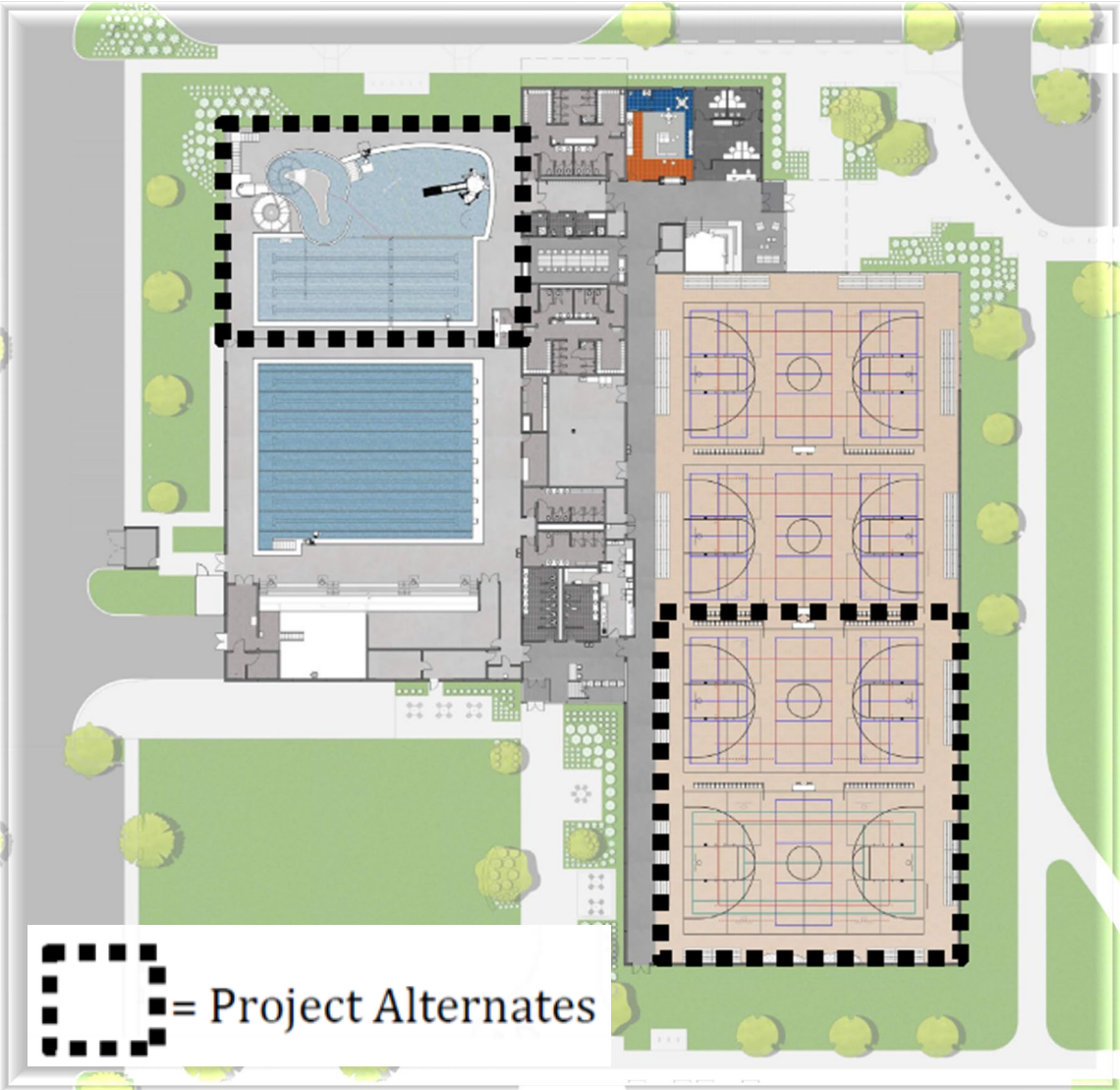


- This item is a discussion regarding establishing parameters which would enable the following projects to move forward:
  - Pella Rec Center
  - Community Center renovation
  - University Street extension
  
