



# Community Center Feasibility

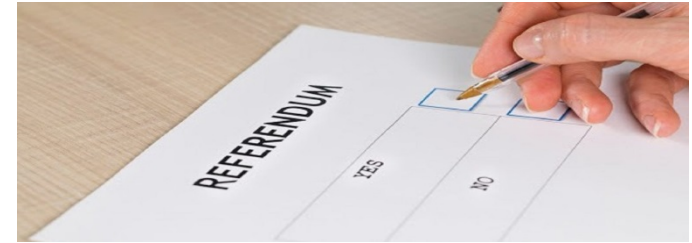


# Historical Background



- 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

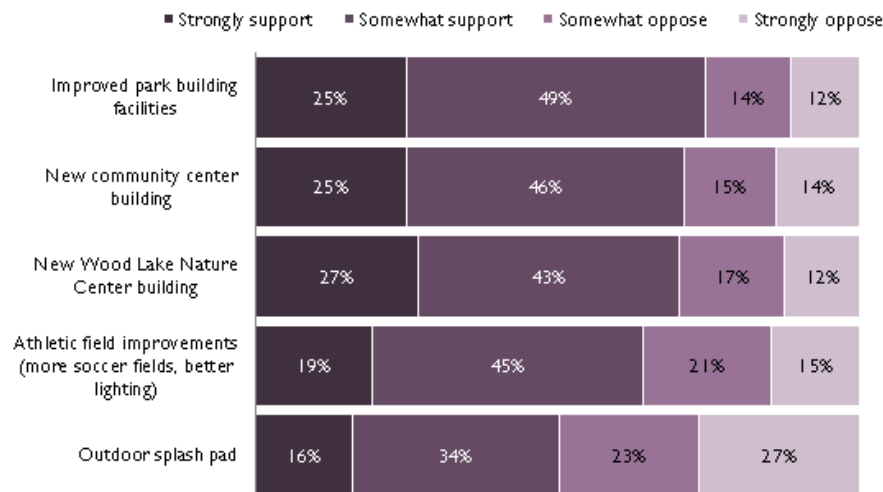
- In 2018, a Parks Master Plan was prepared that identified the need for a new or renovated community center. “Desired amenities include indoor program space, community meeting rooms, banquet facilities, indoor playground, exercise equipment and other recreation facilities.”
- At this time, it is listed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



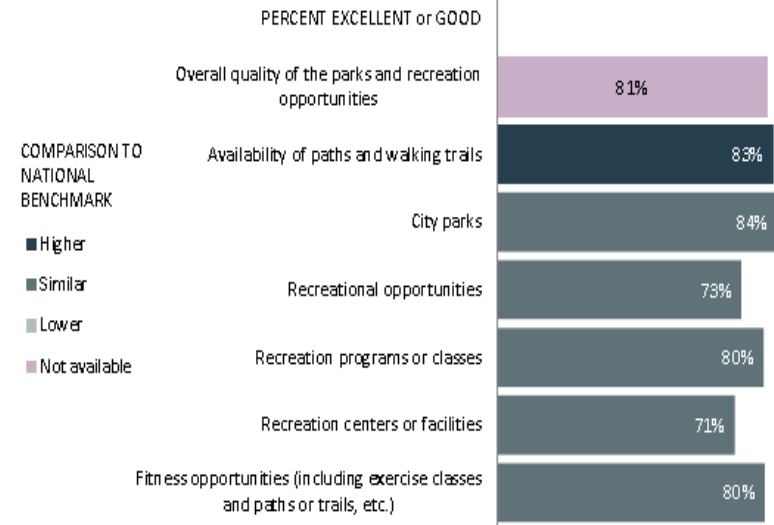
# 2020 Community Survey

The National Community Survey™ - Community Livability Report

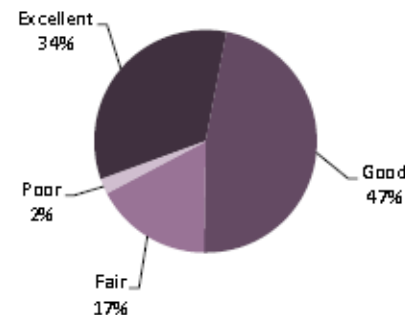
**FIGURE 37: SUPPORT OR OPPOSITION FOR A PROPERTY TAX INCREASE FOR NEW FACILITIES OR SERVICES**  
Please indicate to what extent you would support or oppose a property tax increase for each of the following new facilities or services.



