



**WORK SESSION  
VIRTUAL MEETING HELD VIA WEBEX  
JANUARY 12, 2021  
5:45 PM**

Call to order

1. Community Center Feasibility at the American Legion Property

Adjournment

**Auxiliary aids for individuals with disabilities are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9738.**

**STAFF REPORT NO. 01****WORK SESSION****1/12/2021**

REPORT PREPARED BY: Amy Markle, Recreation Services Director

DEPARTMENT DIRECTOR REVIEW: Amy Markle, Recreation Services Director

OTHER DEPARTMENT REVIEW: Chris Regis, Finance Department

CITY MANAGER REVIEW: Katie Rodriguez, City Manager  
1/6/2021**ITEM FOR WORK SESSION:****Community Center Feasibility at the American Legion Property****EXECUTIVE SUMMARY:**

The American Legion has communicated that they intend to sell their property and to work with the future buyer to ensure that Post 435 has a new physical space within a future development. The approximately 4-acre parcel will be for sale in the coming year and is a desired location with high accessibility. It is immediately adjacent to Veterans Memorial Park, and has road, bus and sidewalk access. Careful design considerations must be established due to the surrounding green-space, Veterans Memorial and adjacent wetlands and since it is such an important location for the community.

Council directed staff to proceed with a two step process to allow policymakers, the community, and stakeholders like the Legion and potential developers the time and a process to work towards a development that will be an asset for all. The first step is to consider the feasibility of the city purchasing the property and building a community center on the site and the second step is to develop a small area plan with design standards on how potential development relates to the park. Tonight's work session will focus on the first step.

A Community Center is an amenity that has been desired in Richfield for decades and would address numerous recreation needs including: increased and improved athletic facilities, community meeting space, banquet room(s), recreation programming rooms, indoor play space and potentially indoor aquatics. It is a facility that is listed as a 'future priority' in the 2018 Parks Master Plan, and is supported by residents in the National Community Survey that was completed in 2020.

To better understand the details of planning, constructing, and operating a modern Community Center, staff has met with numerous other cities and their leaders. They have been at the same spot we are in the process and have been able to provide valuable insights and thoughtful considerations. These type of capital projects take years to plan and some cities have not moved forward with projects due to the many financial constraints they bring. Several cities have shared their community center plans for us to review, and it has provided valuable insights into the financial reality of building and operating a community center. Both Rebecca Kurtz from Ehlers and Finance

Director Chris Regis have been able to provide a clear picture of the financial options and the effects a project of this size would have on the city budget and residents taxes. After careful review, staff is recommending that it is not financially feasible to construct a community center at this time and location.

Recreation Services Director, Amy Markle will address the recreational needs and how they can be met while future planning is explored.

This work session will be co-presented by Recreation Services Director, Amy Markle, and Finance Director, Chris Regis. They will be going over the following:

- Background
- Identified Need for Facility
- Community Center Considerations
- Assessing and Addressing Needs
  - Financial Impacts
  - Recommendations

### **DIRECTION NEEDED:**

**Staff is seeking to have the Council make a decision if they would like to continue to explore the option of purchasing the American Legion property for the construction of a new Community Center.**

**Staff also would like additional feedback and questions about alternatives to building a new facility that address the recreational needs of residents. Please send any questions to Amy Markle at [amarkle@richfieldmn.gov](mailto:amarkle@richfieldmn.gov).**

### **BACKGROUND INFORMATION:**

#### **A. HISTORICAL CONTEXT**

- The Richfield Community Center was built in 1961 as the Hennepin County Augsburg Library
- In 1974, when the Hennepin County Library moved to a new building at the south end of Augsburg Park, their building at 7000 Nicollet was sold to the City of Richfield and became the Richfield Community Center. The building has meeting room space, including space for dance and exercise, but no fitness or pool facilities.
- In August of 1998, the City Council approved a feasibility study on a proposed recreational facility.
- Shortly after, a group of Richfield citizens called the Multi-Purpose Community Center Task Force was formed to study the issue.
- They made a formal recommendation for a new, multi-purpose facility on the west side of Veterans Memorial Park, with fitness equipment, a pool, meeting rooms, and offices.
- The group recommended that the facility be funded by General Obligation Bonds, which would require a referendum election to be held in conjunction with the Richfield School Board election on November 2, 1999. The proposal was defeated by nearly a 4-to-1 ratio.
- In 2018, a Parks Master Plan was prepared that identified the need for a new or renovated community center. "Desired amenities include indoor program space, community meeting rooms,

banquet facilities, indoor playground, exercise equipment and other recreation facilities.”

•At this time, it is listed as a “future priority.”

- In the Community Survey conducted in Richfield in 2019, results depicted that approximately 70% of residents are in favor of a tax increase to support a new Community Center but supported other recreation priorities like improvements to park buildings and a new Wood Lake Nature Center as much or slightly more.

**B. POLICIES (resolutions, ordinances, regulations, statutes, etc):**

N/A

**C. CRITICAL TIMING ISSUES:**

There is a current 7-month moratorium on the development of the American Legion property. The decision to continue pursuing purchasing the site and building a community center or move on to other possible options needs to be made before the small area plan process continues. The American Legion has asked that the city expedite the process as much as possible and the council needs to provide definitive guidance at the January 12, 2021 work session in order to complete the process in 7 months.

**D. FINANCIAL IMPACT:**

The following cost scenarios have been established based on similar community center plans from neighboring cities. There is a low, mid, and high cost facility to better understand the expenses associated with various amenities. It is important to note that the annual operating costs are an additional 2.3-2.5 million, and would probably need to be subsidized (we currently subsidize the pool, mini-golf, ice-arena, and special facilities). We would also need to determine how they will be financially maintained and improved along with other city projects. This project would also have impacts on our debt limit as well as our bond rating.

- \$40-\$50 million Includes meeting space, program rooms, work-out facilities, gyms and track
- \$70-\$80 million Includes above plus indoor courts
- \$80-\$90 million Includes all of the above plus indoor pool
- Assume additional \$1.5 million for parking.
- Site acquisition costs - \$3.4 million

–Demolition - \$250,000

–Abatement

–Soil Correction

- General Obligation Tax Abatement Bonds

The following are funding options, several may have to be implemented to pay for the large capital expense (note that all options will require debt service tax levies):

- General Obligation Tax Abatement Bonds
- General Obligation – Referendum
- Lease Agreement

The following are financial impacts on the debt levy:

- 2021 debt service tax levy was \$3.5 million
- 2022 estimated debt service tax levy is \$3.66 million
- Estimated community center debt service tax levy
  - \$40 - \$50 million issue - \$3,635,106
  - \$70 - \$80 million issue - \$5,620,353
  - \$80 - \$90 million issue - \$6,281,800

The following are tax impacts on residents:

- \$40 - \$50 million issue
  - \$250,000 home - \$1,531.43 - \$227.36 Increase
  - \$275,000 home - \$1,708.81 - \$253.69 Increase
  -
- \$70 - \$80 million issue
  - \$250,000 home - \$1,655.59 - \$351.52 Increase
  - \$275,000 home - \$1,847.36 - \$392.24 Increase
- \$80 - \$90 million issue
  - \$250,000 home - \$1,696.96 - \$392.89 Increase
  - \$275,000 home - \$1,893.52 - \$438.40 Increase

It is not financially advisable to move forward with this project due to the impacts it would have on the city budget, residents and future projects.

