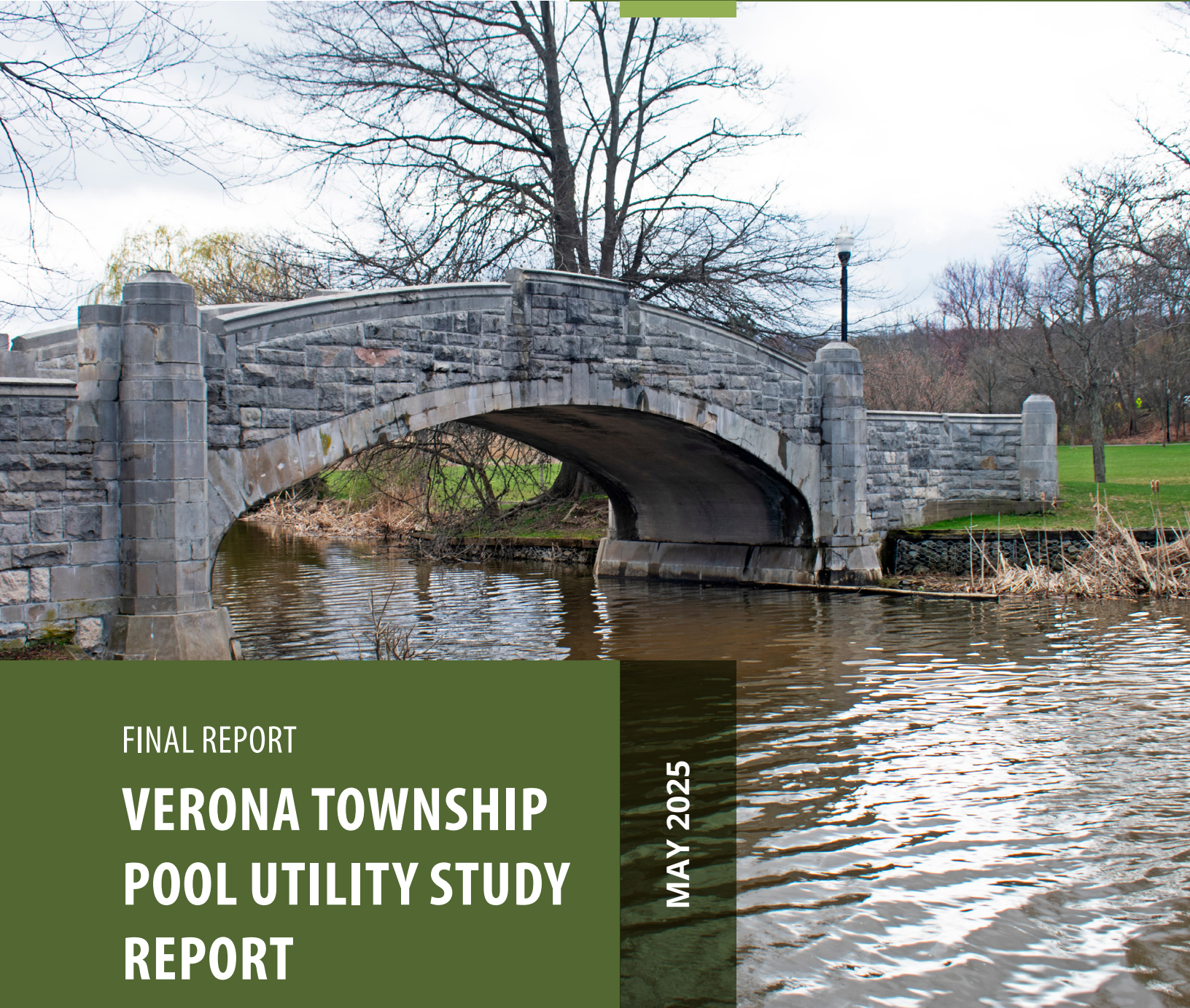


NewGen Strategies & Solutions

www.newgenstrategies.net



FINAL REPORT

VERONA TOWNSHIP POOL UTILITY STUDY REPORT

MAY 2025



Prepared for:
Kevin O'Sullivan
Deputy Township Manager
600 Bloomfield Ave
Verona, NJ 07044

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900 Bestgate Road
Suite 402
Annapolis, MD 21401

May 30, 2025

Kevin O'Sullivan
Deputy Township Manager
600 Bloomfield Ave
Verona, NJ 07044

Subject: Verona Township Pool Utility Study Report

Dear Mr. O'Sullivan:

NewGen Strategies and Solutions, LLC (NewGen) is pleased to submit to the Township of Verona (Township) this report detailing our completed Pool Utility Study. This report summarizes our study's analysis regarding maintaining a self-liquidating Pool Utility over the next five years given our estimation of the full costs of owning and operating the Township's Community Pool. Our report describes the ways in which the Township can raise the enough revenue to sustain both the Community Pool's operation and the financial health of the Township's Pool Utility Fund.

We appreciate the opportunity to provide our services to the Township and would like to express our sincere appreciation to Township staff. Their dedication and assistance were essential to the completion of this study. It has been a distinct pleasure to work with the Township of Verona. Please contact us if you have any questions regarding our study or our recommendations.

Very truly yours,

NewGen Strategies and Solutions, LLC

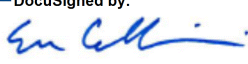
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C11651334F8F462...
Eric Callocchia
Partner

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Section 1

STUDY BACKGROUND AND SCOPE OF WORK

Study Background and Purpose

The Township Verona (Township) is in Essex County, New Jersey, about 20 miles west of New York City. The Township owns and operates a Community Pool (Pool) located at 257 Fairview Avenue. The Pool is managed by the Township's Recreation Department. The Pool opens on Memorial Day weekend each year and remains open on weekends until Verona Schools close. Then, the Pool opens full time through Labor Day.

The Township engaged NewGen Strategies and Solutions, LLC (NewGen) to complete an evaluation of the Township's Pool Utility to reasonably estimate the future costs of operating and maintaining the Pool and evaluate ways to generate the necessary revenue to maintain the financial health of the Township's Pool Utility Fund. NewGen's task was to evaluate what combination of decreases in costs and/or increases in revenues would be necessary to keep the Pool financially sustainable. These items could be increases in fees for current membership categories, new fees for additional membership categories, cost reduction resulting from efficiencies or reductions in programming, or increases in revenue from additional services or events.

NewGen worked closely with Township staff to develop our findings and conclusions. This report is consistent with the material contained in the most recently developed Pool Utility Strategic Plan.

Study Scope of Work

NewGen's scope of work included various tasks related to the financial operation of the Pool, including the following:

- Determine a realistic forecast of Pool Operating and Maintenance (O&M) costs, including any costs that have historically not been included in the Pool Utility budget.
- Determine the level of investment in Pool capital improvements over the next several years to ensure the Pool remains operational and safe for members and guests.
- Evaluate the potential to decrease Pool costs by reducing operating hours or eliminating programs that are not cost effective.
- Evaluate the impact of estimated future costs on membership fees under the current fee structure.
- Evaluate the potential to generate additional Pool revenue from new membership categories, including a category for Out of Township (OOT) members.

Ultimately, the decision to increase fees, implement new membership categories, increase or decrease the Pool's operating hours, and any other changes to the Pool's operation is the responsibility of the Township Council. NewGen's evaluation is intended to provide Council with the information they need to make prudent public policy decisions.



Section 2

POOL UTILITY EXPENSES

NewGen developed reasonable forecasts of three categories of expenses for the Pool – operating and maintenance, debt service, and planned capital improvements. This section details the data and assumptions NewGen used to forecast the total costs of owning and operating the Township’s Community Pool.

Operating and Maintenance Costs

There are three categories of operating and maintenance costs for the Pool:

- **Wages and Benefits:** These costs are related to the various staff that are necessary to operate the pool. Many seasonal pool staff are paid the NJ State Seasonal Minimum Wage, which is tied to Consumer Price Index (CPI) inflation. NewGen includes known increases in the minimum wage in its study. For other labor positions that are not tied to the minimum wage, NewGen includes reasonable increases in hourly labor costs and stipends consistent with the Recreation Advisory Committee’s forecasts.
- **Operating Expenses:** These costs are related to the materials, supplies, and utilities necessary to operate the pool. NewGen includes reasonable increases in these costs, which are primarily related to the electricity, chemicals, and computer support necessary to operate the pool. Other operating costs include clothing and uniforms, painting, badges, training, office supplies, and legal and financial services.
- **Cost Recovery from Other Funds:** These costs have historically been recovered by revenues supporting other Township Funds, such as Buildings and Grounds, Recreation, and Water/Sewer. In 2024, the Township moved these costs into the Pool Utility. The key driver of increases in these costs is the anticipated increase in the Township’s water rates, which will cause the cost of the Pool’s water to grow from \$37,300 in 2024 to an estimated \$50,000 in 2025.

NewGen used information from the 2024 pool season to develop our forecasts, which results in an Estimated 2024 amount in some categories that may vary from the Township’s adopted 2024 budget. Our goal was to use the most up to date information available to ensure the reasonableness of our forecasts. Table 2-1 demonstrates NewGen’s 2024 estimated and 2025 – 2029 projected operating costs of the Pool Utility.