**FIGURE 25: PARKS AND RECREATION**



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





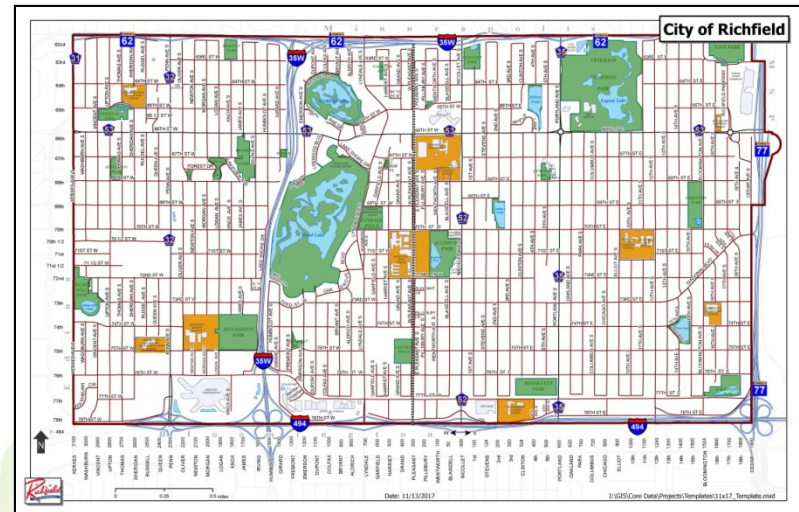
# Considerations noted from other Communities



- 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.



# 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

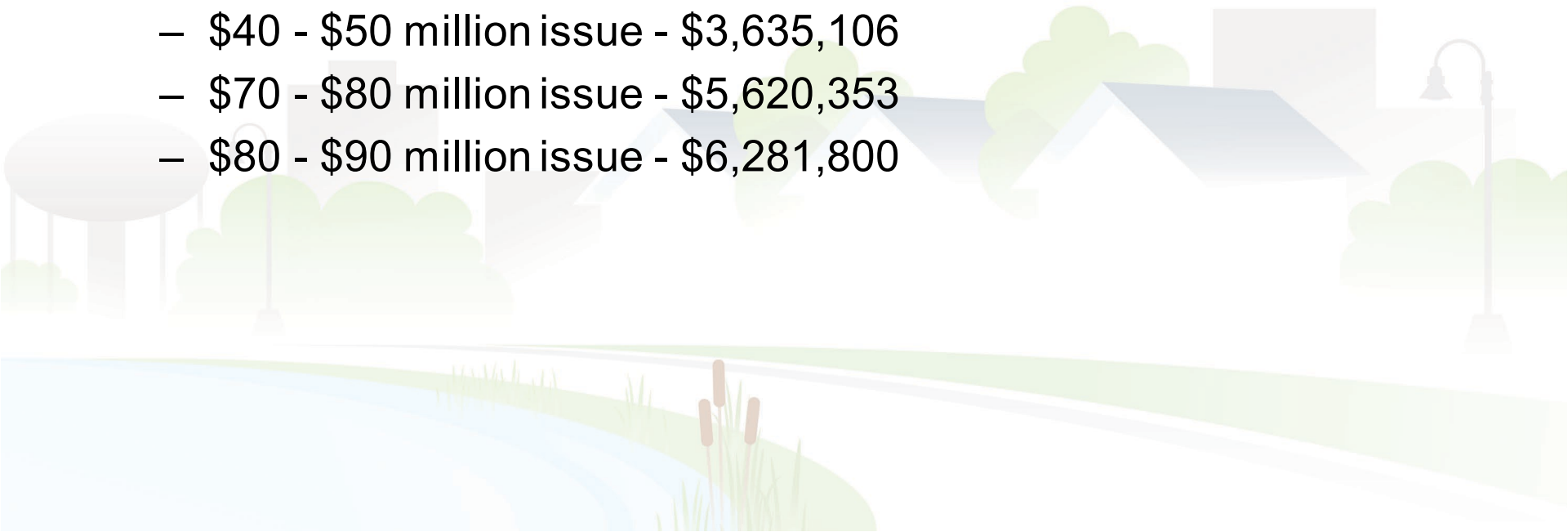
- General Obligation Tax Abatement Bonds
- General Obligation – Referendum
- Lease Agreement
- All options will require debt service tax levies