#### **E. LEGAL CONSIDERATION:**

There are some concerns about the legal authority for issuing debt for the \$80 and \$90 million projects. While we can piece together multiple authorities to legally issue this amount of debt, scenarios two and three exceed the City's available debt limit and annual tax abatement limit.

#### **ALTERNATIVE(S):**

There are numerous alternative actions that can be taken to meet the current recreational needs that a Community Center provides. We recommend we do the following:

- Conduct a facilities assessment across the City
- Leverage existing partnerships and establish new
- Rebrand current community center to be multi- generational
- Nature center design to include community and banquet spaces
- Increase indoor athletics at Richfield Ice Arena
- Understand effects pandemic has on recreation and fitness facilities
- Financially recover from pandemic
- Continue conversations with potential project partners
- Look at the timing of other work plans and develop a strategic plan to better understand potential facility locations, programs, costs including staffing and maintenance considerations, funding options/mechanism, and timing. Determine if facility is feasible.
- If a Community Center facility is not feasible in the long-term, plan for alternatives to address needs (i.e. sports dome with indoor track).

#### **PRINCIPAL PARTIES EXPECTED AT MEETING:**

#### **ATTACHMENTS:**

Description	Type
❑ Financial Memo from Ehlers	Cover Memo
❑ Community Center Feasibility Presentation	Cover Memo

## MEMORANDUM

TO: Katie Rodriguez, Chris Regis and Amy Markle, City of Richfield

FROM: Rebecca Kurtz, Ehlers

DATE: January 5, 2021

SUBJECT: Estimated tax impact of proposed Community Center development

It is our understanding that the City of Richfield reviewing the potential impacts of acquiring the current American Legion Post located at 6501 Portland Avenue S. and developing a community center.

In preparation for the Council's discussion, Ehlers has worked with the City to prepare estimated financial impacts for three scenarios with the following construction costs:

- 1) \$40-\$50 million: Costs include the construction of meeting space, program rooms, workout facilities, gyms and a track
- 2) \$70-\$80 million: Additional amenities include indoor courts
- 3) \$80-\$90 million: Additional amenities include an indoor swimming pool

In addition to the above construction costs, \$1.5 million is estimated for parking facilities, and \$3.4 million is estimated for site acquisition. The acquisition cost is an estimate may change depending on the final use of the site.

While the City has options for the type of debt issued to construct a community center, for discussion purposes, the estimated impacts assume the issuance of general obligation bonds. This option provides for the lowest interest rate on the debt. We have assumed a 20-year term for the Bonds with an average interest rate of 2.13% (current rates plus 50 basis points). Below is a summary of the estimated annual debt service and tax impacts for the three options. Additional impacts and the debt service schedules for each scenario are attached.

	Project Cost including acquisition and parking		
	\$54.9 Million	\$84.9 Million	\$94.9 Million
Bond Amount	\$ 55,445,000	\$ 85,725,000	\$ 85,815,000
Average Annual Debt Service	\$ 3,462,006	\$ 5,352,717	\$ 5,982,666
Average Annual Levy for Bonds	\$ 3,635,106	\$ 5,620,353	\$ 6,281,800
Tax Rate Increase	9.664%	14.942%	16.700%
<b>Estimated Tax Increase</b>			
\$250,000 Home	\$ 227.36	\$ 351.52	\$ 392.89
\$275,000 Home	\$ 253.69	\$ 392.24	\$ 438.40

The ability to undertake the project, issue bonds and levy taxes or pledge revenues for debt service is governed by State law. As stated above, the City has options for the authority that would be used for the issuance of debt. Options for financing a community center include the following:

1. **General Obligation (G.O.) Tax Abatement Bonds.** G.O. Tax Abatement Bonds allow the City to pledge tax abatement revenues from specific parcels to the debt service on bonds for acquiring or constructing public facilities. Ultimately this is a tax levy and impacts all taxpayers. The City can abate up ten percent of the City's net tax capacity, and based on preliminary 2021 tax capacity information, **the estimated maximum is \$4.68 million annually.**
2. **G.O. Bonds.** If tax abatement is not pledged to the project, the City could issue general obligation bonds after holding a successful referendum, and the debt service could be paid with ad valorem taxes. The bonds would be subject to the Statutory Debt Limit.

The Statutory Debt Limit for cities is 3 percent of the Assessor's Estimated Market Value. The Unused Debt Limit is the amount remaining after deducting the existing debt that is paid solely by taxes. For the City, this includes debt associated with street reconstruction projects, the public works facility and City Hall.

After the February 1, 2021 debt service payments, the City will have \$42.66 million of outstanding debt that counts against the City's debt limit. Based on the City's preliminary 2021 market value of \$4.02 billion, the Unused Debt Limit is estimated at \$77.937 million. Therefore, **the maximum debt supported solely with taxes that the City could issue is estimated at \$77.9 million.**

3. **Lease Agreement.** The project could be financed through a lease arrangement, and the City or Economic Development Authority could issue lease revenue bonds. The lease is not a general obligation of the City, but a special obligation payable solely from lease payments annually appropriated by the City. This means the City has the ability to annually levy for the lease payments and reserves the right to annually terminate the lease, without penalty. Since the lease would exceed \$1 million, it would be subject to the Unused Debt Limit. Since the Agreement would not be a general obligation of the City, it is anticipated that the interest rate would be higher.

I will participate in the work session and be available to answer questions.

# City of Richfield, Minnesota

## Estimated Tax Impact

January 5, 2021

Project Size = \$54,900,000

BOND ISSUANCE INFORMATION	
Bond Issue Amount	\$55,445,000
Number of Years	20
Average Interest Rate	2.13%
Estimated Bond Rating	S&P AA+
PROPERTY TAX INFORMATION	
Proposed Net Tax Capacity - Payable 2021	\$37,614,871
Debt Levy @ 105% - Average	3,635,106
Estimated Tax Capacity Rate:	
Payable - 2021 Without Proposed Bonds	55.431%
Payable - 2021 With Proposed Bonds	65.095%
Estimated Tax Rate Increase	9.664%

