

## PENFIELD PAVILION – WHAT SHOULD WE DO?

***“How can we afford to spend \$5 million on a banquet-hall pavilion at a time when we face \$150 million in capital requirements for essential infrastructure?”***

Almost two years and counting after Superstorm Sandy struck in October 2012, Fairfield is still trying to figure out what to do about Penfield Pavilion, which was completed just a year earlier at a cost of around \$5 million, and then seriously damaged when the surge of water rushing in, out and around it undermined some of its footings.

After nine months of study and about \$400,000 in expenses, the Penfield Building Committee (PBC) has issued a preliminary recommendation that we should spend another \$5 million to restore Penfield. We are told that “only” \$1.5-\$2.0 million of that money will come from the Town and the balance from insurance proceeds (\$1.75 million), a State grant (\$500,000) and FEMA (~\$1.0 million). However, since there are no restrictions on what we can do with the insurance proceeds, the amount coming from the Town is actually \$3.25-\$3.75 million, and the rest from the taxpayers’ state and federal pockets.

Opinions are widely divided about what we should do. At one extreme, some believe the pavilion is a wonderful community resource that should be fully restored; at the other, some believe it is an unaffordable extravagance that should be demolished. One of the nine members of the PBC resigned after a strongly worded criticism of its process and its “too expensive” recommendation, and another has voiced similar reservations about the high cost.

**Fairfield Taxpayer believes that the Town should restore as much of the pavilion as we can without spending any more than the \$400,000 the PBC has already spent, plus the insurance proceeds of \$1.75 million and the state grant of \$500,000. With the \$2.25 million available, it should be possible to provide a very nice, smaller pavilion with all the necessary services, but probably no banquet hall.**

Our position is based on the following considerations:

1. Fairfield Taxpayer believes that our overarching goal should always be to preserve Fairfield as both a desirable and an affordable town for all of its residents.
2. The decision regarding any major public project should be made without regard to **sunk costs** and within the broad context of the Town’s ability to spend and the project’s **costs and benefits** relative to those of alternative uses of the funds, including not spending them and instead paying a dividend to all residents in the form of lower taxes.
  - Though human nature inclines us to persevere and rebuild after a loss, we should not allow sunk costs to influence our decision; only future costs and the future return generated, relative to alternative uses, are relevant to a rational investment decision.
  - No information has been provided that demonstrates that the Town can afford to spend money on a banquet-hall pavilion on the beach at this time, or that the benefits of doing so justify its cost and are greater than the benefits associated with alternative uses of those funds.

3. For the foreseeable future, Fairfield will be subject to challenging general economic conditions and budget pressures, and therefore we must exercise great care in how we allocate our limited resources in order to remain both a desirable and an affordable community.
  - Fairfield faces over \$150 million in major capital spending requirements for **essential** infrastructure over the next ten years for both our schools (~\$98 million) and town facilities (~\$55 million), including bridges, DPW and public safety equipment, water treatment, Old Town Hall, the Senior Center, IT systems and flood protection.
  - Economic conditions in the wake of the Great Recession remain difficult, and to make matters worse, Fairfield is located in a state that has serious fiscal problems and is among the weakest in terms of growth in incomes and jobs. Steadily rising incomes and home values are no longer a sure thing.
  - Fairfield already has a serious affordability problem that is hurting our property values and forcing some residents to leave because our spending and taxes have increased at 2.5x-3.0x the rate of inflation over the last 17 years.
  - Fairfield faces continued upward spending pressures as the cost of providing exactly the same public services keeps rising every year because of the generous wages, benefits and work rules granted to public employees.
  - Fairfield already has about \$230 million in debt outstanding (not including what could be another \$60-\$80 million in unfunded retirement benefits for public employees), and debt service is already near its limit of 10% of our annual budget.
  - And, beyond the capital needs we can foresee, there are always surprises, like the unexpected need to remove PCBs from some of our schools, higher costs than are covered by our contingency reserves (like the one we maintain for our self-insured public employee healthcare costs), and the cost of addressing challenges to the character of our Town from intrusive state laws like “8-30g.”<sup>1</sup>
  - In this increasingly challenging environment, only well managed towns, cities and states will continue to prosper.
  
