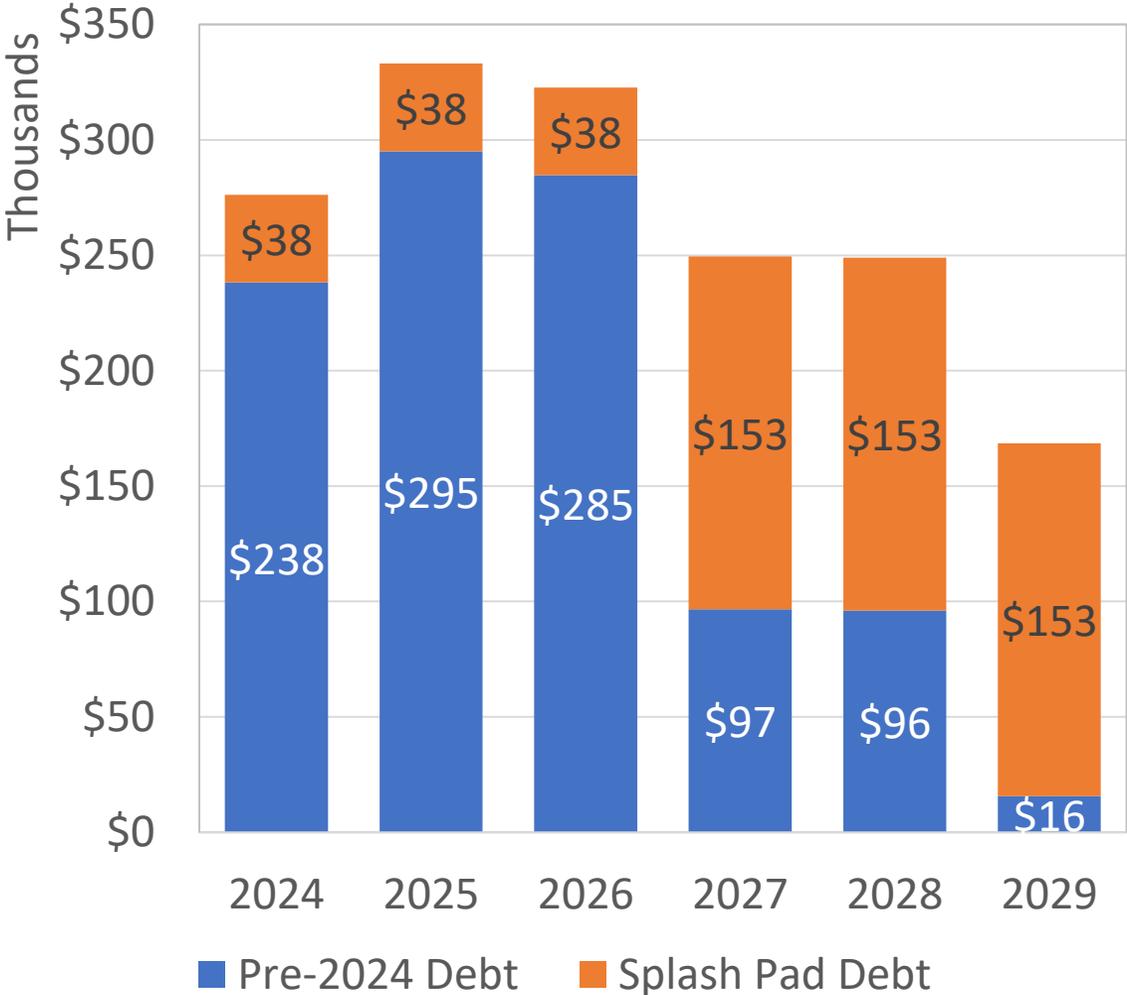
- Operating costs (labor, materials, supplies, etc.) based on 2024 actual data.
 - Adjusted for known changes, such as increases in water rates.
- Moderate increase in number of new memberships in 2025 and 2026, no increase in new memberships thereafter.
- Consistent with policy changes proposed to Parks & Recreation Advisory Committee.
- Pool Fund must maintain appropriate end of year reserves.