TAX IMPACT ANALYSIS							
Type of Property	Estimated Market Value	Market Value Exclusion	Taxable Market Value	Net Tax Capacity	Current City Tax	Proposed Tax Increase*	Proposed City Tax
Residential Homestead	\$ 50,000	\$ 20,000	\$ 30,000	\$ 300	\$ 166.29	\$ 28.99	\$ 195.29
	75,000	30,000	45,000	450	249.44	43.49	292.93
	100,000	28,240	71,760	718	397.77	69.35	467.12
	125,000	25,990	99,010	990	548.82	95.68	644.51
	150,000	23,740	126,260	1,263	699.87	122.02	821.89
	175,000	21,490	153,510	1,535	850.92	148.35	999.27
	200,000	19,240	180,760	1,808	1,001.97	174.69	1,176.66
	225,000	16,990	208,010	2,080	1,153.02	201.02	1,354.04
	250,000	14,740	235,260	2,353	1,304.07	227.36	1,531.43
	275,000	12,490	262,510	2,625	1,455.12	253.69	1,708.81
	300,000	10,240	289,760	2,898	1,606.17	280.02	1,886.19
	350,000	5,740	344,260	3,443	1,908.27	332.69	2,240.96
	400,000	1,240	398,760	3,988	2,210.37	385.36	2,595.73
Commercial/Industrial	\$ 100,000	\$ -	\$ 100,000	\$ 994	\$ 551.24	\$ 96.10	\$ 647.34
	200,000	-	200,000	2,155	1,194.35	208.23	1,402.57
	300,000	-	300,000	3,481	1,929.33	336.36	2,265.69
	400,000	-	400,000	4,807	2,664.31	464.50	3,128.81
	500,000	-	500,000	6,132	3,399.29	592.64	3,991.93
	1,000,000	-	1,000,000	12,762	7,074.20	1,233.34	8,307.54
Apartments (4 or more units)	\$ 200,000	\$ -	\$ 200,000	\$ 2,500	\$ 1,385.78	\$ 241.60	\$ 1,627.38
	300,000	-	300,000	3,750	2,078.66	362.40	2,441.06
	500,000	-	500,000	6,250	3,464.44	604.00	4,068.44
Agricultural Homestead **	\$ 150,000	\$ 23,740	\$ 126,260	\$ 1,263	\$ 699.87	\$ 122.02	\$ 821.89
	400,000	23,740	376,260	2,513	1,392.76	242.82	1,635.58
	500,000	23,740	476,260	3,013	1,669.91	291.14	1,961.05
	600,000	23,740	576,260	3,513	1,947.07	339.46	2,286.53
	800,000	23,740	776,260	4,513	2,501.38	436.10	2,937.48
	1,000,000	23,740	976,260	5,513	3,055.69	532.74	3,588.43
Agricultural Non-Homestead (dollars per acre)	\$ 1,500	\$ -	\$ 1,500	\$ 15	\$ 8.31	\$ 1.45	\$ 9.76
	2,000	-	2,000	20	11.09	1.93	13.02
	2,500	-	2,500	25	13.86	2.42	16.27
Seasonal/Recreation Residential	\$ 100,000	\$ -	\$ 100,000	\$ 1,000	\$ 554.31	\$ 96.64	\$ 650.95
	200,000	-	200,000	2,000	1,108.62	193.28	1,301.90
	300,000	-	300,000	3,000	1,662.93	289.92	1,952.85
	400,000	-	400,000	4,000	2,217.24	386.56	2,603.80

\* The figures in the table are based on taxes for new bonded debt only, and do not include tax levies for other purposes. Tax increases shown above are gross increases, not including the impact of the state Property Tax Refund ("Circuit Breaker") program. Many owners of homestead property will qualify for a refund, based on their income and total property taxes. This will decrease the net tax effect of the bond issue for many property owners.

\*\* For agricultural homestead property, a value of \$150,000 was assumed for the house, garage and one acre.



# City of Richfield, Minnesota

\$55,445,000 General Obligation Bonds, Series 2021

Assuming Current GO Non-BQ "AA+" Market Rates plus 50bps

## Sources & Uses

Dated 08/01/2021 | Delivered 08/01/2021

### Sources Of Funds

Par Amount of Bonds	\$55,445,000.00
---------------------	-----------------

<b>Total Sources</b>	<b>\$55,445,000.00</b>
----------------------	------------------------

### Uses Of Funds

Total Underwriter's Discount (0.700%)	388,115.00
---------------------------------------	------------

Costs of Issuance	156,000.00
-------------------	------------

Deposit to Project Construction Fund	54,900,000.00
--------------------------------------	---------------

Rounding Amount	885.00
-----------------	--------

<b>Total Uses</b>	<b>\$55,445,000.00</b>
-------------------	------------------------

# City of Richfield, Minnesota

\$55,445,000 General Obligation Bonds, Series 2021

Assuming Current GO Non-BQ "AA+" Market Rates plus 50bps

## Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	105% Overlevy
02/01/2022	-	-	-	-	-
02/01/2023	1,935,000.00	0.800%	1,527,686.25	3,462,686.25	3,635,820.56
02/01/2024	2,460,000.00	0.850%	1,002,977.50	3,462,977.50	3,636,126.38
02/01/2025	2,480,000.00	0.850%	982,067.50	3,462,067.50	3,635,170.88
02/01/2026	2,500,000.00	1.000%	960,987.50	3,460,987.50	3,634,036.88
02/01/2027	2,525,000.00	1.050%	935,987.50	3,460,987.50	3,634,036.88
02/01/2028	2,550,000.00	1.300%	909,475.00	3,459,475.00	3,632,448.75
02/01/2029	2,585,000.00	1.450%	876,325.00	3,461,325.00	3,634,391.25
02/01/2030	2,625,000.00	1.550%	838,842.50	3,463,842.50	3,637,034.63
02/01/2031	2,665,000.00	1.750%	798,155.00	3,463,155.00	3,636,312.75
02/01/2032	2,710,000.00	1.850%	751,517.50	3,461,517.50	3,634,593.38
02/01/2033	2,760,000.00	1.900%	701,382.50	3,461,382.50	3,634,451.63
02/01/2034	2,815,000.00	1.950%	648,942.50	3,463,942.50	3,637,139.63
02/01/2035	2,870,000.00	2.050%	594,050.00	3,464,050.00	3,637,252.50
02/01/2036	2,925,000.00	2.150%	535,215.00	3,460,215.00	3,633,225.75
02/01/2037	2,990,000.00	2.250%	472,327.50	3,462,327.50	3,635,443.88
02/01/2038	3,055,000.00	2.350%	405,052.50	3,460,052.50	3,633,055.13
02/01/2039	3,130,000.00	2.450%	333,260.00	3,463,260.00	3,636,423.00
02/01/2040	3,205,000.00	2.550%	256,575.00	3,461,575.00	3,634,653.75
02/01/2041	3,285,000.00	2.600%	174,847.50	3,459,847.50	3,632,839.88
02/01/2042	3,375,000.00	2.650%	89,437.50	3,464,437.50	3,637,659.38
<b>Total</b>	<b>\$55,445,000.00</b>	<b>-</b>	<b>\$13,795,111.25</b>	<b>\$69,240,111.25</b>	<b>\$72,702,116.81</b>

## Significant Dates

Dated	8/01/2021
First Coupon Date	8/01/2022

## Yield Statistics

Bond Year Dollars	\$647,067.50
Average Life	11.670 Years
Average Coupon	2.1319432%

Net Interest Cost (NIC)	2.1919238%
True Interest Cost (TIC)	2.1771279%
Bond Yield for Arbitrage Purposes	2.1077592%
All Inclusive Cost (AIC)	2.2051987%

## IRS Form 8038

Net Interest Cost	2.1319432%
Weighted Average Maturity	11.670 Years

# City of Richfield, Minnesota

## Estimated Tax Impact

January 5, 2021

Project Size = \$84,900,000

BOND ISSUANCE INFORMATION	
Bond Issue Amount	\$85,725,000
Number of Years	20
Average Interest Rate	2.13%
Estimated Bond Rating	S&P AA+
PROPERTY TAX INFORMATION	
Proposed Net Tax Capacity - Payable 2021	\$37,614,871
Debt Levy @ 105% - Average	5,620,353
Estimated Tax Capacity Rate:	
Payable - 2021 Without Proposed Bonds	55.431%
Payable - 2021 With Proposed Bonds	70.373%
Estimated Tax Rate Increase	14.942%