4. Unfortunately, Fairfield does not have a long-term strategic plan that explains how we can best address our challenges and opportunities, and thus we have no consensus on where the Town should go and how we plan to get there, which means there is no coherent framework within which to decide how much we can afford to spend and what our spending priorities should be.
  
5. **All things considered, at a time when we face very high capital requirements for essential infrastructure, we believe that if Penfield Pavilion didn’t already exist, no one would seriously propose that we give priority to building a \$5 million banquet-hall pavilion on Penfield Beach – within sight of another banquet-hall pavilion – and that if such a proposal were submitted to a public referendum, we believe it would be defeated by a wide margin.**

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<sup>1</sup> For more information on 8-30g, please see Fairfield Taxpayer’s primer on High-Density Housing: <http://www.fairfieldtaxpayer.com/fts-primer-on-hd-housing.html>

## SUNK COSTS AND COST-BENEFIT ANALYSIS

Unless you are an executive or politician worried about the career risk of admitting a mistake, only future costs and returns are relevant to a rational investment decision. There are many famous examples of those who have ignored this principle, otherwise known as the **Sunk Cost Fallacy**.<sup>2</sup> The PBC appears not to accept the concept of sunk costs since it includes “*debt service on existing building*” as one of the “cons” in its consideration of any option that does not preserve the current large, banquet-hall building (why those same debt service costs are not a “con” for all options is not explained).<sup>3</sup>

Meanwhile, “cost-benefit analysis” should be used to evaluate whether a project makes sense, both on its own merits and relative to alternative uses of the same resources (including doing nothing at all). Although many costs and benefits can be quantified, many others cannot, particularly those which are intangible. For example, how can anyone quantify the benefit of an unobstructed view of a beautiful beach and the water beyond it?

Even when all costs and benefits can be quantified, there is still room for considerable disagreement and a need for judgment on how each element should be weighted, how much risk applies to each alternative, and how much risk it is appropriate to assume at any given point in time. In this case, the PBC has provided data on twelve different alternatives and it has recommended one of them (Option 7 – see below). **This recommendation appears to have been made within the narrow context of what a majority of the Committee’s members believe is the best way to preserve the existing structure.**

**Because it is beyond the scope of its charge and expertise, the PBC has not addressed the more important question of what makes the most sense for Fairfield within the broader context of how much the Town can afford to spend at the present time, and what its spending priorities should be.**

## THE CONSTRUCTION COSTS

The basic “charge” to the PBC<sup>4</sup> (formed in December 2013, reporting to the Board of Selectmen [BOS] through the First Selectman, and with nine members appointed by the BOS and confirmed by the Representative Town Meeting [RTM]) was to “*review and recommend options and manage the repair of the Penfield Pavilion for the Town of Fairfield.*” The PBC says it considered many possibilities, and in its update to the BOS on **August 6<sup>th</sup>** it provided cost estimates for the following nine options:<sup>5</sup>

- **Option 1:** Protect footings with big stones and repair the building to pre-Sandy condition. **\$2.4 million** (or \$3.2 million if add timber bulkhead on the parking lot side).
- **Option 2:** Install auger steel piles without moving or raising the building to replace the existing footings. **\$3.2 million.**

<sup>2</sup> A classic example of the Sunk Cost Fallacy is the very costly decision by the French and British governments to build the Concorde, the world’s first supersonic commercial airliner. The more the two governments invested and lost, the more difficult it was for them to face reality and admit they had made a mistake, so they kept throwing good money after bad.

<sup>3</sup> Debt service on the existing building is ~\$318,000. This is a classic example of a sunk cost.