Section 2

Table 2-1
Projected Pool Utility Operating and Maintenance Expenses

Category	2024 Estimated	2025 Projected	2026 Projected	2027 Projected	2028 Projected	2029 Projected
<u>Wages and Benefits</u>						
Unemployment Insurance	\$1,000	\$1,040	\$1,082	\$1,125	\$1,170	\$1,217
Social Security	\$10,000	\$10,400	\$10,817	\$11,250	\$11,700	\$12,169
Recreation	\$15,887	\$16,829	\$17,654	\$18,519	\$19,426	\$20,378
Managers	\$46,429	\$49,182	\$51,592	\$54,120	\$56,772	\$59,554
Lifeguards	\$207,845	\$220,171	\$230,959	\$242,276	\$254,148	\$266,601
Office	\$61,686	\$65,344	\$68,546	\$71,905	\$75,428	\$79,124
Maintenance	\$29,556	\$31,308	\$32,842	\$34,452	\$36,140	\$37,911
Swim Team	\$3,750	\$3,972	\$4,167	\$4,371	\$4,585	\$4,810
Emergency Open	\$2,878	\$2,878	\$2,878	\$2,878	\$2,878	\$2,878
Subtotal Wages and Benefits	\$379,031	\$401,125	\$420,537	\$440,895	\$462,247	\$484,641
<u>Operating Expenses</u>						
Landscaping	\$4,435	\$4,591	\$4,752	\$4,919	\$5,091	\$5,270
Repairs and Equipment	\$5,245	\$5,429	\$5,620	\$5,817	\$6,021	\$6,233
Cleaning Services	\$8,600	\$8,902	\$9,214	\$9,538	\$9,872	\$10,219
Electricity	\$31,050	\$32,090	\$33,164	\$34,274	\$35,421	\$36,606
Computer Support	\$26,499	\$27,429	\$28,391	\$29,388	\$30,419	\$31,487
Chemicals	\$44,205	\$45,760	\$47,369	\$49,036	\$50,760	\$52,546
Credit Card Charges	\$480	\$498	\$516	\$535	\$555	\$575
Other Expenses	\$44,207	\$45,766	\$47,380	\$49,051	\$50,781	\$52,571
Subtotal Other Expenses	\$164,722	\$170,464	\$176,406	\$182,556	\$188,920	\$195,507
<u>Cost Recovery - Other Funds</u>						
Water Purchases	\$37,353	\$50,000	\$51,839	\$53,746	\$55,723	\$57,772
Building and Grounds	\$16,962	\$17,586	\$18,233	\$18,904	\$19,599	\$20,320
Recreation	\$15,045	\$15,598	\$16,172	\$16,767	\$17,383	\$18,023
Water/Sewer	\$2,430	\$2,515	\$2,604	\$2,696	\$2,790	\$2,888
Subtotal Other Funds	\$71,791	\$85,700	\$88,848	\$92,112	\$95,496	\$99,003
Total Operating Costs	\$615,543	\$657,289	\$685,791	\$715,563	\$746,663	\$779,151
% Change		6.8%	4.3%	4.3%	4.3%	4.4%

The fees developed in this study are sufficient to fund the forecasted increase in operating and maintenance costs of the Pool Utility.

POOL UTILITY EXPENSES**Existing Debt Service**

From time to time, the Township issues debt to fund a capital project for the Pool. As of 2024, the Township is obligated to pay several outstanding debt issuances. Table 2-2 shows the projected payments of these debts over the five-year study planning period.

Please note that the amount of Splash Pad debt service beginning in 2027 is estimated using a total principal amount of \$1.6 million, a fifteen-year amortization period and 4.8% interest. The actual amount of debt service related to the Splash Pad is not known at the time of this report, and higher interest terms will result in a higher payment.

Table 2-2
Existing Debt Service Payments by Issue

Debt Issue	2024 Estimated	2025 Projected	2026 Projected	2027 Projected	2028 Projected	2029 Projected
Series 2013	\$141,520	\$137,620	\$127,720	\$ -	\$ -	\$ -
Series 2017	\$17,925	\$17,475	\$17,025	\$16,575	\$16,125	\$15,675
Note Interest	\$78,803	\$80,000	\$80,000	\$80,000	\$80,000	\$ -
Emergency Authorizations	\$ -	\$60,000	\$60,000	\$ -	\$ -	\$ -
Splash Pad Interest Payments	\$38,000	\$38,000	\$38,000	\$ -	\$ -	\$ -
Splash Pad Debt Service	\$ -	\$ -	\$ -	\$152,900	\$152,900	\$152,900
Total Existing Debt	\$278,272	\$335,120	\$324,771	\$251,502	\$251,053	\$170,604
<i>% Change</i>		20.4%	-3.1%	-22.6%	-0.2%	-32.0%

The fees developed in this study are sufficient to fund the forecasted debt service payments of the Pool Utility.

Planned Capital Improvements

The Township must constantly repair, rehabilitate, and replace Pool assets to maintain a high-quality service for its members. Table 2-3 shows the planned capital improvements included in NewGen's study, including the replastering of both the Big Pool and the Baby Pool, furniture replacement, water slide repairs, and other improvements. All improvements are assumed to be funded in cash, i.e., fully at the time the improvement is completed, except the replastering of the Big Pool in 2025 and the renovation of the Basketball Courts in 2026. For those projects, NewGen assumed the Township would issue new debt. NewGen forecasted additional debt service payments for these projects using a loan term of 15 years at 4.0% interest.

On October 16, 2024, the Township opened bids for the replastering of the Big Pool. The cost information included in our report reflects the total cost of this project given by the lowest cost responsive bid for that project.

Section 2

Table 2-3
Planned Capital Improvement Projects

Project	2024 Estimated	2025 Projected	2026 Projected	2027 Projected	2028 Projected	2029 Projected
Replaster Big Pool		\$550,000				
Renovate 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
Refinish Gazebo						\$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

The fees developed in this study are sufficient to fund the forecasted capital improvements for the Pool Utility, both cash funded projects and future debt payments for debt funded projects.

Miscellaneous Revenues

To determine the annual revenue needed from pool memberships and other fees, some miscellaneous revenues needed to be included in the fund’s revenue. Table 2-4 details these miscellaneous revenues, which include interest income, charges to the Concession provider, Mini-Waves and Cougar fees, and pool rentals. In 2024, the Pool Utility needed \$200,000 of American Rescue Plan Act (ARPA) funds to meet expenses. However, these funds will not be available in years after 2024. Therefore, NewGen’s study includes no ARPA funds or other revenues outside of the Pool Utility in the years 2025 – 2029.

One of the recommendations of the Pool Master Plan is to generate revenue from private pool rentals. NewGen’s forecast includes \$28,000 of revenue from private pool rentals beginning in 2026.

POOL UTILITY EXPENSES

Table 2-4
Projected Non-Rate Revenue

Category	2024 Estimated	2025 Projected	2026 Projected	2027 Projected	2028 Projected	2029 Projected
Concession Rental	\$12,731	\$13,113	\$13,506	\$15,000	\$15,552	\$16,124
Cougar Rental	\$8,092	\$8,572	\$8,992	\$9,432	\$9,895	\$10,380
Interest	\$11,832	\$11,832	\$11,832	\$11,832	\$11,832	\$11,832
Mini-Waves	\$2,695	\$2,794	\$2,897	\$3,003	\$3,114	\$3,228
Pool Rental	\$6,250	\$6,480	\$6,718	\$6,965	\$7,221	\$7,487
Replacement Badge	\$50	\$50	\$50	\$50	\$50	\$50
Waves Travel Swim Team	\$6,370	\$6,604	\$6,847	\$7,099	\$7,360	\$7,631
American Rescue Plan Funds	\$200,000	\$ -	\$ -	\$ -	\$ -	\$ -
Private Pool Rentals	\$ -	\$ -	\$28,800	\$28,800	\$28,800	\$28,800
Total Other Revenues	\$250,044	\$51,470	\$81,668	\$84,209	\$85,852	\$87,560
<i>% Change</i>		-79.4%	58.7%	3.1%	2.0%	2.0%

The revenues above offset the need to generate revenue from Membership Fees, Day Passes, and Guest passes.

Total Pool Utility Costs

Based on the operating, debt service, and capital expense estimates and forecasts detailed previously, NewGen developed a net revenue requirement forecast for the Township's Pool Utility, shown in Table 2-5.