TAX IMPACT ANALYSIS							
Type of Property	Estimated Market Value	Market Value Exclusion	Taxable Market Value	Net Tax Capacity	Current City Tax	Proposed Tax Increase*	Proposed City Tax
Residential Homestead	\$ 50,000	\$ 20,000	\$ 30,000	\$ 300	\$ 166.29	\$ 44.83	\$ 211.12
	75,000	30,000	45,000	450	249.44	67.24	316.68
	100,000	28,240	71,760	718	397.77	107.22	505.00
	125,000	25,990	99,010	990	548.82	147.94	696.76
	150,000	23,740	126,260	1,263	699.87	188.66	888.53
	175,000	21,490	153,510	1,535	850.92	229.37	1,080.29
	200,000	19,240	180,760	1,808	1,001.97	270.09	1,272.06
	225,000	16,990	208,010	2,080	1,153.02	310.81	1,463.83
	250,000	14,740	235,260	2,353	1,304.07	351.52	1,655.59
	275,000	12,490	262,510	2,625	1,455.12	392.24	1,847.36
	300,000	10,240	289,760	2,898	1,606.17	432.95	2,039.12
Commercial/Industrial	350,000	5,740	344,260	3,443	1,908.27	514.39	2,422.66
	400,000	1,240	398,760	3,988	2,210.37	595.82	2,806.19
	\$ 100,000	\$ -	\$ 100,000	\$ 994	\$ 551.24	\$ 148.59	\$ 699.83
	200,000	-	200,000	2,155	1,194.35	321.94	1,516.29
	300,000	-	300,000	3,481	1,929.33	520.06	2,449.39
Apartments (4 or more units)	400,000	-	400,000	4,807	2,664.31	718.18	3,382.49
	500,000	-	500,000	6,132	3,399.29	916.30	4,315.59
	1,000,000	-	1,000,000	12,762	7,074.20	1,906.90	8,981.10
Agricultural Homestead **	\$ 200,000	\$ -	\$ 200,000	\$ 2,500	\$ 1,385.78	\$ 373.55	\$ 1,759.32
	300,000	-	300,000	3,750	2,078.66	560.32	2,638.98
	500,000	-	500,000	6,250	3,464.44	933.86	4,398.30
	\$ 150,000	\$ 23,740	\$ 126,260	\$ 1,263	\$ 699.87	\$ 188.66	\$ 888.53
	400,000	23,740	376,260	2,513	1,392.76	375.43	1,768.19
Agricultural Non-Homestead (dollars per acre)	500,000	23,740	476,260	3,013	1,669.91	450.14	2,120.05
	600,000	23,740	576,260	3,513	1,947.07	524.85	2,471.92
	800,000	23,740	776,260	4,513	2,501.38	674.27	3,175.64
	1,000,000	23,740	976,260	5,513	3,055.69	823.68	3,879.37
Seasonal/Recreation Residential	\$ 1,500	\$ -	\$ 1,500	\$ 15	\$ 8.31	\$ 2.24	\$ 10.56
	2,000	-	2,000	20	11.09	2.99	14.07
	2,500	-	2,500	25	13.86	3.74	17.59
Seasonal/Recreation Residential	\$ 100,000	\$ -	\$ 100,000	\$ 1,000	\$ 554.31	\$ 149.42	\$ 703.73
	200,000	-	200,000	2,000	1,108.62	298.84	1,407.46
	300,000	-	300,000	3,000	1,662.93	448.26	2,111.19
	400,000	-	400,000	4,000	2,217.24	597.67	2,814.91

\* The figures in the table are based on taxes for new bonded debt only, and do not include tax levies for other purposes. Tax increases shown above are gross increases, not including the impact of the state Property Tax Refund ("Circuit Breaker") program. Many owners of homestead property will qualify for a refund, based on their income and total property taxes. This will decrease the net tax effect of the bond issue for many property owners.

\*\* For agricultural homestead property, a value of \$150,000 was assumed for the house, garage and one acre.

# City of Richfield, Minnesota

\$85,725,000 General Obligation Bonds, Series 2021

Assuming Current GO Non-BQ "AA+" Market Rates plus 50bps

## Sources & Uses

Dated 08/01/2021 | Delivered 08/01/2021

### Sources Of Funds

Par Amount of Bonds	\$85,725,000.00
---------------------	-----------------

<b>Total Sources</b>	<b>\$85,725,000.00</b>
----------------------	------------------------

### Uses Of Funds

Total Underwriter's Discount (0.700%)	600,075.00
---------------------------------------	------------

Costs of Issuance	221,000.00
-------------------	------------

Deposit to Project Construction Fund	84,900,000.00
--------------------------------------	---------------

Rounding Amount	3,925.00
-----------------	----------

<b>Total Uses</b>	<b>\$85,725,000.00</b>
-------------------	------------------------

# City of Richfield, Minnesota

\$85,725,000 General Obligation Bonds, Series 2021

Assuming Current GO Non-BQ "AA+" Market Rates plus 50bps

## Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	105% Overlevy
02/01/2022	-	-	-	-	-
02/01/2023	2,990,000.00	0.800%	2,362,038.75	5,352,038.75	5,619,640.69
02/01/2024	3,800,000.00	0.850%	1,550,772.50	5,350,772.50	5,618,311.13
02/01/2025	3,835,000.00	0.850%	1,518,472.50	5,353,472.50	5,621,146.13
02/01/2026	3,865,000.00	1.000%	1,485,875.00	5,350,875.00	5,618,418.75
02/01/2027	3,905,000.00	1.050%	1,447,225.00	5,352,225.00	5,619,836.25
02/01/2028	3,945,000.00	1.300%	1,406,222.50	5,351,222.50	5,618,783.63
02/01/2029	4,000,000.00	1.450%	1,354,937.50	5,354,937.50	5,622,684.38
02/01/2030	4,055,000.00	1.550%	1,296,937.50	5,351,937.50	5,619,534.38
02/01/2031	4,120,000.00	1.750%	1,234,085.00	5,354,085.00	5,621,789.25
02/01/2032	4,190,000.00	1.850%	1,161,985.00	5,351,985.00	5,619,584.25
02/01/2033	4,270,000.00	1.900%	1,084,470.00	5,354,470.00	5,622,193.50
02/01/2034	4,350,000.00	1.950%	1,003,340.00	5,353,340.00	5,621,007.00
02/01/2035	4,435,000.00	2.050%	918,515.00	5,353,515.00	5,621,190.75
02/01/2036	4,525,000.00	2.150%	827,597.50	5,352,597.50	5,620,227.38
02/01/2037	4,625,000.00	2.250%	730,310.00	5,355,310.00	5,623,075.50
02/01/2038	4,725,000.00	2.350%	626,247.50	5,351,247.50	5,618,809.88
02/01/2039	4,840,000.00	2.450%	515,210.00	5,355,210.00	5,622,970.50
02/01/2040	4,955,000.00	2.550%	396,630.00	5,351,630.00	5,619,211.50
02/01/2041	5,080,000.00	2.600%	270,277.50	5,350,277.50	5,617,791.38
02/01/2042	5,215,000.00	2.650%	138,197.50	5,353,197.50	5,620,857.38
<b>Total</b>	<b>\$85,725,000.00</b>	<b>-</b>	<b>\$21,329,346.25</b>	<b>\$107,054,346.25</b>	<b>\$112,407,063.56</b>