OPERATING COST FORECAST

(rounded to nearest 100)	2024	2025	2026	2027	2028	2029
<u>Pool Fund:</u>						
Wages and Benefits	\$379,000	\$401,100	\$420,500	\$440,900	\$462,200	\$484,600
Operating Expenses	\$164,700	\$170,500	\$176,400	\$182,600	\$188,900	\$195,500
Subtotal:	\$543,700	\$571,600	\$596,900	\$623,500	\$651,100	\$680,100
<u>Other Funds:</u>						
Water Purchases	\$37,400	\$50,000	\$51,800	\$53,700	\$55,700	\$57,800
Building and Grounds	\$17,000	\$17,600	\$18,200	\$18,900	\$19,600	\$20,300
Recreation	\$15,000	\$15,600	\$16,200	\$16,800	\$17,400	\$18,000
Water/Sewer	\$2,400	\$2,500	\$2,600	\$2,700	\$2,800	\$2,900
Subtotal:	\$71,800	\$85,700	\$88,800	\$92,100	\$95,500	\$99,000
Total Operating Costs	\$615,500	\$657,300	\$685,700	\$715,600	\$746,600	\$779,100
<i>% Change</i>		6.8%	4.3%	4.4%	4.3%	4.4%

EXISTING DEBT PAYMENTS

- Pre-2024 debt includes Series 2013 and 2017 loans.
- Decrease in 2027 is due to full payment of Series 2013 in 2026.
- Splash pad Debt includes interest payments in 2024, 2025, and 2026 capitalization of \$1.6 million in 2027.
 - Payment estimated to be \$152k per year based on 15-year term and 4.8% interest.



CAPITAL IMPROVEMENT PLAN

	2024	2025	2026	2027	2028	2029
Replaster Big Pool ⁽¹⁾		\$550,000				
Renovations to Basketball Courts		\$17,500	\$100,000			
Paint Poles on Water Slides				\$25,000		
Repairs To Main Building			\$30,000			
Tree Replacement					\$12,000	
Replace Bathroom Partitions						\$30,000
Gazebo Ceiling/Railings						\$45,000
Replace Pool Furniture	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Total Planned CIP	\$10,000	\$577,500	\$140,000	\$35,000	\$22,000	\$85,000
Cash Funded	\$10,000	\$10,000	\$40,000	\$35,000	\$22,000	\$85,000
Debt Funded	\$0	\$567,500	\$100,000	\$0	\$0	\$0

(1) Based on lowest responsive bid received on October 16, 2024.

TOTAL POOL UTILITY COSTS FORECAST

(rounded to \$100)	2024	2025	2026	2027	2028	2029
Operating Expenses	\$615,500	\$657,300	\$685,800	\$715,600	\$746,700	\$779,200
Existing Debt Service	\$278,300	\$335,100	\$324,800	\$251,500	\$251,100	\$170,600
New Loan Debt	\$ -	\$ -	\$30,100	\$39,100	\$39,100	\$39,100
Cash Capital	\$10,000	\$10,000	\$40,000	\$35,000	\$22,000	\$85,000
Total Costs	\$903,800	\$1,002,400	\$1,080,700	\$1,041,200	\$1,058,800	\$1,073,900
Less: Other Revenue	(\$250,000)	(\$51,500)	(\$81,700)	(\$84,200)	(\$85,900)	(\$87,600)
Net Costs (Fee Basis)	\$653,800	\$950,900	\$999,000	\$957,000	\$973,000	\$986,300
<i>% Change</i>		45.4%	5.1%	-4.2%	1.7%	1.4%

- Other revenue includes concession rental, pool rentals, Waves/Cougars rentals, private rentals.
- Decrease in Other revenue in 2025 due to the removal of \$200,000 of American Rescue Plan Act (ARPA) subsidy.

FORECASTED MEMBERSHIP FEES

- Two cash flow scenarios:
 - Scenario 1: No use of fund balance beginning 2025.
 - Scenario 2: \$140,000 of fund balance used to lessen impact on fees in 2025 and 2026, no use of fund balance beginning in 2027.
- Both scenarios developed with and without outside memberships.
 - If outside memberships are included, the cost is \$2,400 per year for an outside family membership and 50 outside memberships are available.
 - Outside family memberships only available to residents of Caldwell, North Caldwell, Cedar Grove, Essex Fells, or Fairfield.

SUMMARY OF SCENARIOS

Scenario 1: No Use of Fund Balance	2024	2025	2026	2027	2028	2029
<u>Without Outside Members</u>						
Fee increase (%)	15%	35%	0%	0%	0%	0%
Family Membership	\$605	\$815	\$815	\$815	\$815	\$815
\$ Increase	\$85	\$210	\$0	\$0	\$0	\$0
<u>With Outside Members</u>						
Fee increase (%)	15%	15%	0%	0%	0%	0%
Family Membership	\$605	\$696	\$696	\$696	\$696	\$696
\$ Increase	\$85	\$91	\$0	\$0	\$0	\$0