Table 2-5
Pool Utility Net Cost Projection

Category	2024 Estimated	2025 Projected	2026 Projected	2027 Projected	2028 Projected	2029 Projected
Operating Expenses	\$615,543	\$657,289	\$685,791	\$715,563	\$746,663	\$779,151
Existing Debt Service	\$278,272	\$335,120	\$324,771	\$251,502	\$251,053	\$170,604
New Bond Debt	\$ -	\$ -	\$30,130	\$39,124	\$39,124	\$39,124
PAYGO Capital	\$10,000	\$10,000	\$40,000	\$35,000	\$22,000	\$85,000
Total Cost	\$903,816	\$1,002,409	\$1,080,692	\$1,041,189	\$1,058,840	\$1,073,879
Less: Non-Fee Rev.	(\$250,044)	(\$51,470)	(\$81,668)	(\$84,209)	(\$85,852)	(\$87,560)
Net Cost	\$653,772	\$950,939	\$999,025	\$956,981	\$972,989	\$986,319
<i>% Change</i>		45.5%	5.1%	-4.2%	1.7%	1.4%

The net cost is the basis upon which all membership fees are calculated for the Township's pool. Although the net cost varies from year to year, the financial plan developed during the study takes a long-term perspective to maintain stable fees and sufficient reserves. Of course, a key consideration is the dramatic need to increase 2025 fee revenues to meet the much higher cost when compared to 2024 due to the removal of ARPA funding from the Pool's revenue sources.

Section 3

POOL UTILITY MEMBERSHIP

The Township offers a variety of pool memberships. Table 3-1 shows the forecast of pool memberships of each type included in NewGen’s study. Based on discussions with Township staff, NewGen included a 3.0% increase in pool memberships across the board for 2025 and 2026, and then no increase thereafter. This reflects a reasonable increase based on known development within the Township, but also recognizes that long-term growth in memberships is not realistic given the limit of potential members based on the population of the Township. Notably, Table 3-1 does not include any outside Verona membership categories.

Table 3-1
Pool Membership Forecast – Baseline

Membership Type	2024 Estimated	2025 Projected	2026 Projected	2027 Projected	2028 Projected	2029 Projected
Couple	55	57	58	58	58	58
Family	812	836	861	861	861	861
Caregiver	109	112	116	116	116	116
Firefighter ⁽¹⁾	144	148	153	153	153	153
Parent and Child	52	54	55	55	55	55
Individual	42	43	45	45	45	45
Twilight	13	13	14	14	14	14
Senior Citizen	283	291	300	300	300	300
Total Memberships	1,510	1,555	1,602	1,602	1,602	1,602
<i>Change (#)</i>		45	47	0	0	0
<i>Change (%)</i>		3.0%	3.0%	0.0%	0.0%	0.0%

(1) Firefighters are currently not charged a membership fee.

As a point of reference, based on the 2024 membership fees, a 1.0% increase in membership results in approximately \$7,000 in additional revenue. Therefore, all things being equal, NewGen’s study assumes that the Pool Utility’s fee revenue will grow approximately \$42,000 over the two-year period 2025 – 2026 due to membership growth only.

The next section in this report will discuss the fee adjustments necessary to generate additional revenue to maintain the financial stability of the Pool Utility Fund.

Section 4

POOL UTILITY FUND BASELINE FORECAST

To demonstrate the need to increase Pool membership fees, NewGen developed two baseline forecasts – one in which the Township does not increase the costs of any membership fees or day/guest passes, and one in which the Township maintains the current fee structure, i.e., not allowing any outside Verona memberships, but increases fees to meet the revenue needs of the Pool Utility.

For the purposes of the Baseline forecast, NewGen assumes the Township makes no policy amendments regarding opening hours, changes to various services such as splash pad and recreation tent hours, and other items. Revisions to these policies and their impacts are discussed in a subsequent section.

A key component to this baseline forecast is the calculation of the minimum fund balance reserve requirement for the Pool Utility.

Minimum Fund Balance Requirement

The Pool has a limited operating season, and therefore a limited time during the year in which revenues are collected. A vast majority of Pool revenues are collected prior to the Pool season when memberships go on sale, typically in April each year. However, the Pool Utility has significant debt obligations that are due in February each year. This means that the Pool Utility Fund must maintain end-of-year reserves at a level that it can meet its debt service obligations prior to collecting a majority of its revenue each year.

To meet this requirement, NewGen recommends that the Pool Utility maintain an Operating Reserve equal to at least 90 days of annual Operating and Maintenance expenses. To lessen the impact of this recommendation in early years of our forecast, NewGen assumed the Pool Utility Fund balance would meet a 75-day minimum in 2024, 2025, and 2026, and then meet the 90-day minimum threshold in years beyond 2026. This facilitates a smoother increase in fees over the near term. Table 4-1 demonstrates the forecasted minimum reserve requirement based on the costs developed in NewGen’s study.

Table 4-1
Minimum Fund Balance Recommendation

	2024 Estimated	2025 Projected	2026 Projected	2027 Projected	2028 Projected	2029 Projected
Annual Pool O&M	\$615,543	\$657,289	\$685,791	\$715,563	\$746,663	\$779,151
Days Recommended	75	75	75	90	90	90
Recommendation (\$)	\$126,481	\$135,059	\$140,916	\$176,440	\$184,109	\$192,119

NewGen’s recommended fee forecasts are driven in part by the need to maintain at least the amount stated in Table 4-1 in the Pool Utility Fund at the end of each fiscal year.



Section 4

Cash Flow and Fund Balance Forecast under 2024 Fees

The Township’s 2024 Pool memberships are available in various categories, including individual memberships, family memberships, senior memberships, and others. The 2024 Pool membership fees and guest/day pass costs are shown in Table 4-2.

Table 4-2
2024 Pool Season Membership/Pass Fees

Membership/Pass	2024 Pool Season Fee
Couple	\$547
Family Membership	\$605
Caregiver	\$150
Firefighter	\$ -
Parent and Child	\$518
Individual	\$397
Twilight	\$236
Senior Citizen	\$195
<u>Guest Pass</u>	
Adult	\$20
Child	\$15
<u>Day Pass</u>	
Adult	\$45
Child	\$20

If the Township does not increase these fees from their 2024 levels, the following two figures show NewGen’s projected cash flow and Pool Utility Fund balance for the period 2024 through 2029.

Figure 4-1: Pool Utility Expenses vs. Revenues Forecast with 2024 Fees

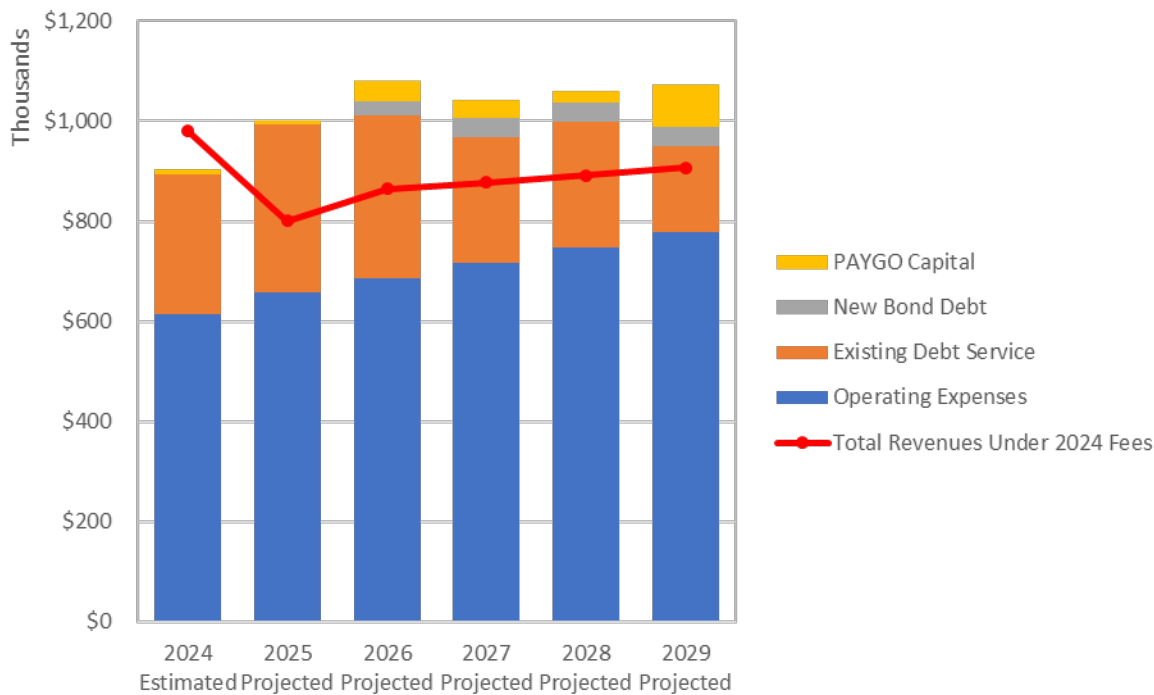
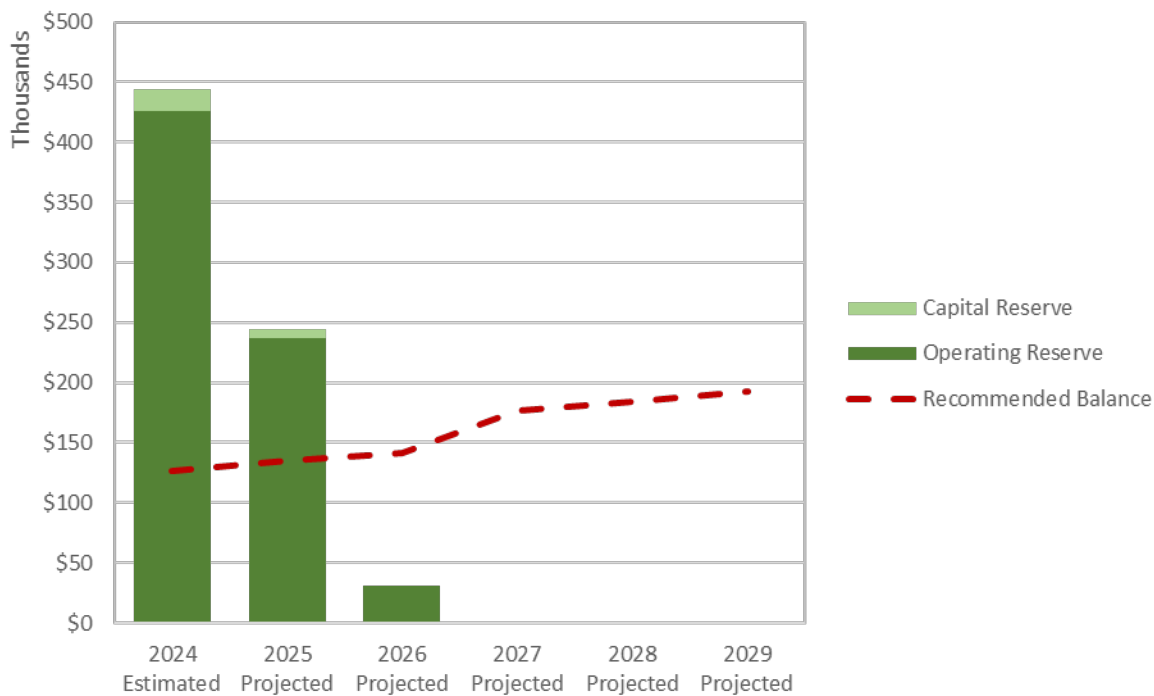