## Significant Dates

Dated	8/01/2021
First Coupon Date	8/01/2022

## Yield Statistics

Bond Year Dollars	\$1,000,472.50
Average Life	11.671 Years
Average Coupon	2.1319273%
Net Interest Cost (NIC)	2.1919064%
True Interest Cost (TIC)	2.1771123%
Bond Yield for Arbitrage Purposes	2.1077455%
All Inclusive Cost (AIC)	2.2028279%

## IRS Form 8038

Net Interest Cost	2.1319273%
Weighted Average Maturity	11.671 Years

# City of Richfield, Minnesota

## Estimated Tax Impact

January 5, 2021

Project Size = \$94,900,000

BOND ISSUANCE INFORMATION	
Bond Issue Amount	\$95,815,000
Number of Years	20
Average Interest Rate	2.13%
Estimated Bond Rating	S&P AA+
PROPERTY TAX INFORMATION	
Proposed Net Tax Capacity - Payable 2021	\$37,614,871
Debt Levy @ 105% - Average	6,281,800
Estimated Tax Capacity Rate:	
Payable - 2021 Without Proposed Bonds	55.431%
Payable - 2021 With Proposed Bonds	72.131%
Estimated Tax Rate Increase	16.700%

TAX IMPACT ANALYSIS							
Type of Property	Estimated Market Value	Market Value Exclusion	Taxable Market Value	Net Tax Capacity	Current City Tax	Proposed Tax Increase*	Proposed City Tax
Residential Homestead	\$ 50,000	\$ 20,000	\$ 30,000	\$ 300	\$ 166.29	\$ 50.10	\$ 216.39
	75,000	30,000	45,000	450	249.44	75.15	324.59
	100,000	28,240	71,760	718	397.77	119.84	517.61
	125,000	25,990	99,010	990	548.82	165.35	714.17
	150,000	23,740	126,260	1,263	699.87	210.86	910.73
	175,000	21,490	153,510	1,535	850.92	256.37	1,107.29
	200,000	19,240	180,760	1,808	1,001.97	301.87	1,303.85
	225,000	16,990	208,010	2,080	1,153.02	347.38	1,500.40
	250,000	14,740	235,260	2,353	1,304.07	392.89	1,696.96
	275,000	12,490	262,510	2,625	1,455.12	438.40	1,893.52
	300,000	10,240	289,760	2,898	1,606.17	483.91	2,090.08
	350,000	5,740	344,260	3,443	1,908.27	574.92	2,483.19
	400,000	1,240	398,760	3,988	2,210.37	665.94	2,876.31
Commercial/Industrial	\$ 100,000	\$ -	\$ 100,000	\$ 994	\$ 551.24	\$ 166.08	\$ 717.31
	200,000	-	200,000	2,155	1,194.35	359.83	1,554.18
	300,000	-	300,000	3,481	1,929.33	581.27	2,510.60
	400,000	-	400,000	4,807	2,664.31	802.71	3,467.01
	500,000	-	500,000	6,132	3,399.29	1,024.14	4,423.43
	1,000,000	-	1,000,000	12,762	7,074.20	2,131.32	9,205.52
Apartments (4 or more units)	\$ 200,000	\$ -	\$ 200,000	\$ 2,500	\$ 1,385.78	\$ 417.51	\$ 1,803.28
	300,000	-	300,000	3,750	2,078.66	626.26	2,704.92
	500,000	-	500,000	6,250	3,464.44	1,043.77	4,508.21
Agricultural Homestead **	\$ 150,000	\$ 23,740	\$ 126,260	\$ 1,263	\$ 699.87	\$ 210.86	\$ 910.73
	400,000	23,740	376,260	2,513	1,392.76	419.61	1,812.37
	500,000	23,740	476,260	3,013	1,669.91	503.11	2,173.03
	600,000	23,740	576,260	3,513	1,947.07	586.62	2,533.68
	800,000	23,740	776,260	4,513	2,501.38	753.62	3,255.00
	1,000,000	23,740	976,260	5,513	3,055.69	920.62	3,976.31
Agricultural Non-Homestead (dollars per acre)	\$ 1,500	\$ -	\$ 1,500	\$ 15	\$ 8.31	\$ 2.51	\$ 10.82
	2,000	-	2,000	20	11.09	3.34	14.43
	2,500	-	2,500	25	13.86	4.18	18.03
Seasonal/Recreation Residential	\$ 100,000	\$ -	\$ 100,000	\$ 1,000	\$ 554.31	\$ 167.00	\$ 721.31
	200,000	-	200,000	2,000	1,108.62	334.01	1,442.63
	300,000	-	300,000	3,000	1,662.93	501.01	2,163.94
	400,000	-	400,000	4,000	2,217.24	668.01	2,885.25

\* The figures in the table are based on taxes for new bonded debt only, and do not include tax levies for other purposes. Tax increases shown above are gross increases, not including the impact of the state Property Tax Refund ("Circuit Breaker") program. Many owners of homestead property will qualify for a refund, based on their income and total property taxes. This will decrease the net tax effect of the bond issue for many property owners.

\*\* For agricultural homestead property, a value of \$150,000 was assumed for the house, garage and one acre.

# City of Richfield, Minnesota

\$95,815,000 General Obligation Bonds, Series 2021

Assuming Current GO Non-BQ "AA+" Market Rates plus 50bps

## Sources & Uses

Dated 08/01/2021 | Delivered 08/01/2021

### Sources Of Funds

Par Amount of Bonds	\$95,815,000.00
---------------------	-----------------

<b>Total Sources</b>	<b>\$95,815,000.00</b>
----------------------	------------------------

### Uses Of Funds

Total Underwriter's Discount (0.700%)	670,705.00
---------------------------------------	------------

Costs of Issuance	243,000.00
-------------------	------------

Deposit to Project Construction Fund	94,900,000.00
--------------------------------------	---------------

Rounding Amount	1,295.00
-----------------	----------

<b>Total Uses</b>	<b>\$95,815,000.00</b>
-------------------	------------------------