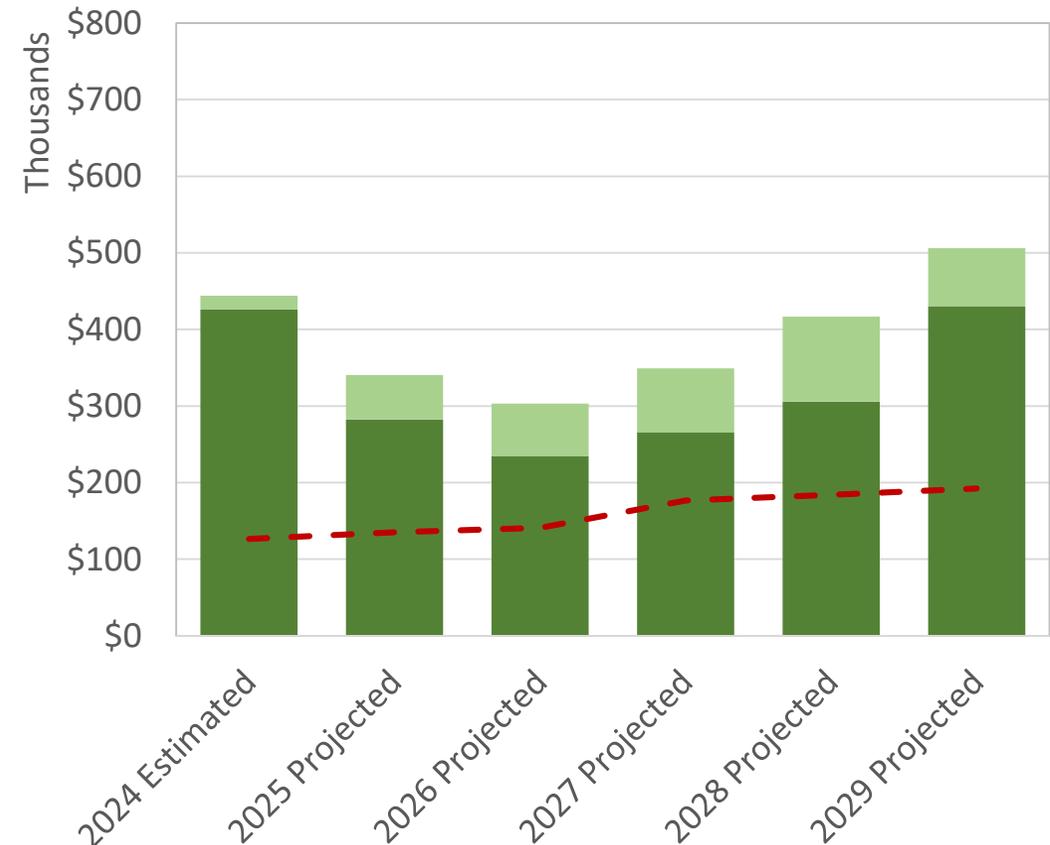
Scenario 2: Use of Fund Balance	2024	2025	2026	2027	2028	2029
<u>Without Outside Members</u>						
Fee increase (%)	15%	15%	10%	3%	3%	3%
Family Membership	\$605	\$695	\$765	\$790	\$815	\$840
\$ Increase	\$85	\$90	\$70	\$25	\$25	\$25
<u>With Outside Members</u>						
Fee increase (%)	15%	0%	5%	3%	3%	3%
Family Membership	\$605	\$605	\$635	\$654	\$674	\$694
\$ Increase	\$85	\$0	\$30	\$19	\$20	\$20

FUND BALANCE FORECASTS

Scenario 1 – No use of Fund Balance



Scenario 2 – Use \$140,000 of Fund Balance



Operating Reserve

Capital Reserve

Recommended Balance

DETAILED FEE FORECASTS

SCENARIO 1
FEE
FORECAST:
NO OOT
MEMBERS

	2024 Actual	2025 Projected	2026 Projected	2027 Projected	2028 Projected	2029 Projected
Percent Change	15%	35%	0%	0%	0%	0%
Dollar Change (Family)	\$85	\$210	\$0	\$0	\$0	\$0
<u>Memberships</u>						
Couple	\$547	\$740	\$740	\$740	\$740	\$740
Family	\$605	\$815	\$815	\$815	\$815	\$815
Caregiver	\$150	\$205	\$205	\$205	\$205	\$205
Firefighter	\$0	\$50	\$50	\$50	\$50	\$50
Parent and Child	\$518	\$700	\$700	\$700	\$700	\$700
Individual	\$397	\$535	\$535	\$535	\$535	\$535
Twilight	\$236	\$320	\$320	\$320	\$320	\$320
Senior Citizen	\$195	\$265	\$265	\$265	\$265	\$265
<u>Guest Passes</u>						
Adult	\$20	\$22	\$25	\$27	\$30	\$35
Child	\$15	\$18	\$20	\$22	\$25	\$27
<u>Day Passes</u>						
Adult	\$45	\$50	\$55	\$60	\$65	\$70
Child	\$20	\$25	\$27	\$30	\$33	\$35

