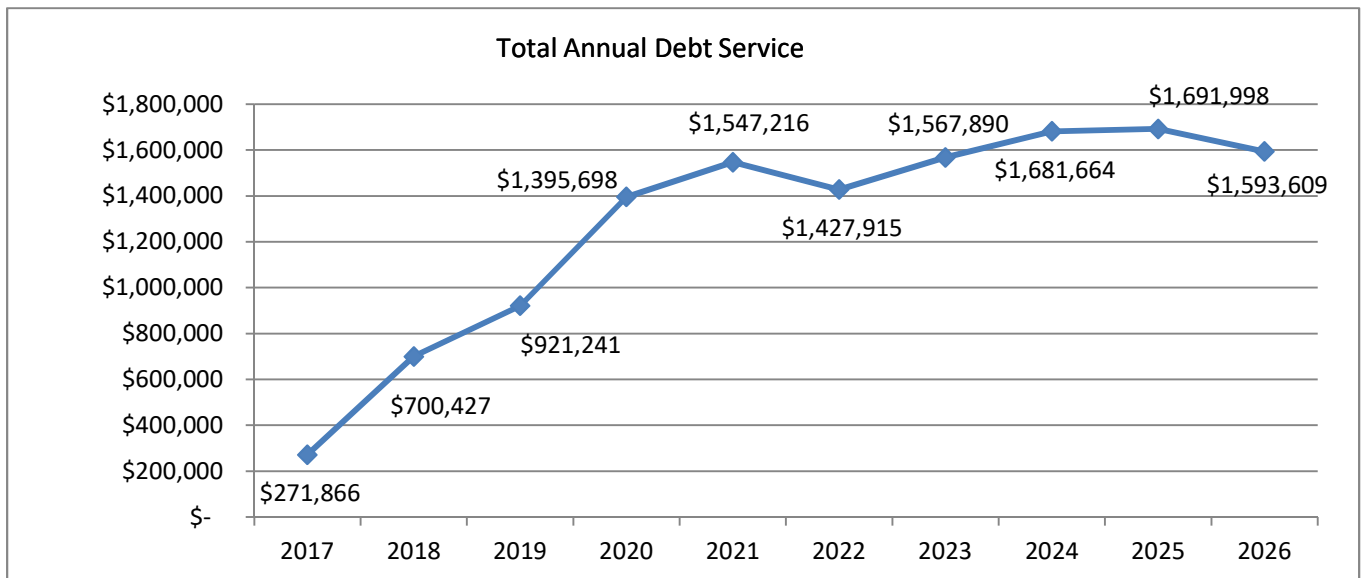


Community Center Work Group

What is the current financial condition of the city?

- The financial condition of the city is very tight with small but sufficient reserves, rising debt service and operational costs, and millions of dollars in unfunded capital and maintenance projects.
- Funding for a community center should be prioritized compared to other capital projects and balanced against the concern over raising taxes too much.
- City Council has identified key capital projects over the next five years including police cruisers, maintenance at the aquatics center, public works equipment, library books, fire equipment, and central park playground.
- City has \$2.8 million in identified capital projects that are needed in 2022-2026; without higher than usual tax increases the city cannot afford any capital projects in the next five years.
- Total debt service payments are up 600% since 2017



- Mandatory increases in employee pay from the existing union contract and inflationary cost pressures, particularly in energy and fuel prices, place additional burdens on the budget

How much can we afford?

- There is currently \$138K in reserve monies restricted for the use for a community/senior/MPC
- There is no excess reserve in the general fund or the water fund. There are minimal reserves in the sewer fund and capital fund for additional capital projects like a community center.
- The City can afford as much additional as it is willing to raise taxes to pay for the debt service

What are the options?

Option 1: continue to rent space at the Eagles

- \$17,137 annual cost for rent, staffing and supplies
- MPC reserve could be saved for future project or repurposed to another capital improvement

Option 2: spend cash on remodel at VMC

- \$13,543 annual cost for staffing and supplies but could be less if staff is reduced or eliminated

Option 3: spend cash and loans/grants/donations on a new project including an activities director

- Would require a 7% increase annually in taxes annually over the next five years to pay for \$1 million in debt service with increased staffing for an activities director
- Annual cost could be reduced with grants and donations
- Without additional sources of grants or donations would mean no capital projects over that timeframe

	No Cash: Eagles	Cash Only: VMC	Cash Plus Debt: CC
Capital Investment	\$ -	\$ 138,500	\$ 138,500
Debt Service	\$ -	\$ -	\$ 66,854
Annual Operating Cost	\$ 17,134	\$ 13,543	\$ 99,000
Total 5 year cost	\$ 85,670	\$ 206,215	\$ 967,770

What grants are available?

- There are currently no grants at the state or federal level available for a community center
- Grants under the Older Americans Act through MNRAA are not available for facilities. Their grants provide operational support to existing programs and services but not buildings.
- There may be a grant up of to \$50K from Rural Development in the capital infrastructure fund
- There are grants available at the Minnesota State Historical Society for remodeling if City Hall and the VMC receive historic property designation
- Grants always require a match and it is important to note that they typically do not cover ongoing operational costs.