



City of Staples
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January 13, 2021

Senator Carla Nelson
Taxes Committee Chair
95 University Avenue W
Minnesota Senate Building, Room 3235
St. Paul, MN 55155

Representative Paul Marquart
Taxes Committee Chair
597 Rev. Dr. Martin Luther King Jr. Blvd
St. Paul MN 55155

Representative Greg Davids Republican
Lead, Taxes Committee
283 Rev. Dr. Martin Luther King Jr. Blvd
St. Paul, MN 55155

Senator Ann H. Rest
Ranking Member, Taxes Committee 95
University Avenue W
Minnesota Senate Building, Room 2217
St. Paul, MN **55155**

Distinguished Legislators:

The City Council of Staples passed a Resolution last evening requesting Legislative approval to proceed with a referendum to implement a one half percent sales tax for 25 years or to raise \$1,600,000 to finance rehabilitation, renovation or replacement of the Staples Community Center. The structure was built in 1974. It is a joint use facility with students from ISD 2170 and regional residents of all ages using the amenities for recreational opportunities from swimming lessons for pre-school to senior card club.

In 2019, ISD 2170 included a second question in their referendum to add space to the proposed school facility which would replace the Community Center. Unfortunately, the referendum failed. The City must proceed with some action to replace original equipment and other failing components. In addition, recreation needs have changed since 1974 and the Community Center needs to evolve to remain relevant.

Thank you for your consideration.

Sincerely,

Jerel Nelsen
City Administrator
JNelsen@ci.staples.mn.us

**CITY OF STAPLES, MINNESOTA
RESOLUTION 1832**

RESOLUTION SUPPORTING THE AUTHORITY TO IMPOSE A LOCAL SALES TAX TO FUND COMMUNITY CENTER IMPROVEMENTS PROVIDING REGIONAL BENEFIT, TO ESTABLISH THE DURATION OF THE TAX AND THE REVENUE TO BE RAISED BY THE TAX, AND TO AUTHORIZE THE CITY TO ISSUE BONDS SUPPORTED BY THE SALES TAX REVENUE.

WHEREAS, the city has engaged community residents and businesses and identified Staples Community Center;

WHEREAS, the project will result in benefits to both the residents and businesses of the city of Staples and to non-resident visitors and businesses; and,

WHEREAS, funding the project with a local sales tax will more closely distribute the cost of the project to the users of the facilities; and,

WHEREAS, the project is estimated to cost approximately *\$1,600,000*; and,

WHEREAS, the city estimates that a local sales tax of *.5 percent* would generate *\$1,600,000* over *25 years*; and,

WHEREAS, the city has provided documentation of the regional significance of each project, including the share of the economic benefit to or use of each project by persons residing, or businesses located, outside of the jurisdiction; and,

WHEREAS, Minn. Stat. § 297A.99 authorizes the imposition of a general sales tax if permitted by special law of the Minnesota Legislature; and,

WHEREAS, Minn. Stat. § 297A.99 requires the City to pass a resolution authorizing such a local tax and to obtain Legislative approval prior to approval by the local voters to enact the local tax;

THEREFORE, BE IT RESOLVED the following:


1. The city council supports the authority to impose a general local sales tax of *.5 percent* for a period of *25 years* to fund renovation and rehabilitation of the Community Center;
2. Upon approval of this resolution, the city will submit the adopted resolution and documentation of regional significance to the chairs and ranking minority members of the House and Senate Taxes committees for approval and passage of a special law authorizing the tax, by January 31 of the year that it is seeking the special law.
3. Upon Legislative approval and passage of the special law authorizing the tax, the city will adopt a resolution accepting the new law, which will be filed with a local approval certificate to the Office of the Secretary of State before the following Legislative session.

**CITY OF STAPLES, MINNESOTA
RESOLUTION 1832**

4. The city will put a detailed ballot question(s), which includes separate questions for each project, on a general election ballot for local voter approval. This will be done within two years of receiving legislative authority.
5. If one or more ballot questions pass, the city will also pass an ordinance imposing the tax and notify the commissioner of Revenue at least 90 days before the first day of the calendar quarter that the tax will be imposed.
6. Upon completion of the aforementioned requirements, the local sales tax will commence and run for 25 years or until a sum sufficient to fund the voter approved project, including related debt costs, is raised, whichever comes first.

Adopted by the City Council of the City of Staples this 12th day of January, 2020.

APPROVED:



Chris Etzler, Mayor

ATTEST:



Diane Archer, City Clerk



MARKET STUDY

Staples Community Center

STAPLES, MINNESOTA



SUBMITTED TO:

Mr. Brad Anderson
Lakewood Health System
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PREPARED BY:

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October 10, 2018

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Mr. Brad Anderson
Lakewood Health System
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Re: Staples Community Center
Staples, Minnesota

Atlanta
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New York
Newport
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Vancouver
Washington
Athens
Buenos Aires
Dubái
Hong Kong
Lima
London
Madrid
Mumbai
New Delhi
Sao Paulo
Shanghai
Singapore

Dear Mr. Anderson:

Attached you will find our Market Study of the proposed redevelopment of the Staples Community Center in Staples, Minnesota.

We certify that we have no undisclosed interest in the property, and our employment and compensation are not contingent upon our findings. This study is subject to the comments made throughout this report and to all assumptions and limiting conditions set forth herein.

It has been a pleasure working with you. We look forward to hearing your comments.