<sup>4</sup> [http://www.fairfieldct.org/filestorage/10736/12856/16701/15905/15907/1\\_pbccharge13\\_approved\\_10-16-13.pdf](http://www.fairfieldct.org/filestorage/10736/12856/16701/15905/15907/1_pbccharge13_approved_10-16-13.pdf)

<sup>5</sup> <http://www.fairfieldct.org/filestorage/10736/12856/16701/15905/15909/C009-PBCStatusBriefing8-6-2014.pdf>

- **Option 3A:** Raise the entire building in place, install sectional steel pipe piles to support footings. **\$7.3 million.**
- **Option 3B:** Move the entire building to the parking lot, install timber piles, move it back. **\$6.5 million.**
- **Option 3C:** Move the West Wing to the parking lot, install timber piles, demolish/rebuild East Wing. **\$5.6 million.**
- **Option 4:** Raise and move the entire building permanently into the parking lot on new timber piles. **\$5.8 million.**
- **Option 5:** Move the West Wing to the parking lot, install timber piles, leave East Wing as is. **\$4.9 million.**
- **Option 6:** Move the East Wing to the parking lot, demolish and rebuild a smaller West Wing, install timber piles. **\$4.0 million.**
- **Option 7:** Move the West Wing, demolish and rebuild a smaller East Wing (reducing overall size by ~50% from 27,567 sf to 13,971 sf), install timber piles. Cost: **\$4.5 million.**

Before seeking any endorsements or approvals from the BOS, the Board of Finance (BOF) or the RTM, on **July 10, 2014**, the PBC voted in favor of Option 7 and directed its engineer to proceed with the next phase of the design work. And, on **July 16, 2014**, the Parks & Recreation Commission voted to approve Option 7. Although that Commission has no approval authority over this project, the P&R Department manages the Penfield Pavilion Complex.

At its next regularly scheduled meeting on **August 14<sup>th</sup>**, the PBC presented its preliminary report and recommendation to the public. It was here that one of its members voiced his criticisms and resigned.<sup>6</sup> The major concerns he expressed were that: (a) the bulkhead erected to protect the pavilion may have been responsible for its damage; (b) the unstable soil conditions blamed for the damage may not have been responsible; (c) the Committee had not taken the time to consider all the options; and (d) Option 7 is too expensive and will still be vulnerable to damage because of the bulkhead. At the same meeting, another member entered into the record his statement from the PBC's **June 26<sup>th</sup>** meeting, urging the Committee to heed the comments from the public at earlier meetings and in a survey via local newspapers, a clear majority of which called for either no pavilion or a much smaller pavilion.<sup>7</sup>

After its fractious August 14<sup>th</sup> meeting, the PBC decided to postpone its previously scheduled presentations to the BOS, the BOF and the RTM, in order to consider other possibilities, and at its next meeting on **September 11<sup>th</sup>** it presented three more options as follows:

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<sup>6</sup> [http://www.fairfieldct.org/filestorage/10736/12856/16701/15905/15909/C012-Letter\\_WSapone\\_8-14-14.pdf](http://www.fairfieldct.org/filestorage/10736/12856/16701/15905/15909/C012-Letter_WSapone_8-14-14.pdf)

<sup>7</sup> [http://www.fairfieldct.org/filestorage/10736/12856/16701/15905/15909/C011-Statement\\_Ian\\_Bass\\_6-26-14.pdf](http://www.fairfieldct.org/filestorage/10736/12856/16701/15905/15909/C011-Statement_Ian_Bass_6-26-14.pdf)

- **Option 7A:** Demolish East Wing and move the West Wing to that location on new piles. **\$4.84 million.**<sup>8</sup>
- **Option 8:** Completely demolish the structure and simply remediate the site. **\$1.2 million.**
- **Option 9:** Demolish the structure and construct a smaller (reducing overall size by ~82% from 27,567 sf to 5,000 sf) service facility on timber piles. **\$3.6 million.**<sup>9</sup>

In the document dated **September 11<sup>th</sup>** that first described these new options, the estimated costs for some of the other options also changed as follows:

- **Option 1:** will now cost **\$2.75 million** (or \$3.55 million with an extended bulkhead), up 11%-15% from \$2.4 million/\$3.2 million.
- **Option 2:** will now cost **\$3.55 million**, up 11% from \$3.2 million.
- **Option 3B:** will now cost **\$6.85 million**, up 5% from \$6.5 million.
- **Option 7:** will now cost **\$4.84 million**, up 8% from \$4.5 million.