SCENARIO 2 FEE FORECAST: NO OOT MEMBERS

	2024 Actual	2025 Projected	2026 Projected	2027 Projected	2028 Projected	2029 Projected
Percent Change	15%	15%	10%	3%	3%	3%
Dollar Change (Family)	\$85	\$90	\$70	\$25	\$25	\$25
<u>Memberships</u>						
Couple	\$547	\$630	\$695	\$715	\$735	\$755
Family	\$605	\$695	\$765	\$790	\$815	\$840
Caregiver	\$150	\$175	\$195	\$200	\$205	\$210
Firefighter	\$ -	\$50	\$55	\$55	\$55	\$55
Parent and Child	\$518	\$595	\$655	\$675	\$695	\$715
Individual	\$397	\$455	\$500	\$515	\$530	\$545
Twilight	\$236	\$270	\$295	\$305	\$315	\$325
Senior Citizen	\$195	\$225	\$250	\$260	\$270	\$280
<u>Guest Passes</u>						
Adult	\$20	\$22	\$25	\$27	\$30	\$35
Child	\$15	\$18	\$20	\$22	\$25	\$27
<u>Day Passes</u>						
Adult	\$45	\$50	\$55	\$60	\$65	\$70
Child	\$20	\$25	\$27	\$30	\$33	\$35

SCENARIO 1 FEE FORECAST: 50 00T MEMBERS AT \$2,400

	2024 Actual	2025 Projected	2026 Projected	2027 Projected	2028 Projected	2029 Projected
Percent Change	15%	15%	0%	0%	0%	0%
Dollar Change (Family)	\$85	\$91	\$0	\$0	\$0	\$0
<u>Memberships</u>						
Couple	\$547	\$629	\$629	\$629	\$629	\$629
Family (Inside)	\$605	\$696	\$696	\$696	\$696	\$696
Family (Outside)	N/A	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400
Caregiver	\$150	\$173	\$173	\$173	\$173	\$173
Firefighter	\$0	\$50	\$50	\$50	\$50	\$50
Parent and Child	\$518	\$596	\$596	\$596	\$596	\$596
Individual	\$397	\$457	\$457	\$457	\$457	\$457
Twilight	\$236	\$271	\$271	\$271	\$271	\$271
Senior Citizen	\$195	\$224	\$224	\$224	\$224	\$224
<u>Guest Passes</u>						
Adult	\$20	\$22	\$25	\$27	\$30	\$35
Child	\$15	\$18	\$20	\$22	\$25	\$27
<u>Day Passes</u>						
Adult	\$45	\$50	\$55	\$60	\$65	\$70
Child	\$20	\$25	\$27	\$30	\$33	\$35

SCENARIO 2
FEE
FORECAST:
50 00T
MEMBERS
AT \$2,400

	2024 Actual	2025 Projected	2026 Projected	2027 Projected	2028 Projected	2029 Projected
Percent Change	15%	0%	5%	3%	3%	3%
Dollar Change (Family)	\$85	\$0	\$30	\$19	\$20	\$20
<u>Memberships</u>						
Couple	\$547	\$547	\$574	\$591	\$609	\$627
Family (Inside)	\$605	\$605	\$635	\$654	\$674	\$694
Family (Outside)	N/A	\$2,400	\$2,520	\$2,596	\$2,673	\$2,754
Caregiver	\$150	\$150	\$158	\$163	\$168	\$173
Firefighter	\$0	\$50	\$53	\$55	\$57	\$59
Parent and Child	\$518	\$518	\$544	\$560	\$577	\$594
Individual	\$397	\$397	\$417	\$430	\$443	\$456
Twilight	\$236	\$236	\$248	\$255	\$263	\$271
Senior Citizen	\$195	\$195	\$205	\$211	\$217	\$224
<u>Guest Passes</u>						
Adult	\$20	\$22	\$25	\$27	\$30	\$35
Child	\$15	\$18	\$20	\$22	\$25	\$27
<u>Day Passes</u>						
Adult	\$45	\$50	\$55	\$60	\$65	\$70
Child	\$20	\$25	\$27	\$30	\$33	\$35