# City of Richfield, Minnesota

\$95,815,000 General Obligation Bonds, Series 2021

Assuming Current GO Non-BQ "AA+" Market Rates plus 50bps

## Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	105% Overlevy
02/01/2022	-	-	-	-	-
02/01/2023	3,345,000.00	0.800%	2,639,947.50	5,984,947.50	6,284,194.88
02/01/2024	4,250,000.00	0.850%	1,733,205.00	5,983,205.00	6,282,365.25
02/01/2025	4,285,000.00	0.850%	1,697,080.00	5,982,080.00	6,281,184.00
02/01/2026	4,320,000.00	1.000%	1,660,657.50	5,980,657.50	6,279,690.38
02/01/2027	4,365,000.00	1.050%	1,617,457.50	5,982,457.50	6,281,580.38
02/01/2028	4,410,000.00	1.300%	1,571,625.00	5,981,625.00	6,280,706.25
02/01/2029	4,470,000.00	1.450%	1,514,295.00	5,984,295.00	6,283,509.75
02/01/2030	4,535,000.00	1.550%	1,449,480.00	5,984,480.00	6,283,704.00
02/01/2031	4,605,000.00	1.750%	1,379,187.50	5,984,187.50	6,283,396.88
02/01/2032	4,685,000.00	1.850%	1,298,600.00	5,983,600.00	6,282,780.00
02/01/2033	4,770,000.00	1.900%	1,211,927.50	5,981,927.50	6,281,023.88
02/01/2034	4,860,000.00	1.950%	1,121,297.50	5,981,297.50	6,280,362.38
02/01/2035	4,955,000.00	2.050%	1,026,527.50	5,981,527.50	6,280,603.88
02/01/2036	5,060,000.00	2.150%	924,950.00	5,984,950.00	6,284,197.50
02/01/2037	5,165,000.00	2.250%	816,160.00	5,981,160.00	6,280,218.00
02/01/2038	5,280,000.00	2.350%	699,947.50	5,979,947.50	6,278,944.88
02/01/2039	5,405,000.00	2.450%	575,867.50	5,980,867.50	6,279,910.88
02/01/2040	5,540,000.00	2.550%	443,445.00	5,983,445.00	6,282,617.25
02/01/2041	5,680,000.00	2.600%	302,175.00	5,982,175.00	6,281,283.75
02/01/2042	5,830,000.00	2.650%	154,495.00	5,984,495.00	6,283,719.75
<b>Total</b>	<b>\$95,815,000.00</b>	<b>-</b>	<b>\$23,838,327.50</b>	<b>\$119,653,327.50</b>	<b>\$125,635,993.88</b>

## Significant Dates

Dated	8/01/2021
First Coupon Date	8/01/2022

## Yield Statistics

Bond Year Dollars	\$1,118,162.50
Average Life	11.670 Years
Average Coupon	2.1319198%
Net Interest Cost (NIC)	2.1919026%
True Interest Cost (TIC)	2.1771044%
Bond Yield for Arbitrage Purposes	2.1077336%
All Inclusive Cost (AIC)	2.2024030%

## IRS Form 8038

Net Interest Cost	2.1319198%
Weighted Average Maturity	11.670 Years





# Community Center Feasibility



# Historical Background



- The Richfield Community Center was built in 1961 as the Hennepin County Augsburg Library
- In 1974, when the Hennepin County Library moved to a new building at the south end of Augsburg Park, their building at 7000 Nicollet was sold to the City of Richfield and became the Richfield Community Center. The building has meeting room space, including space for dance and exercise, but no fitness or pool facilities.

# 1999 Referendum



- In August of 1998, the City Council approved a feasibility study on a proposed recreational facility.
- Shortly after, a group of Richfield citizens called the Multi-Purpose Community Center Task Force was formed to study the issue.
- They made a formal recommendation for a new, multi-purpose facility on the west side of Veterans Memorial Park, with fitness equipment, a pool, meeting rooms, and offices.
- The group recommended that the facility be funded by General Obligation Bonds, which would require a referendum election to be held in conjunction with the Richfield School Board election on November 2, 1999. The proposal was defeated by nearly a 4-to-1 ratio.

# 2018 Parks Master Plan

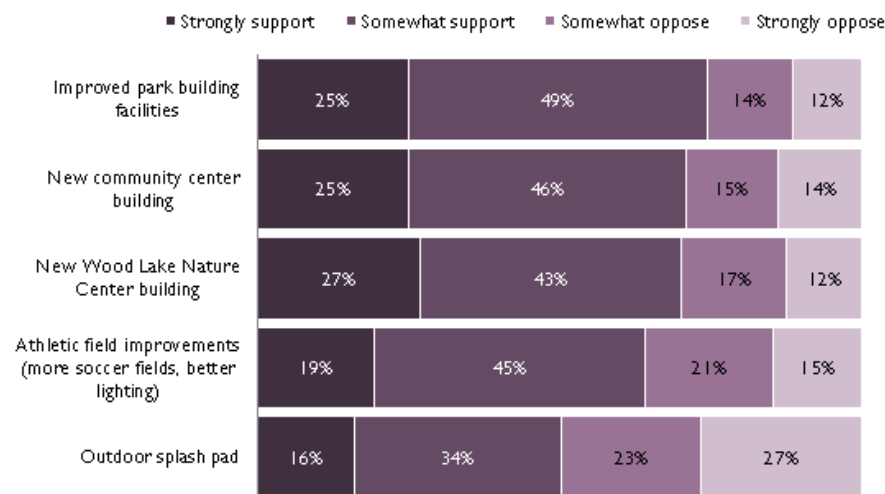
- In 2018, a Parks Master Plan was prepared that identified the need for a new or renovated community center. “Desired amenities include indoor program space, community meeting rooms, banquet facilities, indoor playground, exercise equipment and other recreation facilities.”
- At this time, it is listed as a “future priority.”



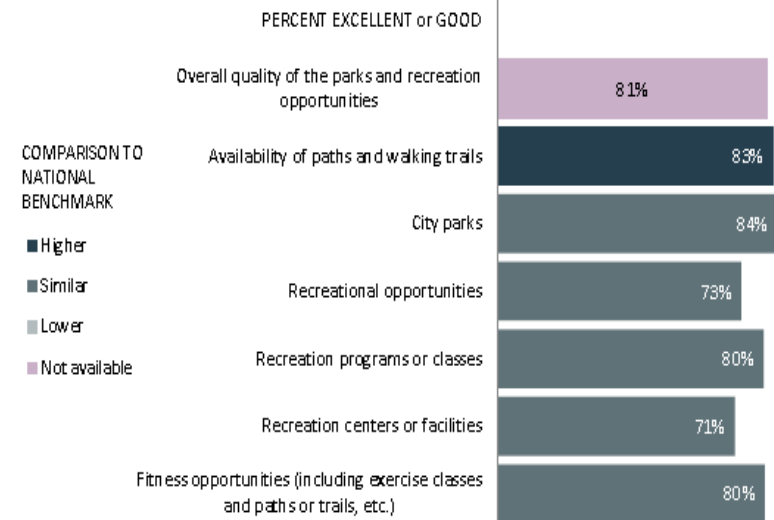
# 2020 Community Survey

The National Community Survey™ - Community Livability Report

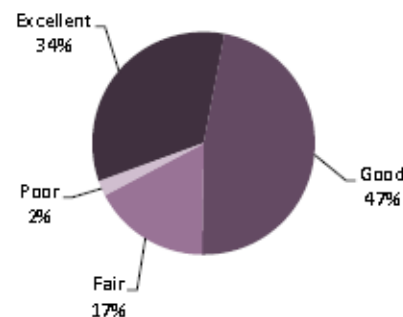
**FIGURE 37: SUPPORT OR OPPOSITION FOR A PROPERTY TAX INCREASE FOR NEW FACILITIES OR SERVICES**  
Please indicate to what extent you would support or oppose a property tax increase for each of the following new facilities or services.