- By establishing parameters, clarity will be brought to the decision-making process, which is beneficial for various stakeholders



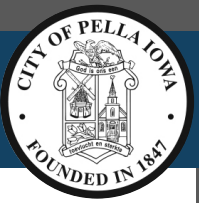


# Pella Rec Center \$41.2 million



# Pella Rec Center *Economic Analysis*

I-2



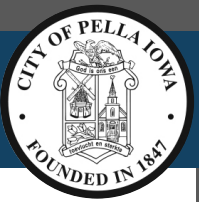
Economic impact analyses were conducted based on the full build of the Pella Rec Center and University Street extension with the following results:

- Marion County: 386 jobs and \$65 million economic output
- State of Iowa: 693 jobs and \$99.6 million economic input
- Annual economic impact of sports tournaments: \$4.9 million



# Pella Rec Center *Economic Analysis*

I-2

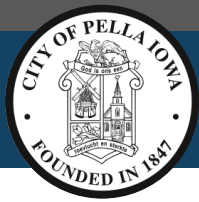


- Ballard\*King conducted an operational and feasibility study for the Rec Center
- Over a five-year operating forecast, the additional annual operating subsidy ranged between \$275,000 to \$382,000
- This amount is calculated with the assumption that the existing indoor pool would be closed



# Pella Rec Center *Feasibility Study Rates*

I-2



- Listed below are the proposed user rates Ballard\*King used in compiling the feasibility study for the Pella Rec Center
- As Council will need to approve membership rates, these are for discussion purposes only at this time:

## Monthly Membership Rates

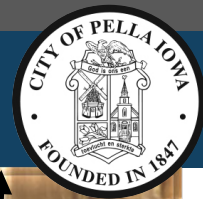
Youth/Student	\$55
Adult	\$70
Household	\$115
Senior	\$55
Senior + One	\$70

