

Request to appear before the Board of Selectmen

Unless the issue is an emergency, all requests need to be furnished to the Town Administrator no later than noon on the Thursday prior to the Board Meeting.

Name: Mike Sindoni, Kim Borges, Jennifer Martin

Date: 04/29/15

Phone Number: 487-2880

Email: m.sindoni@newbostonnh.gov

ACTION DESIRED: Please specify what action you desire the Board of Selectmen to take as a result of your presentation. Please be as specific as possible.

The Recreation Commission would like to review the White Building septic project with the Selectmen and importance of these buildings to the department and community. Discussion of funding options and request for assistance from the town.

PREVIOUS STEPS TAKEN: Please indicate any attempts that you have made to resolve this issue prior to asking to appear before the Board of Selectmen. If current procedures require that you place your request elsewhere prior to possible action by the Board of Selectmen, the Town Administrator shall inform you at the time you complete this form.

The Recreation Department has put together a work project budget, funds the Recreation Department has available and a dollar amount request for assistance from the town. Accompanying documents outline these areas.

Print Form

To: New Boston Selectmen
From: New Boston Recreation Commission
Re: Returning the White Buildings to Town Service

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1. Executive Summary

The New Boston Recreation Commission (“NBRec”) is working to fund the remaining cost to complete leasehold improvements on the two White Buildings that are used for revenue-generating activities. Project completion will permit expanded programming activities and will generate a steady revenue stream. Over the past 30 years, the department has consistently delivered quality programming to the Town of New Boston at minimal expense to the taxpayers.

2. New Boston Recreation Commission

NBRec was established by the Town of New Boston to deliver recreation activities to the town’s populace. Recreation programming includes a wide range of activities for youth, adults and seniors. Although the town pays the department administrative staff salaries, the programs themselves are self-funding. The primary revenue-generating program is the Afterschool Program. Via the revolving account, the department aggregates its annual surplus and uses it for capital improvement programs. Over the past 25 years, NBRec conceived, designed, funded and contributed a number of significant town improvement projects like the gazebo on the common, the Old Coach Road ball fields and the grandstand at the ball field in the center of town, all of which were completed without town or taxpayer support.

3. Financing Background

NBRec and the New Boston Central School (“NBCS”) have a long history of programming and shared facility collaboration for the benefit of New Boston children. The buildings in question are owned by NBCS and are typically referred to as the “White Buildings”. There are two separate constructions, dating from the 1950’s, each of which has a single, large open space, an entry vestibule, and a bathroom. They are located next to each other at the south edge of the NBCS property (see photos below). They were used by the school as classrooms and more recently as dedicated NBRec programming space, most notably for the Afterschool Program and the Summer Recreation Program, which are the two biggest revenue sources for the Commission.

After the last major school expansion project, NBCS allowed NBRec to use both buildings rent-free, offset by NBRec's agreement to fund a portion of the upkeep and repair costs. Over the past 5 years, NBRec's share of this activity has totaled nearly \$100 thousand. While far from new, the facilities are well-maintained and have been updated to code through numerous repair activities in recent years. The agreement with the school always included a provision giving the school the option to reoccupy the buildings. Due to rising enrollment and over-crowding in the main school buildings, NBCS reclaimed one of the White Buildings at the beginning of the 2012/13 school year. This forced NBRec to limit enrollment in the Afterschool Program, with predictable impact on NBRec's finances.

Over-crowding in the school is still a problem, and the school board decided that instead of taking back the second White Building, they would install modular classrooms right next to the main school buildings. There were two reasons for this decision. First of all, the White Buildings were never an ideal solution because they are located several hundred feet away from the main building, raising school community and security concerns. Second, during maintenance activities during the summer of 2014, it was found that the White Building's aged leech field was no longer effective. During the process to remedy the problem, underground oil tanks were discovered. The long delay expected before the buildings could be re-occupied convinced the school board to find a quicker and better solution.