**FIGURE 25: PARKS AND RECREATION**



**THE OVERALL QUALITY OF THE PARKS AND RECREATION OPPORTUNITIES**





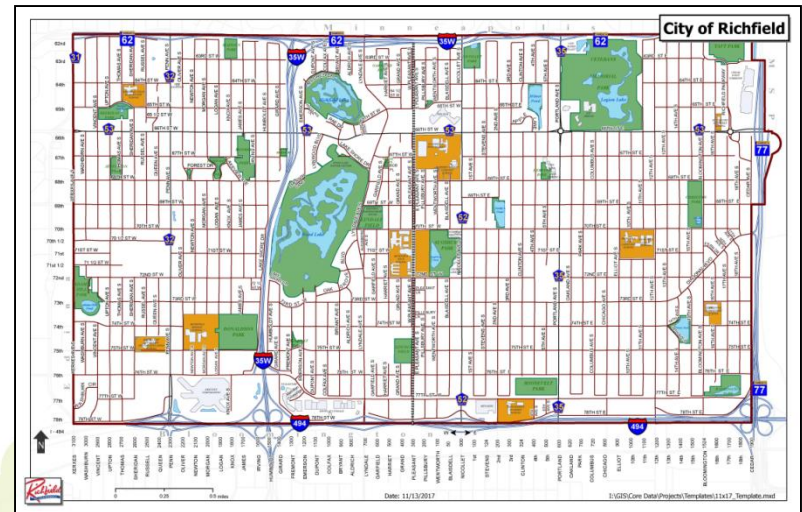
# Considerations noted from other Communities



- Most community centers need to be subsidized, those that make money often have different demographics (i.e. Eden Prairie and Minnetonka)
- Determine if there is city-owned land that can be utilized for a facility, factor in ample parking or space and costs for a parking ramp (15-20M)
- Understand operating costs associated with community centers, cost recovery is approximately 60% of expenses
- Determine how a potential facility may impact private businesses within the community
- Indoor aquatics are very expensive

# Factors Associated with Costs

- Land Costs
- Construction Costs
- Operation Expenses
- Mechanisms for subsidizing costs
- Prioritizing other identified capital needs (park buildings, nature center, outdoor aquatic improvements)
- Long-term renovations and improvements



# Assessing Needs

- Community meeting spaces
- Banquet facilities
- Indoor space for fitness
- Recreation programming spaces
- Indoor play area especially in colder months
- Indoor sports courts
- Year-round aquatics facility





# Meeting Needs in the Short, Medium and Long Term

- Facilities assessment across the City
- Leverage existing partnerships and establish new
- Rebrand current community center to be multi- generational
- Nature center design include community and banquet spaces
- Indoor athletics at Richfield Ice Arena



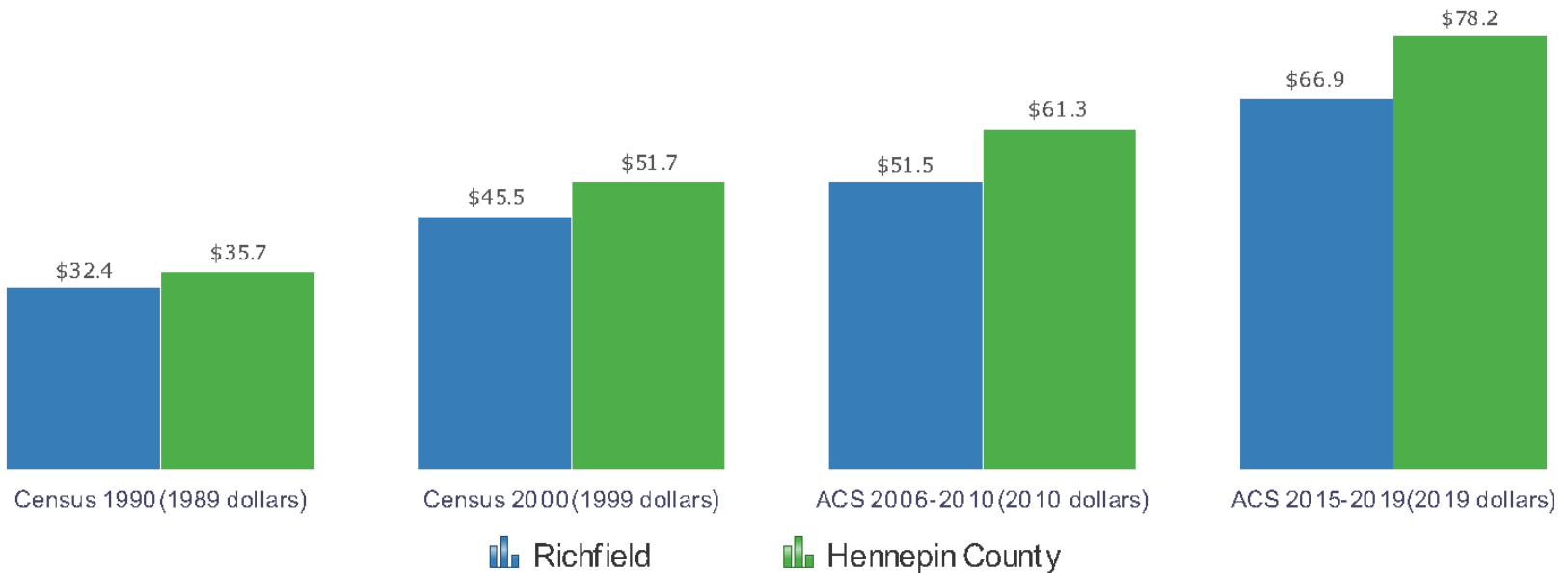
# Planning for the Future

- Understand effects pandemic has on recreation and fitness facilities
- Financially recover from pandemic
- Continue conversations with potential project partners
- Look at the timing with other work plans and develop a strategic plan to better understand potential facility locations, programs, costs including staffing and maintenance considerations, funding options/mechanism, and timing. Determine if facility is feasible in the future.
- If facility is not feasible plan for alternatives to address needs.