Figure 4-2: Pool Utility Fund Balance with 2024 Fees



Section 4

As demonstrated above, the Township's 2024 fees are not sufficient to maintain the financial health of the Township's Pool Fund. The next sections of this report will detail the revenue increases necessary to produce sufficient cash flow to maintain the minimum required fund balance for the Township's Water and Sewer Fund.

Rescue Squad/Firefighter Memberships

Currently, all Verona Firefighters and all Verona Rescue Squad members receive a free pool membership. There is value in having first responders on site at the pool often. However, with increasing costs, it is becoming difficult to continue to provide complementary memberships to 135 individuals. Therefore, NewGen included a fee of \$50 for Firefighter memberships beginning in 2025, resulting in additional revenue of approximately \$7,000. This administrative fee will increase at the same percentage rate as NewGen's recommended membership fee increases.

Cash Flow Scenarios

NewGen developed what is referred to in this report as the "Baseline" forecast of membership fees that assumes the Township does not alter the structure of its Pool memberships. Specifically, this Baseline forecast does not include any outside Verona memberships or any modifications to the 2024 membership fee structure. NewGen developed two cash flow scenarios for the baseline forecast in which the Township does not alter its membership structure.

- **Scenario 1 – No Use of Fund Balance:** In this scenario, the Township immediately increases membership fees to result in a balanced Pool Utility Fund, meaning that no fund balance is used to support the utility's costs in any year.
- **Scenario 2 – Use of \$180,000 of Fund Balance:** In this scenario, the Township uses approximately \$180,000 of Pool Utility Fund balance over a two-year period to lessen the impact on membership fee increases. For the 2025 and 2026 season, the Township's membership fees would not fully support the costs of the Pool, and the Township would draw down on reserves to meet the Pool's cash needs. Beginning in 2027, the Pool would be financially stable and no longer need to use fund balance to meet cash needs.

In each scenario, NewGen includes a \$50,000 per year transfer into the Pool Utility's Capital Reserve to ensure that funding is available for future capital improvements. Any remaining surplus or deficit is added or deducted from the Pool Utility Operating Reserve. NewGen's recommended fee increases are driven by the need to maintain the recommended minimum operating fund balance in each forecast year.

Appendix A of this report contains detailed cash flow tables representing the cash flow results of each scenario.

Pool Utility Fund Baseline Forecast

Cash Flow and Fund Balance Baseline Forecast – Scenario 1

Table 4-3 shows the forecasted fees necessary to maintain the financial health of the Township's Pool Utility under Scenario 1 in which the Township does not draw on any Pool Utility Fund balance beginning in 2025.

Table 4-3
Baseline Membership Fees Forecast – Scenario 1

	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
Memberships						
Couple	\$547	\$740	\$740	\$740	\$740	\$740
Family	\$605	\$815	\$815	\$815	\$815	\$815
Caregiver	\$150	\$205	\$205	\$205	\$205	\$205
Firefighter ⁽¹⁾	\$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

(1) Note that NewGen recommends a nominal Administrative Fee for Firefighter/Rescue Squad members.

Figures 4-3 and 4-4 show the expense vs. revenues forecast and resulting Pool Utility Fund balance forecast under the assumption that the Township increase memberships fees each year in a manner consistent with Table 4-3, Baseline Scenario 1.

Section 4

Figure 4-3: Pool Utility Expenses vs. Revenues Baseline Forecast – Scenario 1

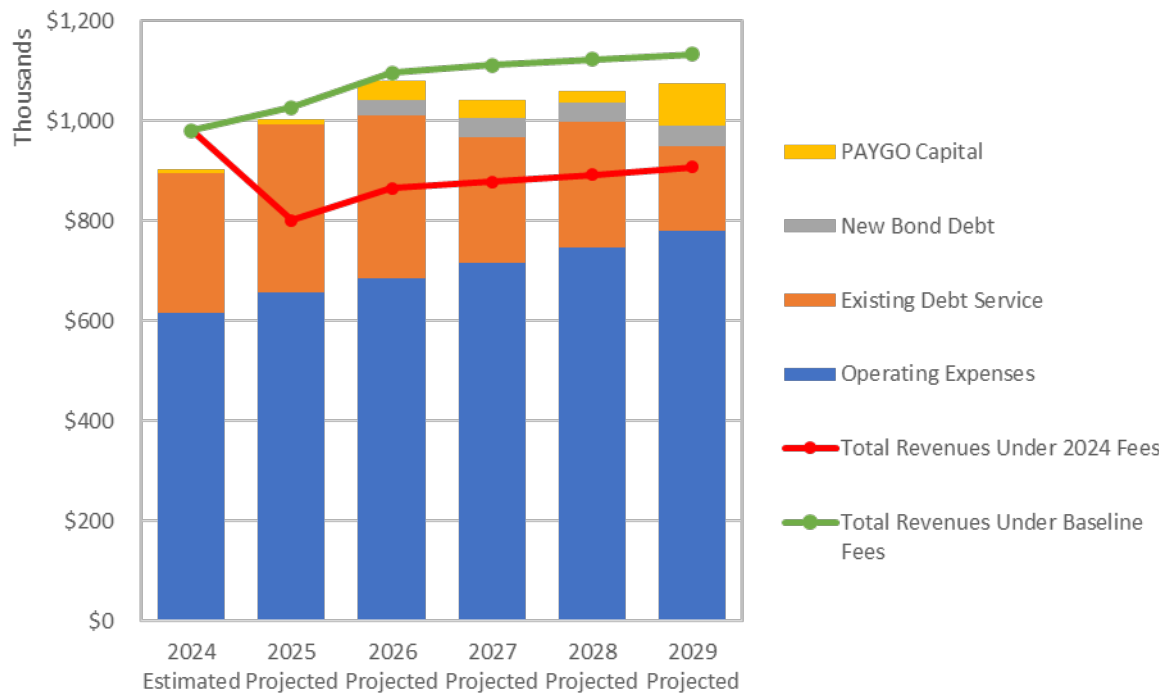
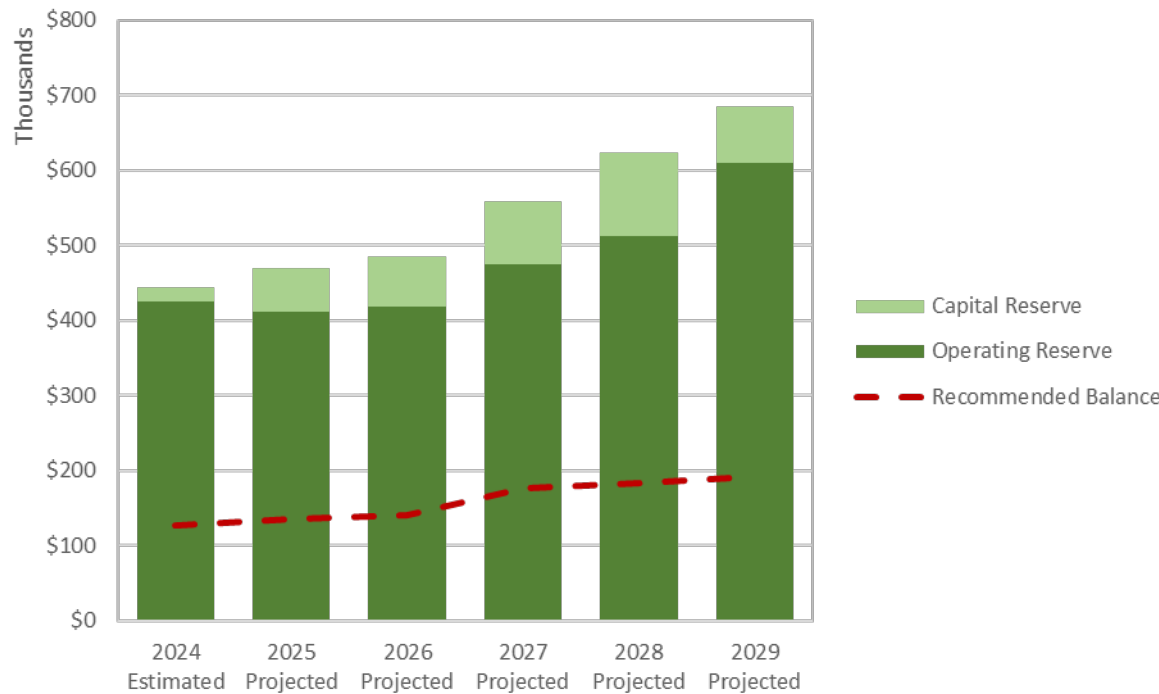