Yet another document dated **September 18<sup>th</sup>** raised some of the estimated costs still further as follows:

- **Option 1:** will now cost slightly less at **\$2.72 million** (or slightly more at \$3.58 million with an extended bulkhead).
- **Option 7:** will now cost **\$4.93 million** (up another 2%).
- **Option 8:** will now cost only **\$0.59 million** (or \$0.91 million with an added dune).
- **Option 9:** will now cost only **\$3.25 million** rather than \$3.6 million without a \$300,000 dune for neighborhood flood mitigation.

In the table below, have provided a summary of the four options that the PBC is still considering, plus another we have called a “Medium” option that would be designed to do the best we can with no more than the \$400,000 already spent plus the \$1.75 million in insurance proceeds and the \$500,000 State grant. **Please note the following: the cost estimates continue to move around; none of the cost estimates include the \$400,000 that the PBC has already spent to evaluate our options and to design its preferred option; all the cost estimates include a contingency allowance, but we have no way of knowing whether that allowance will be too much or too little; and we have tried to exclude any flood mitigation costs from the numbers in the table.**

<sup>8</sup> Note also that at a cost of \$4.84 million, Option 7A costs as much as Option 7, even though the West Wing does not have to be moved into the parking lot and then back to the beach.

<sup>9</sup> Note that the implied cost per square foot for the small, 5,000 sf building proposed under Option 9 is a surprisingly high \$650 per square foot, particularly since half of the 5,000 sf is merely a covered deck.

<b>PENFIELD PAVILION OPTIONS</b>
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	<b>Existing</b>	<b>Large</b>	<b>Medium</b>	<b>Small</b>	<b>None</b>
<b>PBC Option No.</b>	#1	#7	NA	#9	#8
<b>Description</b>	Repair current building in place	Raise entire building Rebuild East Wing	Do the best we can with insurance and grant	Complete demo Build small pavilion	Complete demo
<b>Latest Cost Estimate</b>	<b>\$2.72M</b>	<b>\$4.93M</b>	<b>\$2.25M</b>	<b>\$3.25M</b>	<b>\$0.6M</b>
<b>Less Insurance</b>	1.75	1.75	1.75	1.75	1.75
<b>Less Block Grant</b>	0.50	0.50	0.50	0.50	-0-
<b>Balance Due</b>	<b>\$0.47M</b>	<b>\$2.68M</b>	<b>-0-</b>	<b>\$1.00M</b>	<b>(\$1.15M)</b>
<b>FEMA Reimbursement</b>	???	???	???	???	-0-
<b>Raised 3.5 ft.</b>	NO	YES	Maybe	YES	NA
<b>Square Footage</b>	27,567	13,971	TBD	5,000	NA
<b>Cost/Sq. Ft.</b>	\$99	\$353	TBD	\$650	NA
<b>Banquet Hall</b>	YES	YES	TBD	NO	NO
<b>Rest Rooms</b>	YES	YES	YES	YES	NO
<b>Showers</b>	YES	YES	YES	YES	NO
<b>Changing Rooms</b>	YES	YES	YES	YES	NO
<b>Lockers</b>	YES	NO	YES	NO	NO
<b>Concessions</b>	YES	YES	YES	YES	NO
<b>First Aid</b>	YES	YES	YES	YES	NO
<b>Lifeguard Station</b>	YES	YES	YES	YES	NO
<b>Schedule</b>	7 mos.	7 mos.	7-8 mos.	8 mos.	2 mos.

**NB: The \$1.15 million that would remain after a complete demolition could be used to build basic facilities (restrooms, showers, concession stand, etc.), for flood mitigation, or anything else.**

## THE OTHER COSTS

Beyond the construction and/or beach restoration costs that the PBC has addressed, there are many other costs, some of which can't be quantified, but all of which are potentially important in the decision-making process.

1. **Ongoing Operating and Maintenance** – The bigger the building, the higher the insurance and maintenance costs will be, as we know well from our experience with our schools and other public buildings. And, if as part of the justification for spending millions of taxpayer dollars, we want to entertain the notion that the Town can generate substantial profits by expanding its role in the banquet-hall business, it will be necessary to quantify all the additional costs as well as the benefits of doing so.