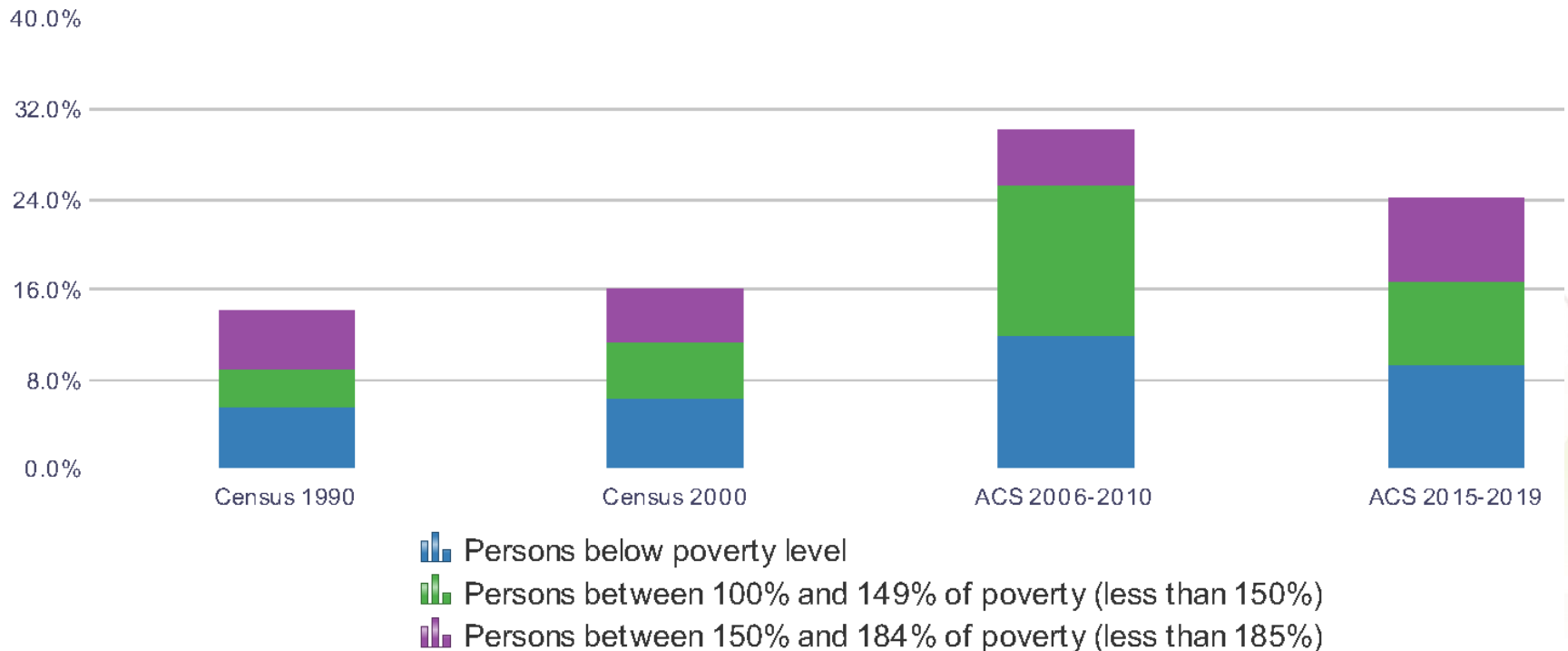
# Richfield's Current Socioeconomics

**Median Household Income in Richfield  
(in \$000s)**



# Richfield's Current Socioeconomics

Percent of the Richfield Population Below the Federal Poverty Level



# Range of Estimated Costs to Construct

- \$40-\$50 million Includes meeting space, program rooms, work-out facilities, gyms and track
- \$70-\$80 million Includes above plus indoor courts
- \$80-\$90 million Includes all of the above plus indoor pool
- Assume additional \$1.5 million for parking.
- Site acquisition costs - \$3.4 million
  - Demolition - \$250,000
  - Abatement
  - Soil Correction



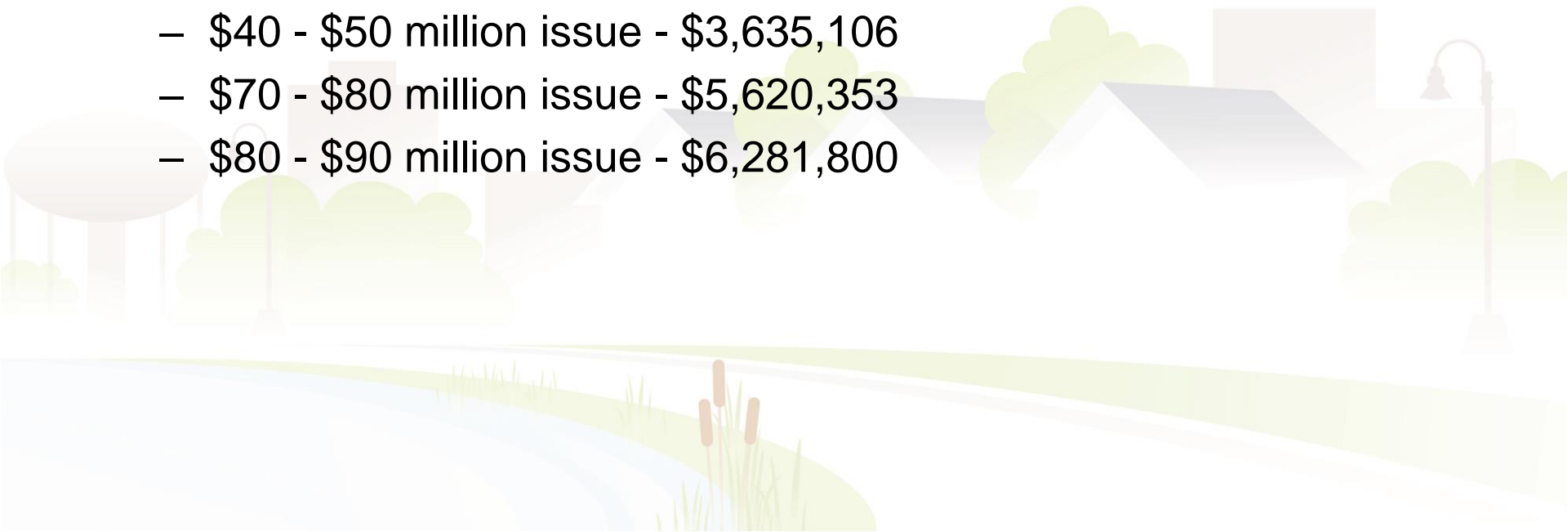
# Project Funding-Options

- General Obligation Tax Abatement Bonds
- General Obligation – Referendum
- Lease Agreement
- All options will require debt service tax levies



# Impact on Tax Levy

- 2021 debt service tax levy was \$3.5 million
- 2022 estimated debt service tax levy is \$3.66 million
- Estimated community center debt service tax levy
  - \$40 - \$50 million issue - \$3,635,106
  - \$70 - \$80 million issue - \$5,620,353
  - \$80 - \$90 million issue - \$6,281,800





# Tax Impact on Residents

- \$40 - \$50 million issue
  - \$250,000 home - \$1,531.43 - \$227.36 Increase
  - \$275,000 home - \$1,708.81 - \$253.69 Increase
- \$70 - \$80 million issue
  - \$250,000 home - \$1,655.59 - \$351.52 Increase
  - \$275,000 home - \$1,847.36 - \$392.24 Increase
- \$80 - \$90 million issue
  - \$250,000 home - \$1,696.96 - \$392.89 Increase
  - \$275,000 home - \$1,893.52 - \$438.40 Increase



# Estimated Annual Operations

			Basic Plus Courts & Aquatics
	<u>Basic</u>	<u>Basic Plus Courts</u>	
Revenues			
Charges for Services	<u>1,100,000</u>	<u>1,600,000</u>	<u>1,800,000</u>
Total	<u>1,100,000</u>	<u>1,600,000</u>	<u>1,800,000</u>
Expenditures			
Personnel w/benefits	1,700,300	1,750,000	1,790,300
Operating costs	<u>632,500</u>	<u>695,750</u>	<u>765,330</u>
Total	<u>2,332,800</u>	<u>2,445,750</u>	<u>2,555,630</u>
Net Income (Loss)	<u>(1,232,800)</u>	<u>(845,750)</u>	<u>(755,630)</u>

# Other Considerations

- The facility will probably need to be subsidized
- Currently subsidize Ice Arena, Pool, Special Facilities
- Future facility capital maintenance – how to fund
- Impact on debt limit
- Impact on bond rating – S & P is concerned about current debt load
- Other capital projects that require debt funding
- Based on the economics of Richfield this project is not financially prudent