Figure 4-4: Pool Utility Fund Balance Baseline Forecast – Scenario 1



As stated previously, the Baseline forecast assumes that the Township continues to offer memberships only to Township residents.

Pool Utility Fund Baseline Forecast

Cash Flow and Fund Balance Baseline Forecast – Scenario 2

Table 4-4 shows the forecasted fees necessary to maintain the financial health of the Township's Pool Utility under Scenario 2 in which the Township draws approximately \$140,000 from the Pool Utility Fund to sustain operations in 2025 and 2026. Beginning in 2027, the Pool Utility is balanced, and fees meet the annual cash needs.

Table 4-4
Baseline Membership Fees Forecast – Scenario 2

	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
Memberships						
Couple	\$547	\$630	\$695	\$715	\$735	\$755
Family	\$605	\$695	\$765	\$790	\$815	\$840
Caregiver	\$150	\$175	\$195	\$200	\$205	\$210
Firefighter ⁽¹⁾	\$0	\$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

(2) Note that NewGen recommends a nominal Administrative Fee for Firefighter/Rescue Squad members.

Figures 4-5 and 4-6 show the expense vs. revenues forecast and resulting Pool Utility Fund balance forecast under the assumption that the Township increase memberships fees each year in a manner consistent with Table 4-4, Baseline Scenario 2.

Section 4

Figure 4-5: Pool Utility Expenses vs. Revenues Baseline Forecast – Scenario 2

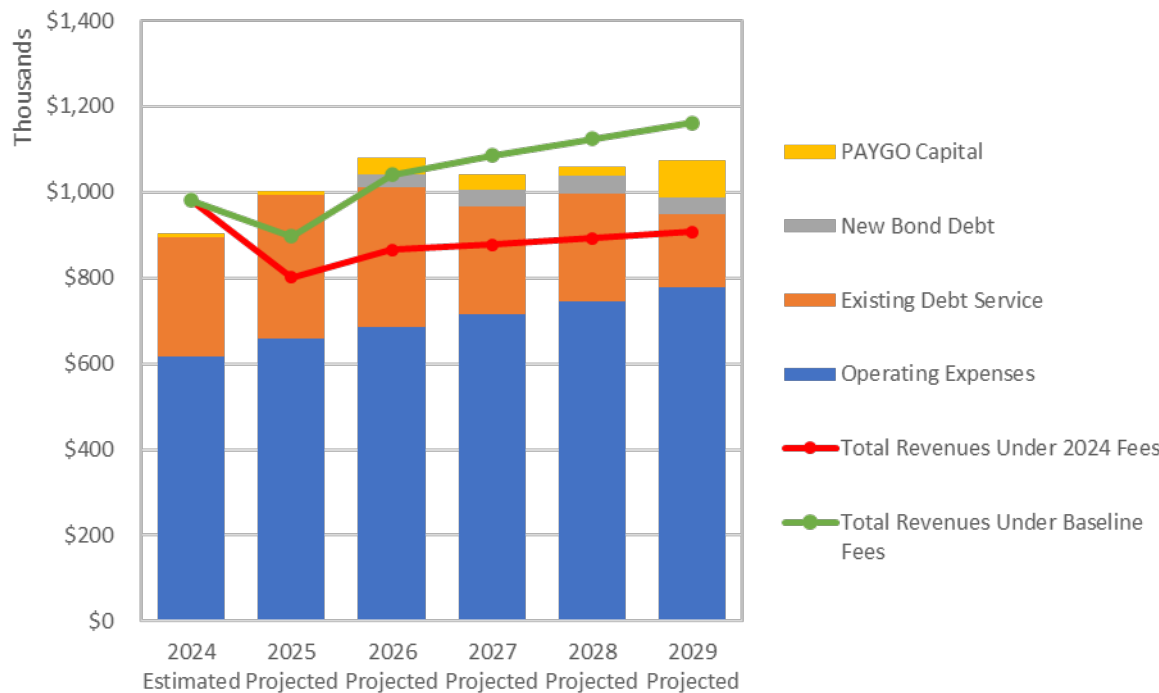
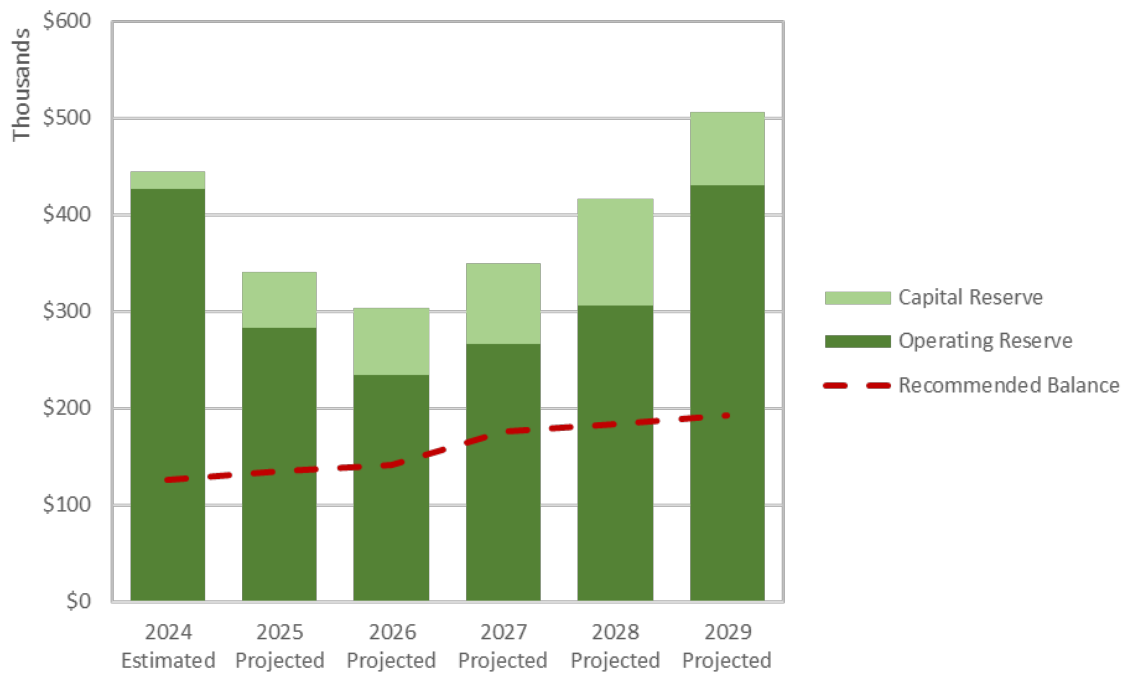


Figure 4-6: Pool Utility Fund Balance Baseline Forecast – Scenario 2



As stated previously, the Baseline forecast assumes that the Township continues to offer memberships only to Township residents.

Section 5

POLICY AMENDMENTS

In coordination with the Township's Department of Recreation and Recreation Advisory Committee, NewGen quantified (if possible) the impact of several policy amendments for the 2025 Pool season.

Reduction in Splash Pad Hours

For the 2024 seasons, the splash pad was open outside pool hours from 10:00 am to 12:00 pm on weekdays. The average attendance during those hours was approximately 15 per day, or eight per hour. Reducing the operating hours of the splash pad to the regular pool opening at 12:00 would have saved approximately \$8,500 in 2024, as the hourly cost is approximately \$194 per hour. This cost is likely to be higher in 2025 due to the cost increases described previously.

While this change would result in cost savings, the relatively small amount would not impact NewGen's fee recommendations.

Changes to Recreation Tent

The Recreation Tent serves a similar purpose to the Summer Playgrounds camps and was open 25 hours per week in 2024. However, it was not well attended, and is not believed to be a driving force behind increasing memberships. It does, however, incur large costs. Contingent on securing grant funding in 2025 for facility improvements and additional staff, the Recreation Tent will become an ADA compliant facility that functions as a safe space for children who learn differently, have special needs, or have a disability. This funding would save approximately \$23,000 per year or more depending on cost increases.