- If the Town expands its role in the banquet-hall business, who is going to manage it, how much will that person or persons cost the taxpayers in wages and benefits, and what effect will this additional management responsibility have on the Town's ability to provide the public services for which those people are otherwise responsible?
  - How much will it cost the taxpayers in public employee (DPW, Police, Fire, etc.) wages and benefits, to provide all the support services for a large banquet hall?
  - What effects will the Town's expanded role in the banquet-hall business have on the economics of the Penfield II pavilion and on private sector businesses in our community that do not have the benefit of taxpayer support?
2. **Debt Service** – As noted earlier, in defiance of the Sunk Cost Fallacy, the PBC claims that *past* debt service costs (from the construction of the damaged pavilion) are a “negative” that applies to any option that does not preserve the “Great Hall.” However, the Committee does not include in its estimated costs the *future* debt service costs associated with spending any more than \$2.25 million (i.e., insurance proceeds of \$1.75 million plus the \$500,000 state grant).
  3. **Additional Construction Costs** – There are a number of costs that have not been included in the PBC's estimates of the cost of various options, including a reported \$98,000 in **recent charges** for the construction manager, \$50,000 for **acoustics** in the Great Hall that would be restored under the PBC's recommended Option 7, and **landscaping**.
  4. **Loss of Space and View** – This is the “impossible-to-quantify” cost of placing a large (and to some, unattractive) structure on a beautiful beach that prevents everyone from enjoying what would otherwise be a much larger beach and unobstructed views of the water.
  5. **Loss of Peace and Quiet** – This is another “impossible-to-quantify” cost borne primarily by residents who live near the pavilion because of the additional noise and traffic a banquet hall generates, particularly after dark, but also from attracting more people to the beach, including non-residents, than would otherwise be there. Although it is true that all current residents chose to live in this neighborhood despite the pavilions on the beach, this does not mean that we should ignore any potential benefits from reducing their impact, by, for example, eliminating one of the banquet halls.
  6. **Alternative Uses of Our Limited Financial Resources** – This is an open-ended category of opportunity costs that includes all the things that could be done instead with the money that will be spent on a banquet-hall pavilion. The list of alternatives is virtually endless, but includes addressing (or addressing sooner) such possibilities as: eliminating portable classrooms, upgrading IT systems, providing more senior tax relief, creating an affordable housing fund or a commercial development fund, and last but not least, lowering our property taxes.

We encourage all residents to think about possible alternative uses of any available funds, and then to consider what priority should be given to rebuilding a second large banquet-hall pavilion on Penfield Beach. **We particularly look forward to hearing from our elected officials with regard to their lists of alternatives and their priorities.**

Although they can't be quantified, many of the intangible costs of a large pavilion are implicit in the public comments by residents on this issue, including the following (all taken from local news coverage, public comments and letters to the editor):

- Why do we have to have a big building like that? Why can't we simplify the building?
- A huge structure is not needed on the beach.
- Just fix the bathrooms.
- We spent all summer without a pavilion, it was fine.
- Do we really need a pavilion that serves so few people for three or four months a year?
- Why should the majority of the town's people subsidize this project for the few who use it?
- I think the majority don't care about lockers and a big clubhouse; all they really want are nice bathrooms, a snack bar and an open air pavilion to picnic under.
- Does building another I-95 rest-stop-style building help our property values and town image?
- Who benefits from replacing a pleasure palace on Penfield with another one?
- The town should reconsider whether construction of a party facility is the best land use.
- The Jacky Durrell banquet facility is already on Penfield Beach, and it stood up to Superstorm Sandy.
- Why can't the rest of Penfield Beach be rededicated recreational space for beachgoers and not for attendees of special events?
- A dance floor doesn't belong in the middle of Penfield – a sand dune, beach grass and a small bathhouse do.
- We need big pavilion for what reason? I agree rip it down and put up a small building with bathrooms and lockers.
- Are we trying to impress the rest of the state on how wealthy we are?
- Throwing good money after bad.
- Why can't we simplify it? That building looks like a small part of an airport, and has been an intrusion on my life for the past three years.
- Another version of "Kubla Kahn's palatial pleasure dome" is not needed at Penfield Beach.

