

Edgewood Administration: Proposal

May 29, 2020

Document Scope: The Edgewood Task Force has released this document for review and approval by the Board of Selectmen. It is an overview of suggested goals, priorities, policies, and financial guidelines that the Town of Southbury will follow if it acquires the Edgewood Bath and Tennis Club.

New Name: Upon acquisition, the Town will retitle the facility as the **Edgewood Sports Complex**.

Mission Statement

The Town of Southbury and its residents place a high value on the quality of the Town's recreational and athletic venues. The Edgewood acquisition and subsequent management strategies are aimed to support, enhance, and expand the recreational, instructional, therapeutic, and athletic opportunities available to Southbury residents of all ages, and to do so in a fiscally responsible manner.

- **Pool Replacement:** The swimming pool at Edgewood is intended to replace the pool at Ballantine Park, which has structural issues and is near the end of its useable life. The purchase of the Edgewood facility is a financially responsible way to sustain access to a Town Pool and add bonus recreational amenities at a very reasonable cost.
- **Promotion of Swimming Teams and Programs:** Southbury is proud to sponsor several dynamic and successful swimming programs for our kids and their parents. A significant reason for their success is the availability of an outdoor Town Pool in Summer months. Purchasing Edgewood will allow the Town to continue and expand its extraordinary swimming programs (recreational, instructional, and competitive) at half the cost of building a new outdoor pool at Ballantine Park.
- **Take Advantage of Edgewood's Tennis Courts and Other Amenities:** Edgewood has six USTA grade Tennis Courts, a full-size basketball court, two Paddle Tennis courts. Pickleball courts, a large bathhouse with a commercial kitchen, excellent outdoor lighting, ample parking, and is fully ADA compliant. These allow the Town to expand its scope of recreational and athletic activities significantly.
- **Maintain Edgewood Facilities in Top Condition:** This plan proposes a management system that is incentivized to operate Edgewood efficiently, effectively, and to keep it in top form, over the short term, and in the long run, for the benefit and enjoyment of our residents and other dues-paying members.
- **Eliminate the Need for Taxpayer Subsidies:** The pool at Ballantine Park has required a taxpayer subsidy every year. Last year, that amount was more than \$90,000. One of our goals is to operate Edgewood such that it does not require financial support from taxpayers. The plethora of activities available at Edgewood and the subsequent revenue generated will help to achieve this goal.
- **Generate Excess Revenues to Support Other Recreational Activities:** Beyond eliminating the need for annual subsidies, the projected P&L for Edgewood illustrates that it has the potential to generate revenues in excess of expenses. We intend to earmark and use these excess revenues to support, develop, and enhance additional recreational activities, either within Edgewood or at other Town parks, instead of just assigning them to the General Fund.

Priority for Southbury Residents: Edgewood membership will not be restricted to Southbury residents. Edgewood will accept membership applications from residents of other towns. However, the Edgewood management Committee will endeavor to create a membership system that allows for Southbury residents to get priority over non-residents when there is a risk of membership exceeding capacity. Capacity will vary by venue.

Governance and Management

Edgewood Committee: The Board of Selectmen (BoS) shall appoint a six-person committee (Committee) to oversee the affairs of Edgewood. The appointed committee members should have significant experience in business management.

- The Committee will have the authority to review and approve any plans or programs associated with Edgewood.
 - The Committee will collaborate and work closely with the Director of Park and Rec, and with the Park and Rec Commission in creating, organizing, and managing the plans and programs at Edgewood.
 - However, the Committee and its programs are subject to oversight by the Board of Selectmen.
- The Selectmen shall form the Committee as soon after exercising the purchase option as possible with the charge to finalize this management program by the purchase closing date.
 - Three members of the Committee will be voting members.
 - One of the voting Committee members shall represent the Park and Recreation Commission.
 - The Committee shall be augmented with three non-voting advisors, including the Director of Finance and one each from the Boards of Finance and Selectmen.
 - The term of these appointments will be three years.
 - The Board of Selectman will appoint new Committee members to fill mid-term vacancies.

Director: A Director shall manage Edgewood. This Director will be an independent contractor on a contract approved by the BoS.

- The Director shall report to the Town's Director of Finance. The First Selectman's office already has a large and complex span of control, with many direct reports. Hence, our Task Force believes it would be more appropriate for the Director to report to the Director of Finance, instead of to the First Selectman's office.
- The First Selectman's office shall begin the search for a Director such that (s)he shall start a transition to Town ownership as soon after the exercise of the option to purchase as possible.
- Edgewood's staff shall be temporary employees of the Town of Southbury.

Edgewood Operating Manual: The Director shall develop an operating manual to be substantially completed by the start of Edgewood operations in 2021. This manual will be reviewed by the Director of Finance and approved by the Edgewood Committee.