Because the grant funding is still uncertain, NewGen did not factor this policy amendment in its forecasts.

Private Pool Rentals

The Pool is currently only open to a select group of nonprofits to rent. The Recreation Department proposed offering private rentals in May, June, and September, as well as at night during the regular Pool season. The rentals would be priced in a manner that the Township would more than cover costs, thus allowing the offset of other programs that are not priced to cover costs. The proposed cost of a private pool rental is \$3,200 per hour, which includes 150% markup on hourly operations costs and 100% markup on hourly labor costs.

NewGen assumes this program would be in place for the 2026 pool season, generating revenue of \$28,000 (three private parties of three hours each, i.e. \$3,200 x 3 x 3).

Family Nights

Family Night currently operates as a free night on certain Tuesdays from 4:00 pm to 8:00 pm. The increase in patrons during this event, especially patrons that are unfamiliar with pool rules and pool policies, requires an increase in staff to ensure the safety of all family night participants. Charging for Family Nights would cover this increase in cost, and it would also allow Family Night to occur every Tuesday instead of only 5 times throughout the summer. The recommended fee for Family Nights is \$10 per Verona resident.

Given the relatively small impact of this policy change and additional fee, NewGen did not include any additional revenue because of this recommended change.

Concert Series

A second concert at the pool, on a Friday in June, that charges by the head regardless of membership status could offset the losses of other Township programs at the pool. The Recreation Advisory Committee recommended \$30 fee per Verona resident and a \$75 per person fee per non-Verona resident for the additional concert.

NewGen did not include any additional revenue related to this change in programming because of the uncertainty of its implementation.

Pool Hours

Nearly all the pool's seasonal staff is comprised of students. Multiple pool managers are also teachers. With that in mind, the Recreation Advisory Committee recommend closing the Pool at 7:00 pm on Sunday nights between Memorial Day and opening day. With school the next day, the Recreation Department suggests closing at 6:00 pm on Labor Day, especially because greater cleanup is required after the last day of the season. This change was implemented in 2024 with no negative feedback. For consistency of scheduling and staffing, the Recreation Advisory Committee recommends pool close at 8:00 pm on Fridays.

Given the relatively small impact of this policy change, NewGen did not include any cost savings because of this recommended change.

Weather Closures

Currently, the policy of the Recreation Department is to close the pool for the day if a closure is required after 4:00 pm. In 2025, the Department proposed to give the manager on duty the additional discretion to limit the hours based on the weather forecast. For example, on a cloudy day with rain forecasted starting at 3:00 pm, the new policy would allow the manager to send a message that the Pool will only be open until 2:30 pm due to the poor weather.

Given the uncertainty of the financial impact of this policy change, NewGen made no modifications to our forecasts relating to the weather closure policy.

Out of Township Memberships

The policy consideration of allowing Out of Township (OOT) memberships has by far the most impact on the level of future Pool Membership fees for Verona residents.

The Verona Community Pool is currently only open to Verona residents.¹ Therefore, the memberships fees developed in our Baseline scenarios only contemplate increases to fees on Verona residents, and the full burden of the pool's costs are covered by those fees. NewGen developed alternative Scenario 1 and Scenario 2 cash flow forecasts that include a pilot program of allowing OOT pool memberships. The framework of the pilot program would be as follows:

1. The Township makes only fifty (50) OOT Family Memberships available.
2. The cost of an OOT Family Membership is \$2,400.
3. The OOT Family Memberships would come exclusively from Caldwell, North Caldwell, Cedar Grove, Essex Fells, and Fairfield.
4. A letter of recommendation from a Verona Pool member in good standing is required as a condition of granting the OOT Family Membership.

The only other community in the area that allows for OOT pool members is Cedar Grove, which charges \$1,600 per OOT Family and \$850 per OOT individual.

The following tables and charts show NewGen's forecasted Pool Membership fees under the alternative in which the Township implement a pilot program to offer 50 OOT Family Memberships at \$2,400 each beginning in 2025. Table 5-1 shows the resulting impact on all other memberships under this alternative that matches the cash flow of Scenario 1, which makes no use of Pool Utility Fund balances in any year.

It should be noted that any change in membership fee structure that adds revenue from OOT Memberships would require the Township to prove the certainty of those revenues in April 2025 for the purposes of justifying the increase in budgeted revenue to the State of New Jersey.

¹ There is precedent for allowing a limited number of OOT members – namely the Rescue Squad/Firefighter memberships, which are available to OOT individuals.

Table 5-1
Alternative Membership Fees Forecast – Scenario 1

	2024 Actual	2025 Projected	2026 Projected	2027 Projected	2028 Projected	2029 Projected
Percent Change	15%	15%	0%	0%	0%	0%
\$ Change (Inside Family)	\$85	\$91	\$0	\$0	\$0	\$0
Memberships						
Couple	\$547	\$629	\$629	\$629	\$629	\$629
Family (Inside Verona)	\$605	\$696	\$696	\$696	\$696	\$696
Family (Outside Verona)	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

The addition of 50 OOT Family memberships takes significant pressure off inside Verona memberships.

To be clear, the above is offered as an example of how the OOT pilot program would work. Increasing or reducing the number of OOT Family Memberships available or increasing or reducing the fee for OOT Family Memberships would significantly alter this forecast. In general, the higher the OOT fee and the more OOT memberships offered, the lower the other membership fees would need to be to generate the same revenue.

NewGen is not endorsing or recommending an OOT fee level nor amount of memberships available. The figures above are provided for reference and information only. The choice to allow OOT memberships is solely that of the Township Council, and the fee amount, memberships available, or any other requirements for attaining an OOT membership are at Council's discretion.

Figures 5-1 and 5-2 show the expenses and revenues under the alternative fee Scenario 1 forecast, as well as the projected Pool Utility Fund balance.

Pool Utility Fund Baseline Forecast AMENDMENTS

Figure 5-1: Pool Utility Expenses vs. Revenues Forecast with Alternative Fees – Scenario 1