The installation of modular classrooms for NBCS is expected to release both White Buildings once again for dedicated NBRec use once the environmental and sanitation problems are solved. The state-approved remediation included removal of 1,000 yards of contaminated soil, which was completed in November, funded by NBCS and the state. The items that must be completed before the buildings can be re-commissioned includes the septic system replacement as well as ventilation and electrical system upgrades. The remaining balance to complete these is estimated at \$55,619 and the plan is to complete the repairs by summer in order to return the buildings to service by the beginning of the summer program. In the interim, the school is letting NBRec use the school gym and classroom space, but there are nevertheless a significant number of kids on the waiting list of the Afterschool Program. It is hoped that the school will enter into a conditional agreement that will permit NBRec to use both buildings for the foreseeable future.

4. Project Funding

NBRec will fund a portion of the repairs from existing funds and seeks interim support from the town to cover the balance. In summary, NBRec will pay \$17,000 from the current revolving fund, \$8,000 from the expected revolving fund surplus that will accumulate between now and August, and \$18,400 from the Friends of Recreation. The proposal to the Selectmen is that remainder of the requirement, totaling approximately \$12,500, be funded by a temporary overdraft of the revolving account, which will be covered by regular cash flow within 18 to 24 months. The Friends repayment will take place over a similar time period.

5. Future Cash Flow

With the White Buildings back in commission, enrollment of the Afterschool Program can be increased back to 50 from the present space-restricted count of 35. There is a waiting list for the program, so there is little risk to this assumption. Proforma calculations show that the increase in revenue will more than offset the incremental costs, to the point where the Afterschool Program cash flow will be able to service the debt within 18 months.

6. Financial Information

Unaudited 5-year financial information for NBRec is attached.

- a. Summary overview of all activities highlighting the importance of the Afterschool Program. This shows that the Afterschool Program represents 35% of NBRec proceeds over the past 5 years, but accounts for only 14% of expenses. The resulting free cash flow represents more than 30% of revenue. This report also shows that NBRec funded nearly \$100 thousand in White Building repairs out of operations over the past 5 years and that NBRec has consistently generated a surplus into the revolving account.
- b. Afterschool Program proforma showing comfortably adequate debt service capacity. Because the Afterschool Program operated with an enrollment of 50 for 3 years while using both buildings, we have an excellent basis to construct a proforma covering the term of the proposed loan.
- c. Afterschool Program P&L detail shows all revenue and expense categories.
- d. NBRec P&L detail in the same format.
- e. Revenue and expense detail for each NBRec program for 11 months of 2014.
- f. NBRec is on a cash basis and does not generate a balance sheet. The town provides administrative support by funding the office staff and handling all payroll obligations. NBRec has no other liabilities and carries no significant receivables.

Respectfully Submitted,

New Boston Recreation Commission

Lee Brown, Chairman
Kim Borges
Ken Hamel
David Hulick
Jen Martin



Scenario for Recreation Commission Improvement Loan from the Town of New Boston Selectmen

1. The Recreation Commission is seeking an advancement of \$12,000 from the municipal budget of the Town of New Boston for completion of improvements to the White Building. Funds needed for Septic, leach field, electrical and other construction related work. The requested advance is intended to permit the timely and efficient completion of the work.
2. The Recreation Commission will have (or now has) approximately \$40,000 at the present time to contribute to the improvement of the White Building (2 buildings)
3. The Recreation Commission will use funds from the Recreation Revolving Fund which is funded from various fees for programs run by the Recreation Department.
4. The Recreation Department has a separate budget for the operation of the department such as salaries for the Director and an assistant.

If the Selectmen agree to Advance \$12,000 to the Recreation Department (Commission) a written agreement shall be as follows:

Transfer of Appropriation (RSA-Chapter 32-10)

The Board of Selectmen shall advance the Recreation Commission the sum of \$12,000 for the purpose of a timely and efficient completion of renovations at the White Building(s) located on property owned by the SAU and leased by the Town. The Recreation Commission shall reimburse the general fund of the Town the amount of \$12,000 as received from anticipated revenue going into and coming out of the Revolving Fund account.