# 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
		Basic Plus	Courts &
	<u>Basic</u>	<u>Courts</u>	<u>Aquatics</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>

# Impact with \$1million subsidy

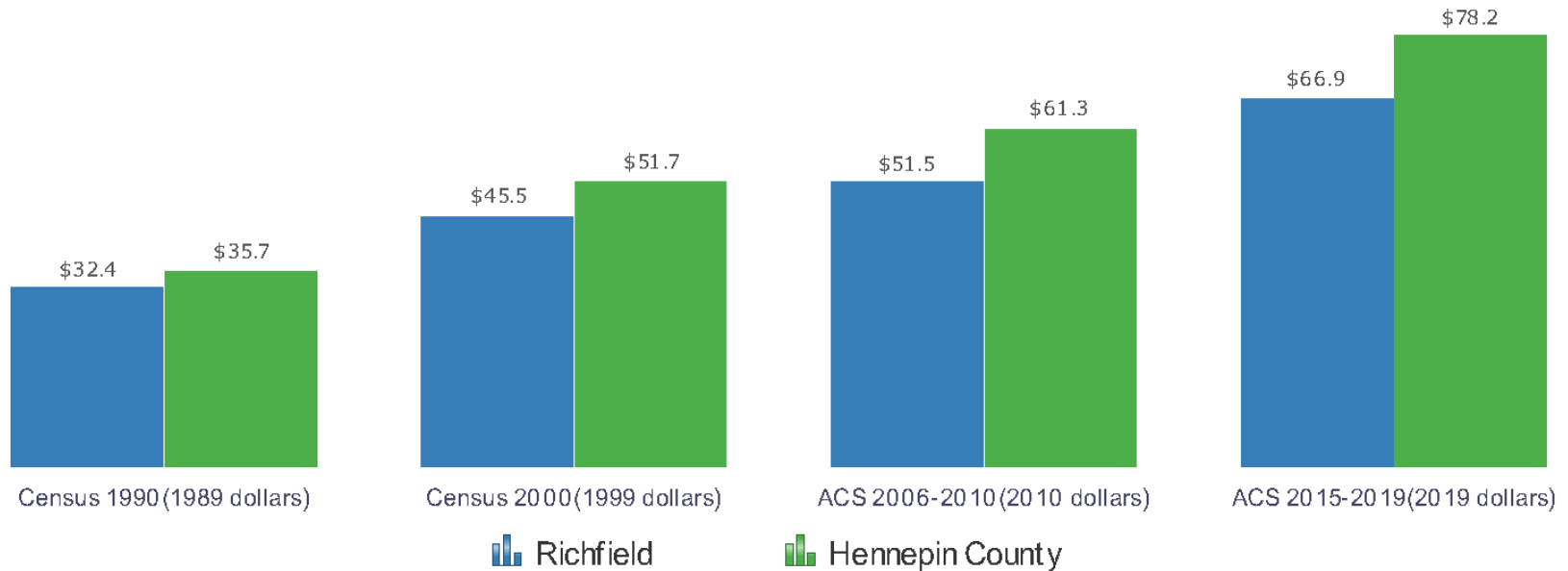
- \$250,000 home – additional \$62.54
- \$275,000 home – additional \$69.79