## THE BENEFITS

The PBC was not charged with identifying and quantifying the benefits associated with any of the options they considered. However, implicit in its recommendation of Option 7 were two presumed benefits that its members clearly weighted heavily: (a) preserving the size and functionality of the existing banquet-hall pavilion; and (b) building something that has the best chance of surviving the next major storm.

On the first of these presumed benefits, the PBC Chairman, in response to several public comments in favor of simply demolishing the damaged pavilion and replacing it with something much smaller, asked rhetorically from the dais: "Can we just put a \$5 million building in the dumpster?" Several residents, who seem to be familiar with the Sunk Cost Fallacy, responded in the affirmative. The Chairman is also quoted as saying, "This is a great beach, and they should have a really good facility." **The residents of Fairfield must decide whether they agree with the majority view of the Committee that it is important to preserve the size and functionality of the existing banquet-hall pavilion.**



On the second presumed benefit, the PBC Chairman is quoted as saying:<sup>10</sup> “Another Sandy may strike again . . . we can work to meet the new FEMA requirements [by raising the reconstructed pavilion another 3.5 feet] and sleep at night, or we could just repair the building to the way it was before it was rendered unusable.” Beyond the obvious question of whether complying with the latest FEMA elevation standards and driving more than 100 timber piles into the sand will indeed avoid a repeat of the damage (which, as noted earlier, some believe was caused by an ill-conceived bulkhead that the Committee plans to leave in place), **the residents of Fairfield must decide whether they agree with the majority view of the Committee that it is important to build something that is designed to withstand the forces of nature, as opposed to something that is inexpensive, functional and expendable.**

- It is perhaps worth reminding ourselves that we are talking here about a recreational beach facility (restrooms, a concession stand, some lockers and showers, etc.) built on sand on the edge of Long Island Sound, not a storm shelter or a lighthouse that must withstand the forces of time and nature and protect human life. To many, it simply makes no sense to spend millions of dollars, that we can ill afford, to build something that is supposed to be indestructible by the next Sandy.
- It also makes no sense to build an expensive banquet hall on the beach unless it can generate enough revenue to provide an adequate return on its cost, including the risk of uninsurable storm damage.

Some of the other benefits that should be considered in the decision-making process are as follows:

1. **Enjoyment** – This is the “impossible-to-quantify” pleasure that beach goers and event sponsors obtain from having a pavilion and a banquet hall on the beach.
  - Attributing pleasure specifically to a large pavilion with a banquet hall as opposed to the pleasure of a lovely beach, with or without a small pavilion, is a very difficult analytical challenge, so we look forward to hearing how our elected officials address this issue.
  - Among the many things we do not know is how many people use Penfield Beach and its Pavilion, and where they come from. Some local beachgoers say that many of those who use the beach are not residents of Fairfield.
    - According to the Director of Fairfield’s Parks and Recreation Department, 500-600 people per day use Penfield beach during the week, and 1,500-2,000 people per day use the beach on weekends.
    - One source indicates that the Town sold 1,585 non-resident beach permits in 2014 at \$135 each, which implies revenues of \$214,000. In contrast, Westport reportedly sells a maximum of 350 non-resident permits (there is a waiting list) for \$425 each, generating revenues of \$149,000.
2. **Profits** – Some advocates for restoring Penfield have asserted that having a second banquet hall on the beach will generate significant profits for the Town that can help to pay for it.

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<sup>10</sup><http://www.minutemannewscenter.com/articles/2014/08/21/fairfield/news/doc53f503cccaf0f866865395.txt?viewmode=fullstory>