## Daily Admission Rates

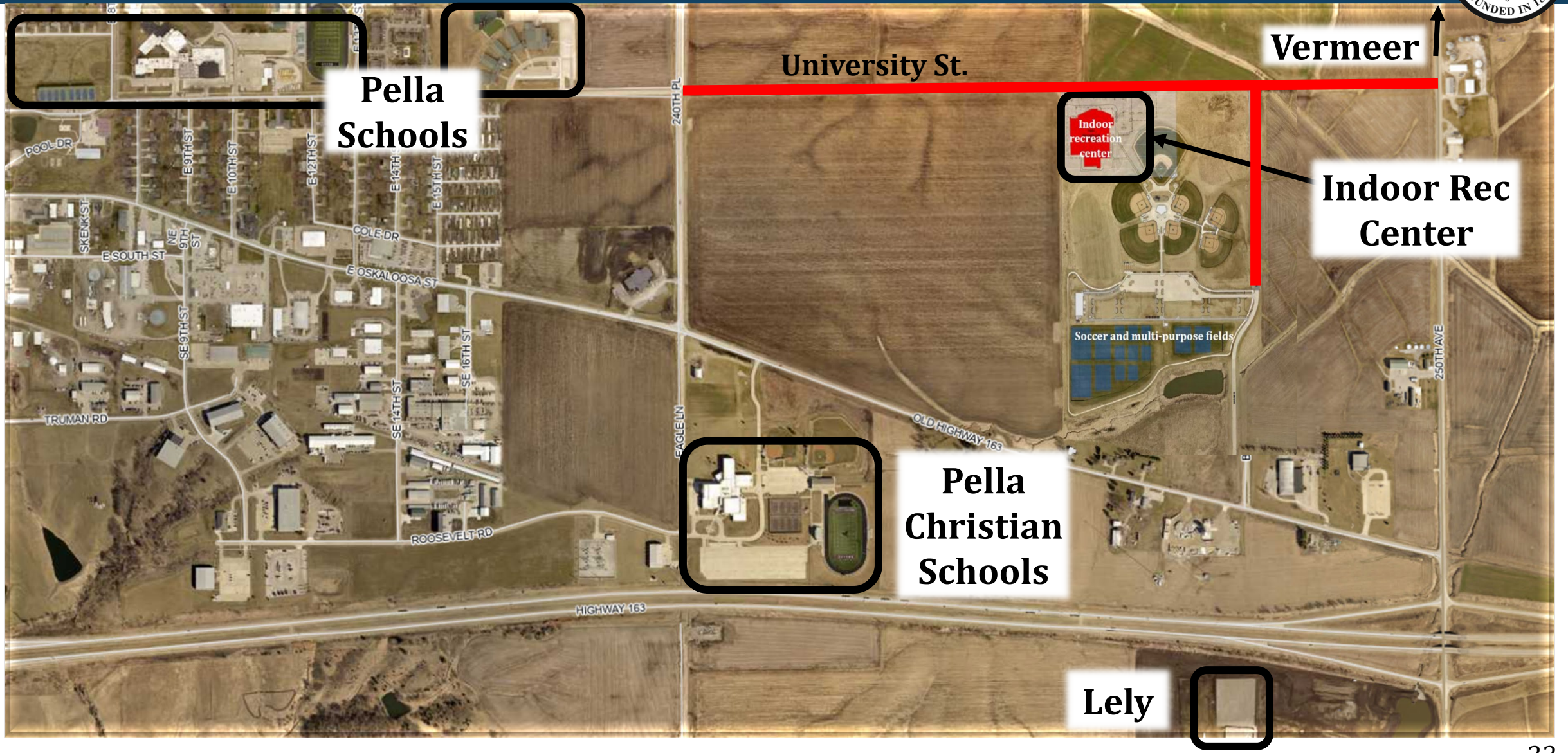
Youth or Senior	\$8
Adult	\$12



# Infrastructure \$7.6 million

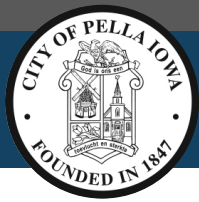


I-2



# Long-Term Facilities Plan *Financial Overview*

I-2



## **Funding Sources**

City of Pella Local Option Bond	\$17,000,000
GO Infrastructure Bond	6,600,000
City of Pella Cash Contributions	5,500,000
University Street HUD Grant	1,000,000
Recreation Center Pledge	<u>15,533,000</u>
<b>Total Funding Sources</b>	<b><u>\$45,633,000</u></b>

## **Projects**

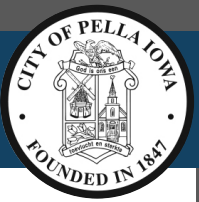
Recreation Center	\$41,137,000
Community Center	8,316,000
Infrastructure	<u>7,600,000</u>
<b>Total Projects</b>	<b><u>\$57,053,000</u></b>
<b>Funding Deficit</b>	<b><u>\$(11,420,000)</u></b>



## Parameter #1: establish deadline for project decisions

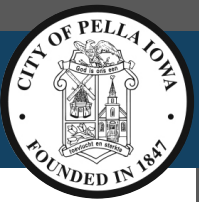
- Staff recommends a deadline of December 3<sup>rd</sup>
- This would allow sufficient time for various groups to fundraise for the projects





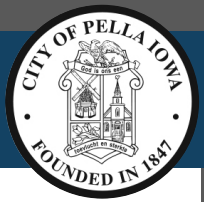
## **Parameter #2: project size and scope approval**

- Various groups are assisting with the Community Center and Pella Rec Center projects
- These groups have spent a significant amount of time developing concept plans
- As the projects may need to be scaled to align with financial resources, staff recommends letting these groups know that final decisions regarding building designs, floor plans, and various amenities will be made by Council



## **Parameter #3: city surplus cash contributions**

- Historically, the city has planned to use approx. \$5.5 million of surplus electric utility funds over the next five years to support the plan
- At this time, staff does not believe it is feasible to increase funding from the electric utility
- Any significant reduction in cash contributions would require additional fundraising for both projects