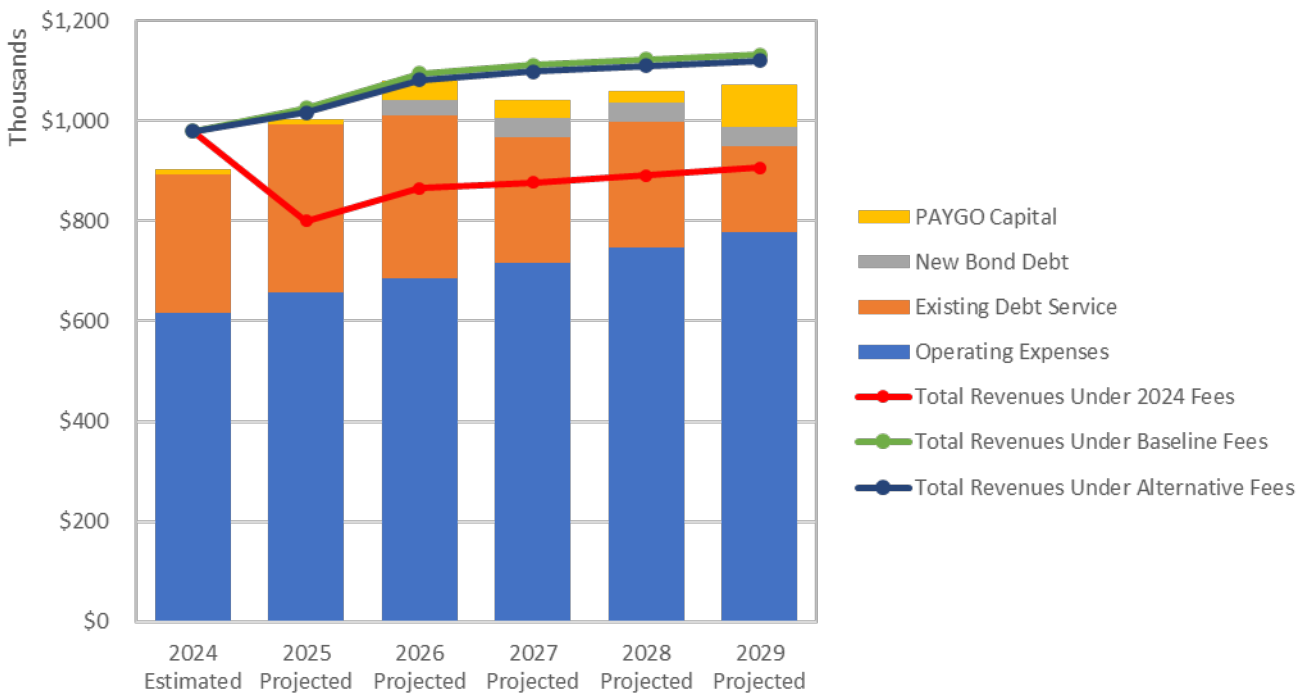


Figure 5-2: Pool Utility Fund Balance with Alternative Fees – Scenario 1

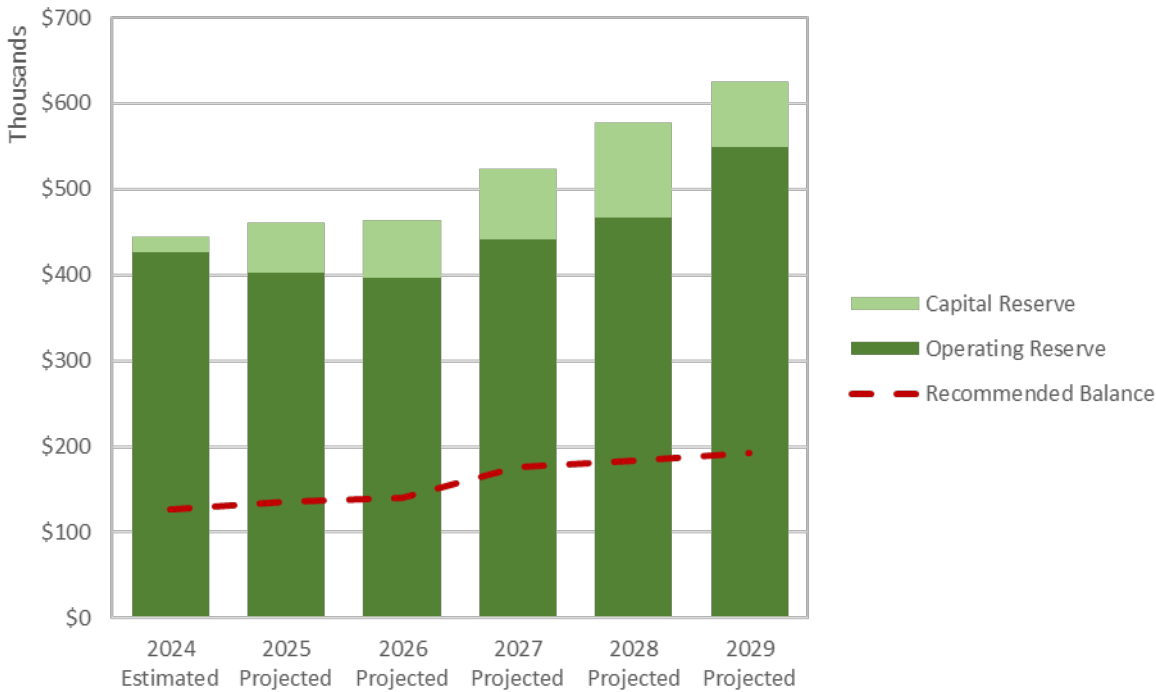


Table 5-2 shows membership costs under this alternative that matches the cash flow of Scenario 2, which draws approximately \$180,000 from Pool Utility reserves to lessen the impact of fee increases in 2025 and 2026.

Table 5-2
Alternative Membership Fees Forecast – Scenario 2

	2024 Actual	2025 Projected	2026 Projected	2027 Projected	2028 Projected	2029 Projected
Percent Change	15%	0%	5%	3%	3%	3%
\$ Change (Inside Family)	\$85	\$0	\$30	\$19	\$20	\$20
<u>Memberships</u>						
Couple	\$547	\$547	\$574	\$591	\$609	\$627
Family (Inside Verona)	\$605	\$605	\$635	\$654	\$674	\$694
Family (Outside Verona)	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

Figures 5-3 and 5-4 show the expenses and revenues under the alternative fee Scenario 2 forecast, as well as the projected Pool Utility Fund balance.

Pool Utility Fund Baseline Forecast AMENDMENTS

Figure 5-3: Pool Utility Expenses vs. Revenues Forecast with Alternative Fees – Scenario 2

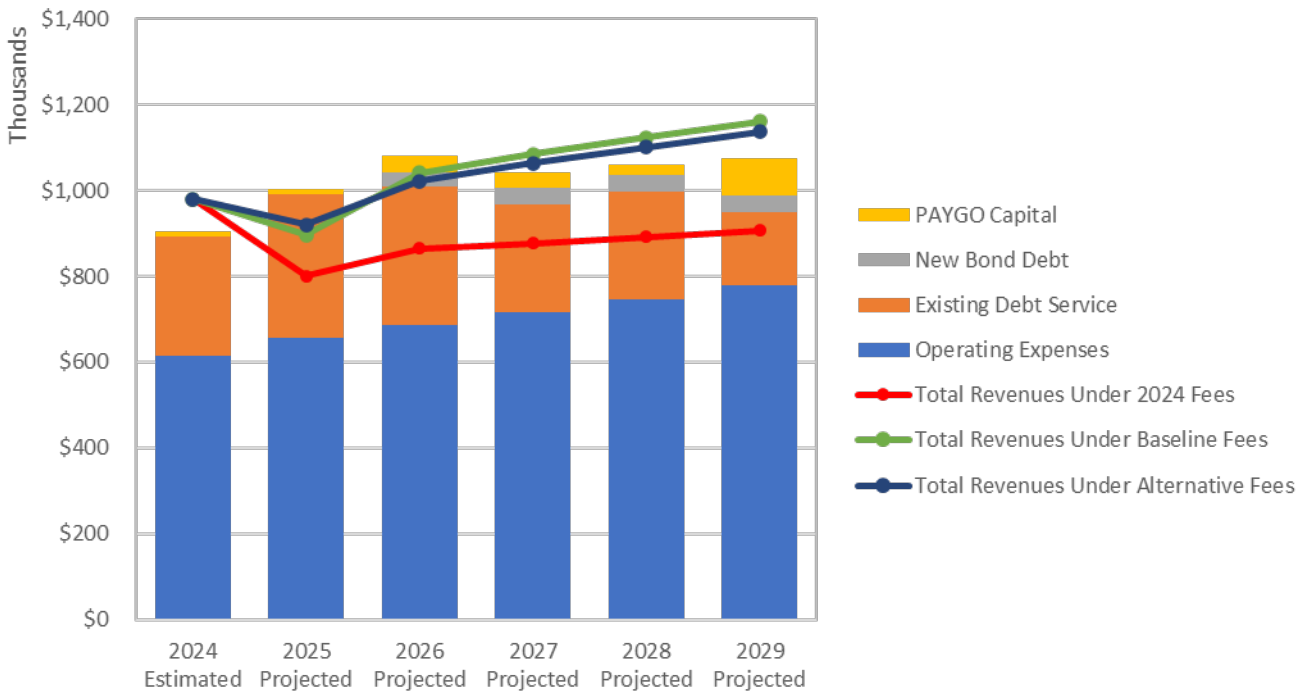
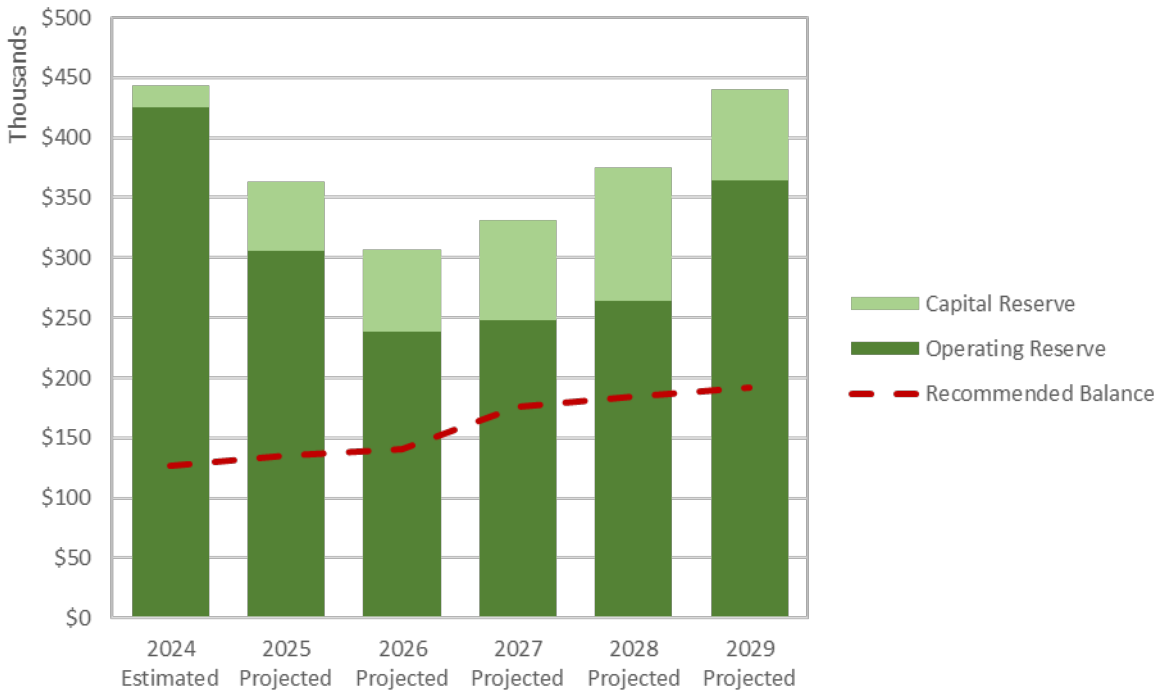