- We have not seen any projections of net income specifically attributable to a second banquet hall, literally within sight of our other banquet hall, that would justify spending more than the least possible cost to provide basic public facilities.
- It will be helpful to see an income statement for Penfield II (the Jacky Durrell Pavilion) that includes all of its direct and indirect costs, and an estimate of the effect that a second, larger banquet hall will have on those numbers.
- The minutes of the PBC's April 10, 2014 meeting provide a summary of comments on the subject of revenues and direct operating costs by Gerry Lombardo, the Director of Fairfield's Parks and Recreation Department, including the following:<sup>11</sup>
  - \$38,000 in annual income from 203 lockers in the pavilion (\$187 each).
  - \$47,000 in annual income from the concession stand.
  - \$88,000 in annual income from daily parking fees before the pavilion was damaged, and less afterwards. (NB: Another source indicates that these fees declined about \$40,000, some or all of which could have been a function of less favorable weather.)
  - \$113,600 in annual income from rental fees for the Great Hall (\$142,000 over 15 months).
  - \$190,000-\$200,000 in projected revenues before the pavilion was damaged.
  - \$73,000 in estimated annual operating costs.
  - Net income for 2011, 2012 and 2013 (after the damage) estimated at \$123,304, \$176,910 and \$94,764, respectively.
- Please note the following important qualifications to these net income numbers:
  - They include revenues from the lockers and the concession stand, which could be provided without building another huge pavilion with a banquet hall, and thus the economics of those operations should be assessed on their own.
  - They include all the daily parking fees, much of which must be attributable simply to the beach and not to the pavilion.
  - They do not include any of the additional costs discussed above under the heading of "Other Costs," such as insurance; the wages and benefits of the Town employees who are required to manage this event space; debt service; any negative impact on revenues at Penfield II; and the need for other Town services for a large event space (DPW, Police, Fire, etc.).
  - They do not take into account intangible costs like the loss of "space and view" and "peace and quiet."
- Some have suggested that we should restore the event space at Penfield and lease the facility to a commercial operator as, for example, a full-time bar and restaurant, which may or may not be both profitable and acceptable to the residents in the neighborhood.

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<sup>11</sup> [http://www.fairfieldct.org/filestorage/79/15005/14963/Minutes\\_04-10-2014\\_Final\\_.pdf](http://www.fairfieldct.org/filestorage/79/15005/14963/Minutes_04-10-2014_Final_.pdf)

As was true on the cost side of the equation, although many of the benefits cannot be quantified, they are implicit in the public comments from residents, including the following (again, all taken from local news coverage, public comments and letters to the editor):

- It is a premier and popular legacy asset. It was praised as an architectural gem.
- A great beachfront legacy that should jealously be guarded and protected for future generations.
- We should not dash it away because a few don't see the merit in what "we" have built.
- The Pavilion is needed for those who live here but can't afford the fees for private clubs on the shoreline.
- We're lucky to have Penfield. We need Penfield.
- Its banquet room was an exquisite space overlooking Long Island Sound, and the deck was a great spot to read a book, have a late supper or just sit and look at the water.
- When you consider how much we spend on repairing and or renovating out school buildings, the cost for Penfield is a bargain.
- Penfield is a great asset to the town. That's why people live in a waterfront community, for the water!
- I ask you to repair and protect it and do whatever it takes. One or two million dollars one way or the other should not be a factor which compromises the overall best-building practice, best functionality solution.
- Someone needs to forthrightly communicate this to Fairfield's citizens in a nice way.

## THE MONEY

The four primary sources of funding for the pavilion are:

- **Insurance Proceeds** – The insurance company has agreed to pay the Town \$1.75 million. The Town is completely free to spend this money for any purpose. **If we do not spend it on pavilion repairs, we could use the money, for example, to pay down the outstanding debt on the original pavilion, which is currently ~\$4.4 million.**
- **State Grant** – The Town has reportedly received a \$500,000 state grant to help cover repair/restoration costs. It appears that this grant is conditional upon raising whatever is built by 3.5 feet to the new FEMA elevation requirement. This money obviously also comes from taxpayers, though from a different pocket or pockets.
- **FEMA Reimbursement** – If the Town spends money on certain types of repairs/restoration (e.g., hazard mitigation or raising the building another 3.5 feet to the new FEMA standard for its location), it will apply to the Federal Emergency Management Agency for reimbursement of 75% of any eligible costs. This money obviously also come from taxpayers, though again from a different pocket or pockets.
- **Fairfield Taxpayers** – First Selectman Tetreau publicly estimated that the PBC's Option 7 would cost the Town \$1.5-\$2.0 million, and a similar figure of \$1.5-\$1.6 million was offered at the BOS meeting on September 23<sup>rd</sup>. **It is important to note: (a) that these estimates of the cost to the Town assume about \$1 million in FEMA reimbursements, which are not assured; (b) that the insurance proceeds are now also Town money; and (c) that any money from the State or FEMA also comes from the taxpayers.**