Member Concerns: The Committee shall establish a method to periodically address the concerns and interests of the members to provide for the ongoing high-quality of Edgewood's physical plant and operations that maintain the property as a premier facility that remains attractive to our residents. The Committee shall periodically solicit the input of the Aquatic and Tennis communities to address issues they believe are essential to the successful operation of Edgewood.

Concerted Efforts with Park and Rec Department and Commission: The Town's Park and Rec staff and Commission are foundational and essential to the many programs and activities that they sponsor. The Park and Rec team will be required to organize and subsequently manage multiple programs within the Edgewood facility in collaboration with the Edgewood Director and Committee.

The Town's existing Park and Rec team will also be encouraged to add additional activities to take advantage of the extra amenities at Edgewood. The Edgewood Director and Committee will work together with the Town's Park and Rec Departments to organize and supervise the various programs. Efficient and tight collaboration between these key

elements is essential for Edgewood to succeed in its mission. Note that there will be an effort to merge the existing programs and camps at Edgewood with the present Town sponsored programs

Examples of current and potential future programs are listed below:

- Instructional and Therapeutic Swimming Programs
- Competitive Swimming meets and training
- Tennis Instruction
- Tennis teams, training, tournaments, leagues
- Pickleball – teams, and leagues
- Paddle tennis
- Basketball – pickup games and leagues
- Summer Camps
- Special Events – Birthday parties – holiday celebrations - group meetings – social events

Financials

Overview: The Town shall run the **Edgewood Sports Complex** (Edgewood) as a Non-Major Special Revenue Fund. All revenues and expenditures shall be allocated to the fund.

- **Annual revenues in excess of expenditures shall be divided and accumulated in two separate funds:**
 1. **Edgewood Reserve Fund:** will be used to provide funding for future capital improvements and replacement of Edgewood facilities.
 2. **Town Park Reserve Fund:** will be utilized for recreational enhancements and facility upgrades in other Town parks if the funds are not needed for urgent work at Edgewood.
- **The first \$30,000 of excess revenue generated by Edgewood operations will be placed into the Edgewood Reserve Fund. Excess revenue of over \$30,000 will be allocated between the two Reserve Funds as follows:**
 1. 25% of the excess over \$30,000 will go to the **Edgewood Reserve Fund**.
 2. 75% of the excess over \$30,000 will go to the **Town Park Reserve Fund**.

Accounting: Edgewood shall operate on a calendar year basis. Accounting shall be on a GAAP, not GASB basis for purposes of determining management incentives. Particular attention shall be paid to the proper matching of expenditures and revenues consistently. Depreciation shall be fully funded on an annual basis and be considered an overhead expense.

Budgets: By December 1st of each year, the Committee, with management assistance, will develop and recommend a budget to the Boards of Selectmen and Finance.

Revenues: The Committee shall recommend fees for memberships and programs to be approved by the BoS. Said fees can be modified by a majority vote of any subsequent BoS. The Director, in consultation with the Finance Director, will also establish fees for special events, rentals, or other income-producing events. These fees are also subject to the review and approval of the BoS. The Town shall front startup costs for the operation, which are anticipated to be reimbursed with first-year revenues.

Financial Reporting: The Fiscal Office will provide all accounting services for Edgewood. All financial transactions and information will be reported on the Town's annual financial statements and subject to review by the Town's external auditing firm.

Purchasing: The Town of Southbury approved bidding and procurement policies will be followed when purchasing goods, supplies, and services for Edgewood.

Maintenance: The long-term success of Edgewood will be judged by its annual operating results and after considering the successful ongoing yearly attention to a rigorous maintenance program, which shall be fully documented on a contemporaneous basis. This maintenance schedule and log shall include season opening and closing, as well as daily, weekly, and monthly activities.

When possible, the Committee will utilize the Town of Southbury's Public Works for general maintenance and repairs of the facility. If maintenance issues arise outside the purview of Public Works, the Committee will follow best practices using the Town's bidding and procurement policy to hire a certified Town approved contractor.

Incentive: The cost-effective, efficient, and successful long-term operation of such a facility depends on a properly motivated management as evidenced by the Edgewood's profitable history and the Town's historical operation of its pool at a loss. It is a common fact that local government operation of summer and pool-only facilities typically require taxpayer subsidies. To this end, the budget shall provide an incentive payment, based on the operating margin of Edgewood, as shown on the attached. An incentive shall be awarded annually per the formula in the proposed P&L spreadsheet, which is attached for reference. This incentive shall be paid/expensed before determining any excess revenues.

Legal Services: The Town Attorney will provide legal services for Edgewood. All legal fees will be considered general operating expenditures and included in the annual financial statements.