## **Parameter #4: pledge financing**

- Interim financing is needed for the \$15.6 million in pledges received for the rec center project, as most will be paid over a five-year period while construction occurs over two years
- Options include:
  1. Do not authorize construction contracts until sufficient pledge payments are received
  2. Require the respective groups to secure interim pledge financing
  3. Make necessary project adjustments in the current CIP to free up cash reserves to finance the pledges (this likely means deferring or not funding other capital projects)



## **Parameter #5: proposed bond issue – facility plan**

- The city has planned on issuing a \$17 million bond issue to support these projects with debt service payments paid by LOSST:

Flat annual LOSST revenue growth over the next 20 years

LOSST used for debt service: \$25.4 million

LOSST used for road improvements: \$11.5 million

2% to 3% annual LOSST revenue growth over the next 20 years

LOSST used for debt service: \$25.4 million

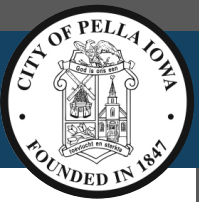
LOSST used for road improvements: \$18.8 million

3.92% annual LOSST revenue growth over the next 20 years\*

LOSST used for debt service: \$25.4 million

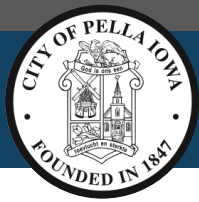
LOSST used for road improvements: \$25.9 million

*\* Taxable sales in Marion County averaged an increase of 3.92% from 2012 to 2022*



## **Parameter #6: proposed bond issue – University St/Baseline Dr**

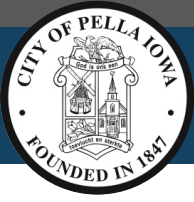
- The current plan proposes to issue an Essential Corporate Purpose General Obligation Bond of \$6.6 million to fund University Street, Baseline Drive, and associated infrastructure
- This city is still seeking financial commitments for this project
- The scale of the project may be adjusted, so the amount of the bond issue may change in the future



## **Parameter #7: property tax and rate increases**

- Council will need to determine an acceptable level of property tax and rate increases for the projects
- If Council does not want to increase property taxes or rates, additional funds will need to be raised
- Projected tax rate impact if no additional funding is raised:
  - Debt service levy increase for the GO infrastructure bond: \$.52
  - Operational levy increase for the rec center: \$.17 to \$.31
  - Projected property tax impact for \$200,000 home in Pella: \$70 to \$83 annually

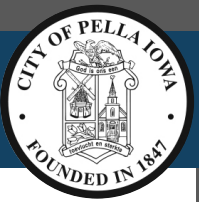
# Long-Term Facilities Plan *Example Conditions*



- Staff believes clear communication is needed for these projects to be successful
- Listed on the following slides are examples of potential conditions, examples are based on:
  - \$5.5 million in city surplus cash contributed to the plan
  - \$17 million in city bond issue
  - No property tax rate increase for the Indoor Rec Center and Community Center

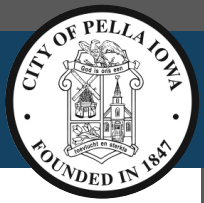






## **Community Center Example Conditions**

- Project budget: \$8.3 million:
  - \$5.5 million from the city + \$2.8 million of private/other funds
- City contribution contingent upon Council approval of the proposed concept/layout plan
- Private funds will need to be financed by a non-city entity
- City to approve financing plan before approving construction contract
- Project must demonstrate the Community Center's current operating subsidy will not increase due to the project



## **Pella Rec Center Example Conditions**

- Project budget: \$41.2 million:
  - \$17 million from the city + \$24.2 million of private/other funds
- City contribution contingent upon Council approval of the proposed concept/layout plan
- Private funds will need to be financed by a non-city entity
- City to approve financing plan before approving a construction contract
- Project must demonstrate it will operate on a revenue neutral basis and not require an operating subsidy from the city