## NEIGHBORHOOD FLOOD MITIGATION

The subject of neighborhood flood mitigation (as opposed to any need to protect the pavilion itself) is often raised in connection with the issue of what we should do with Penfield Pavilion, but this is really a separate issue. Nonetheless, the PBC has included in its estimates for some options the costs associated with neighborhood flood mitigation efforts, like constructing sand dunes and berms, or extending the existing bulkhead. We agree this is an important issue, particularly to the residents who live in the flood zone between Penfield Beach and the Post Road, but the PBC does not have the expertise to address this issue. Instead, under the Town Charter, we have for this purpose a Flood and Erosion Control Board, which has five members appointed by the BOS, and whose purpose on the Town website is stated as follows:

*“The Flood and Erosion Control Board plans, constructs, reconstructs, and manages the town’s flood and erosion control system which includes dikes, berms, dams, piping, jetties, sea walls, embankments, tide-gates, revetments, water storage areas, ditches, drains and any other structures or facilities that prevent damage from flood or erosion caused by seawater or fresh water.”*

**Accordingly, we believe that any recommendation by the PBC should first be submitted to the FECB for its consideration with regard to any implications it may have for neighborhood flood mitigation and any related costs before that recommendation is submitted to the BOS, BOF and RTM for their approval.**

## CONCLUSION

The PBC was asked to “review and recommend options and manage the repair of the Penfield Pavilion.”

However, making a decision that is in the best interests of Fairfield will require our elected officials:

- to integrate the Committee’s work into a broader analysis that includes non-construction costs, any and all relevant benefits, and any neighborhood flood mitigation considerations;
- to weigh any proposal against all the other demands on the Town’s limited capital resources, and then
- to decide what solution is best.

We look forward to hearing what our elected officials on the BOS, the BOF and the RTM think, and how they decide what is best for our Town.

## FUTURE EVENTS

The process for deciding what we should do with Penfield Pavilion is as follows:

1. The PBC must finalize its analysis and recommendation(s).
2. **We believe that the Flood and Erosion Control Board should then consider any implications for neighborhood flood mitigation and provide an estimate of any related costs.**
3. The PBC will then present its findings and recommendations to the BOS and to the BOF, both of which, after considering public comment, will eventually endorse some plan of action and

appropriate any necessary funds. Endorsement by the BOS and the BOF may not come until any issues they raise are addressed by the PBC.

4. Finally, the PBC must present its plan to the RTM and obtain majority approval of the proposed plan and any required appropriation of the taxpayers' money. Again, approval by the RTM may not come until any issues they raise are addressed by the PBC, which could require that the PBC start the approval process back at the beginning with the BOS and the BOF.

**The Current Schedule of meetings is as follows:**

**October 1<sup>st</sup>** – Board of Selectman resolution on what we should do.

**October 7<sup>th</sup>** – Board of Finance resolution on what we should do.

**October 20<sup>th</sup> and 22<sup>nd</sup>** – Presentations to RTM Subcommittees.

**October 27<sup>th</sup>** – Representative Town Meeting resolution on what we should do.

As the old saying goes, “haste makes waste.” At all stages in this process, it is likely that some advocates will insist that it is important to make this decision as quickly as possible in order to finish the project in time to be used next summer. However, according to one newspaper account,<sup>12</sup> in response to the frequent question, “What’s taking so long?” First Selectman Mike Tetreau has said: *“We want to make sure we make the right decision for the community. Whatever we do, 10 years from now, it better still be standing.”* Though we don’t necessarily agree that we must build something that will still be standing in ten years, we do agree that we must take as much time as necessary to make the right decision for Fairfield, and we urge all residents to attend and participate in as many of the upcoming public meetings on this issue as they can.

**Please take a few minutes now and tell our elected officials what you think we should do with Penfield Pavilion: Send a [“1-Click” email to ALL elected officials.](#)**

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<sup>12</sup> <http://www.fairfieldcitizenonline.com/default/article/Favored-option-to-repair-Penfield-Pavilion-would-5669525.php>