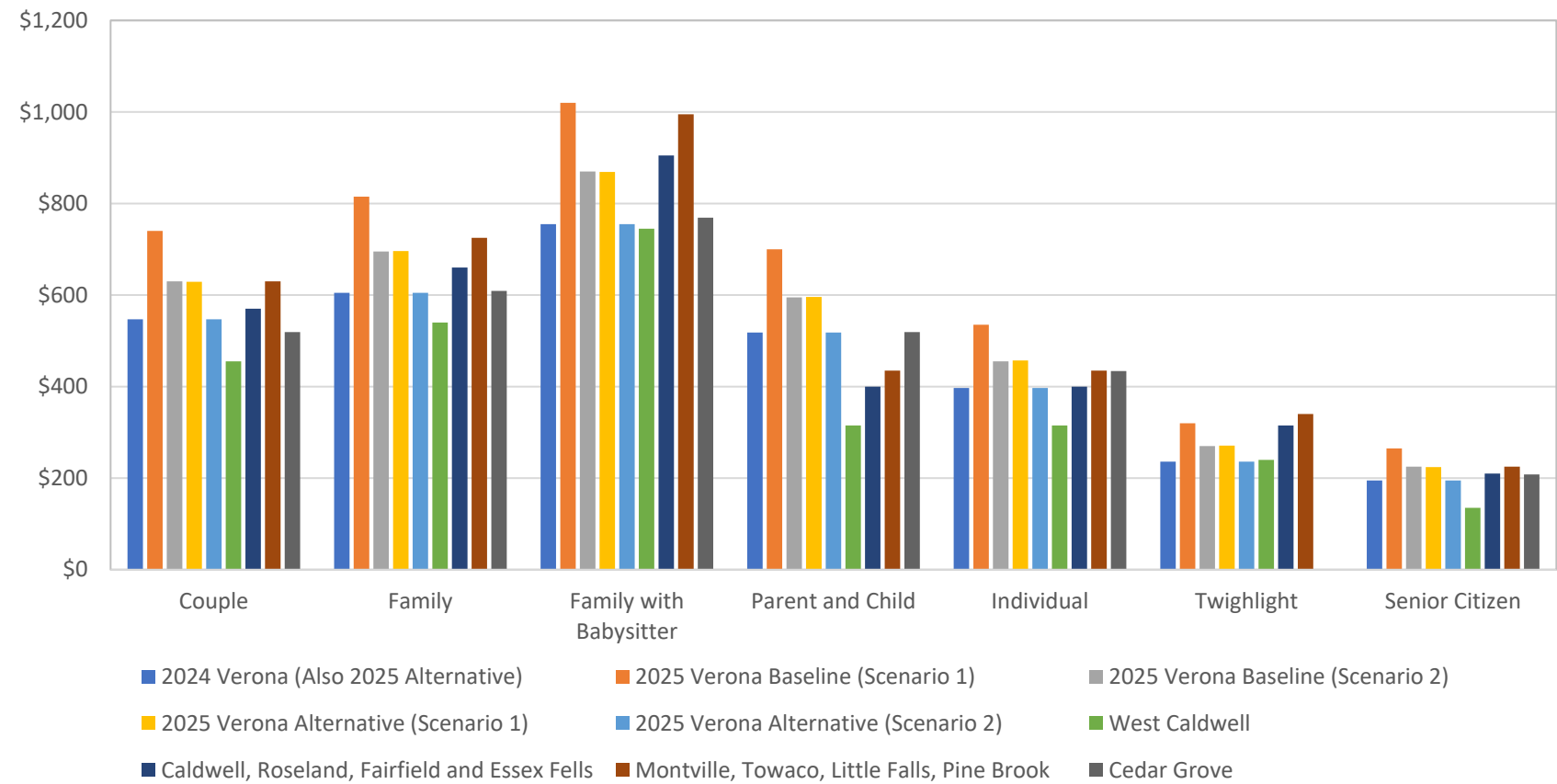
Figure 5-4: Pool Utility Fund Balance with Alternative Fees – Scenario 2



Regional Pool Membership Comparison

The following Figure 5-3 shows the various 2024 and 2025 (both Baseline and Alternative) Verona Pool membership costs compared to surrounding municipalities.

Figure 5-3: Regional Pool Membership Fee Comparison



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Under all scenarios, Verona's membership cost remains comparable to other community pools, even though Verona's pool offers much more value and service than the other jurisdictions. However, the Baseline Scenario 1 cost in 2025 would be the highest in almost every membership category.

Appendix A – Detailed Cash Flow Tables

Cash Flow - Scenario 1	2024 Estimated	2025 Projected	2026 Projected	2027 Projected	2028 Projected	2029 Projected
Membership Fee and Pass Revenue	\$732,019	\$976,309	\$1,015,471	\$1,029,334	\$1,039,022	\$1,047,128
Non-Fee Revenue	\$248,020	\$49,445	\$79,642	\$82,182	\$83,824	\$85,531
Total Revenue	\$980,038	\$1,025,754	\$1,095,112	\$1,111,516	\$1,122,845	\$1,132,659
<u>OPERATING EXPENSES</u>						
Operating and Maintenance Expenses	\$615,543	\$657,289	\$685,791	\$715,563	\$746,663	\$779,151
Existing Debt Service	\$276,248	\$333,095	\$322,745	\$249,475	\$249,025	\$168,575
New Debt Service	\$0	\$0	\$30,130	\$39,124	\$39,124	\$39,124
Total Operating Expenses	\$891,792	\$990,384	\$1,038,666	\$1,004,162	\$1,034,812	\$986,850
Net Operating Gain/Loss	\$88,246	\$35,370	\$56,446	\$107,353	\$88,033	\$145,809
<u>Capital Reserve</u>						
Beginning Fund Balance	\$28,000	\$18,000	\$58,000	\$68,000	\$83,000	\$111,000
Transfer into Capital Reserve	\$0	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Less: Cash Funded Capital Improvements	(\$10,000)	(\$10,000)	(\$40,000)	(\$35,000)	(\$22,000)	(\$85,000)
Ending Capital Reserve Balance	\$18,000	\$58,000	\$68,000	\$83,000	\$111,000	\$76,000
Capital Reserve Deficit	\$0	\$0	\$0	\$0	\$0	\$0
<u>Operating Reserve</u>						
Beginning Fund Balance	\$337,655	\$425,901	\$411,272	\$417,718	\$475,071	\$513,104
Net Surplus / (Deficit)	\$88,246	(\$14,630)	\$6,446	\$57,353	\$38,033	\$95,809
Ending Operating Reserve Balance	\$425,901	\$411,272	\$417,718	\$475,071	\$513,104	\$608,913
Total Ending Pool Utility Fund Balance	\$443,901	\$469,272	\$485,718	\$558,071	\$624,104	\$684,913

Cash Flow - Scenario 2	2024 Estimated	2025 Projected	2026 Projected	2027 Projected	2028 Projected	2029 Projected
Membership Fee and Pass Revenue	\$732,019	\$847,454	\$961,557	\$1,003,071	\$1,040,411	\$1,076,168
Non-Fee Revenue	\$248,020	\$49,445	\$79,642	\$82,182	\$83,824	\$85,531
Total Revenue	\$980,038	\$896,898	\$1,041,199	\$1,085,253	\$1,124,234	\$1,161,699
<u>OPERATING EXPENSES</u>						
Operating and Maintenance Expenses	\$615,543	\$657,289	\$685,791	\$715,563	\$746,663	\$779,151
Existing Debt Service	\$276,248	\$333,095	\$322,745	\$249,475	\$249,025	\$168,575
New Debt Service	\$ -	\$ -	\$30,130	\$39,124	\$39,124	\$39,124
Total Operating Expenses	\$891,792	\$990,384	\$1,038,666	\$1,004,162	\$1,034,812	\$986,850
Net Operating Gain/Loss	\$88,246	(\$93,485)	\$2,533	\$81,091	\$89,422	\$174,848
<u>Capital Reserve</u>						
Beginning Fund Balance	\$28,000	\$18,000	\$58,000	\$68,000	\$83,000	\$111,000
Transfer into Capital Reserve	\$ -	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Less: Cash Funded Capital Improvements	(\$10,000)	(\$10,000)	(\$40,000)	(\$35,000)	(\$22,000)	(\$85,000)
Ending Capital Reserve Balance	\$18,000	\$58,000	\$68,000	\$83,000	\$111,000	\$76,000
Capital Reserve Deficit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Operating Reserve</u>						
Beginning Fund Balance	\$337,655	\$425,901	\$282,416	\$234,948	\$266,039	\$305,461
Net Surplus / (Deficit)	\$88,246	(\$143,485)	(\$47,467)	\$31,091	\$39,422	\$124,848
Ending Operating Reserve Balance	\$425,901	\$282,416	\$234,948	\$266,039	\$305,461	\$430,310
Total Ending Pool Utility Fund Balance	\$443,901	\$340,416	\$302,948	\$349,039	\$416,461	\$506,310

NewGen
Strategies & Solutions



THANK YOU!



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