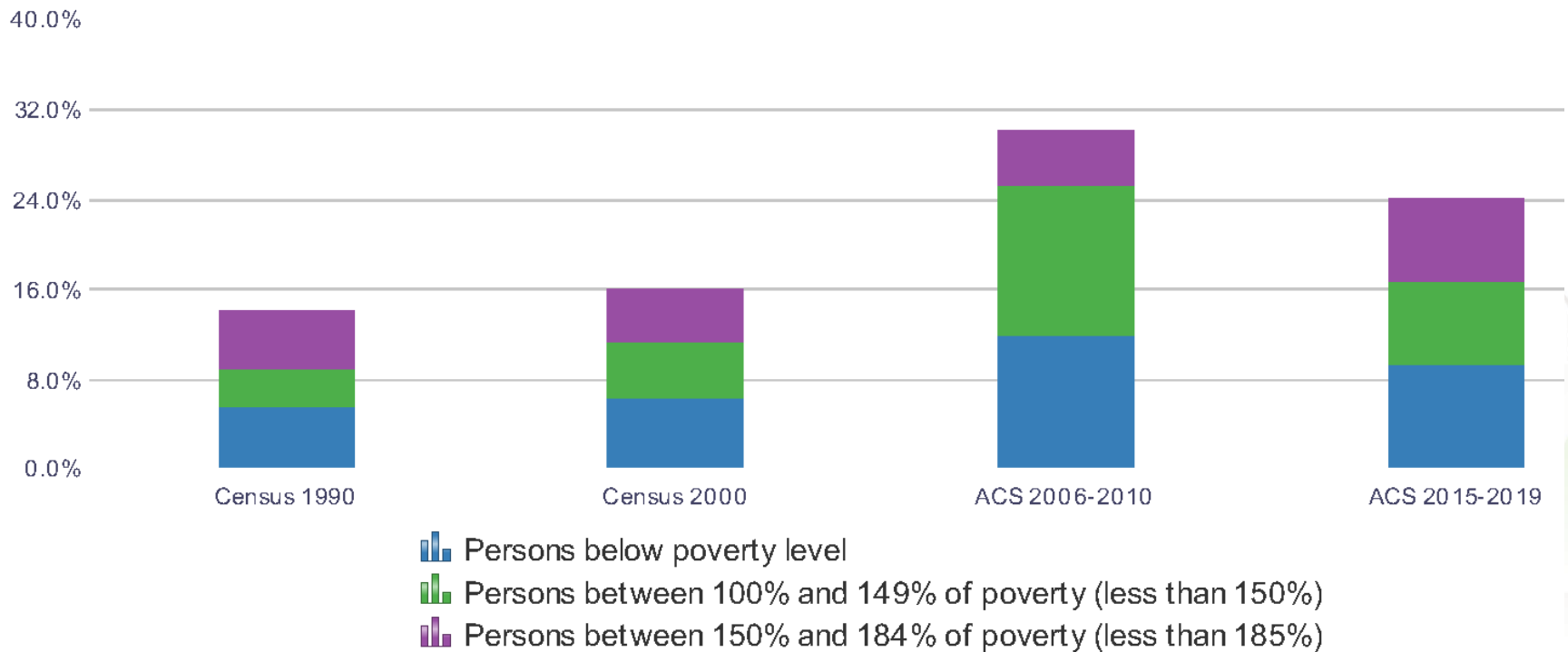
# Richfield's Current Socioeconomics

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



# Richfield's Current Socioeconomics

Percent of the Richfield Population Below the Federal Poverty Level



# 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



# Moving Forward

- Recover from the pandemic
- Address identified recreation and community needs with a variety of solutions (short-medium-long-term), including a strategic financial plan
- Continue to cultivate, collaborate and build partnerships to address recreation and community needs
- 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.