Sincerely,
HVS Convention, Sports & Entertainment

Thomas A Hazinski
Managing Director

Catherine Sarrett
Senior Director



Convention, Sports & Entertainment
Facilities Consulting
Chicago, Illinois

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1. Introduction and Executive Summary

Nature of the Assignment

The City of Staples, the Staples-Motley School District, Lakewood Health System, Sourcewell, and Central Lakes College engaged HVS Convention, Sports & Entertainment Facilities Consulting (“HVS”) to conduct a market analysis of a proposed redevelopment of the Staples Community Center (“Community Center”) located in downtown Staples, Minnesota. The City of Staples and the Staples-Motley School District are considering the combined development of a new high school and community center. The purpose of this study is to develop a plan to expand and improve the Community Center to better serve the fitness, recreation, and social needs of the Staples community. In this report, HVS recommends a building program and analyzes the potential demand and financial performance of the redeveloped Community Center in Staples.

Ownership and Management

On land donated by the School District and funded through a \$350,000 general obligation bond a \$150,000 federal grant, the Staples Community Center opened to the public in September of 1974. The City of Staples and the School District established a joint Community Services Board in 1975 to oversee the operation and management of the facility. In 1985, the City and School District agreed to divide programming responsibilities, with the School District managing community education and summer recreation programs and the Community Center managing aquatic programs. For this analysis, we assume that the Community Service Board would continue to oversee the management of the redeveloped Community Center with a staff dedicated to its operation and maintenance.

Methodology

In accordance with the Scope of Services, HVS performed the following tasks:

1. Catherine Sarrett and Alex Moon traveled to Staples, Minnesota on May 7th and 8th, 2018 for a site visit and client meetings. During this visit, they toured the Staples Community Center and Staples-Motley schools, met Community Center management, City and school district officials, and other stakeholders, and gathered relevant data,
2. Conducted focus-group meetings with local users and other stakeholders of the Community Center,
3. Analyzed the economic and demographic data that indicate whether, and the extent to which, the local market area supports the Community Center,



4. Compiled data on competitive and comparable community centers in central Minnesota and throughout the U.S.,
5. Prepared recommendations for a building program, including fitness, recreation, and support spaces,
6. Prepared a forecast of facility use, event demand, and visitation based on the implementation of the recommended programs, and
7. Forecasted the financial operations of the Community Center given the implementation of the recommended programs.

HVS collected and analyzed all information contained in this report. HVS sought out reliable sources and deemed information obtained from third parties to be accurate. Forecasts are subject to all the assumptions and limiting conditions stated in this report.

Staples Community Center

Originally opened in 1974, the Staples Community Center houses a competition-length indoor swimming pool, gymnasium, fitness center, senior citizen's room, and community room. Support areas include locker facilities, a small kitchen, and entrance lobby. Since its opening, the facility has undergone improvements, including repairs and replacement of pool, roofing, and HVAC systems as well as the recent replacement of the gymnasium floor in 2015.

While the pool and other recreation areas have been maintained and function well, the facility is dated and in need of capital improvement. The small size of the gymnasium and community rooms do not meet the community demand, often facing overcrowding during peak usage times. Support areas, such as the locker rooms and kitchen, have deteriorated and are, in many ways, unusable by community center visitors. In addition, public gathering and spectator spaces are small and do not accommodate the needs of patrons in the lobby, gymnasium, and pool.

The following figure provides an aerial view of the existing Community Center and adjacent Staples-Motley High School.

AERIAL VIEW OF THE STAPLES COMMUNITY CENTER**Market Area Analysis**

The market area for a community center generally consists of the geographical region that offers easy driving access and the appropriate amenities to its users. For the purposes of this study, HVS defined the market area as the Staples-Motley School District, which includes portions of the Minnesota counties of Todd, Wadena, Cass, and Morrison. The size and other characteristics of the market area indicate demand potential for all types of usage, including fitness, aquatics, sports leagues and clinics, studio classes, outside rentals, and other recreation activities. Approximately 11,000 people live within the market area. The projected population growth rate is about half that for the entire state of Minnesota. The market area has a lower median household income and a higher median age than



both the state of Minnesota and the U.S. population. These market characteristics result in household spending on recreation and sports activities that is well below the national average. Swimming is the most popular activity with an adult participation rate of over 14%. Jogging and weightlifting are also relatively popular, with participation rates of around 8% and 6%, respectively. But, these participation rates are well below national levels.

In addition to the Community Center’s, there are two standalone fitness centers in Staples, as well as various parks and playgrounds scattered throughout the city. Snap Fitness is open 24 hours a day, seven days a week and has over 2,000 facilities worldwide, offering group classes and personal trainers. Curves offers specialty fitness classes and one-on-one monthly coaching sessions. These facilities primarily house weight and fitness machines and do not offer family recreation.

The Staples-Motley area lacks a large family recreation and fitness facility which suits the varied recreation needs of adults, children, and families in the region. The redevelopment of the Community Center could encourage local participation in various fitness activities, proving a venue to satisfy unaccommodated demand and increasing overall recreation participation.

Comparable Venues

HVS reviewed the building programming and other characteristics of six regional community centers in central Minnesota and four comparable community centers that are adjacent to a local middle or high school. For this analysis, we studied the following facilities.

**FIGURE 1-1
COMPARABLE COMMUNITY CENTERS**

Name	Location
Regional Community Centers	
Brainerd Family YMCA	Brainerd, MN
Hallett Center (Crosby)	Crosby, MN
Perham Area Community Center	Perham, MN
Detroit Lakes Community Center	Detroit Lakes, MN
Maslowksi Wellness Center	Wadena, MN
Willmar Community Center	Willmar, MN
Comparable Community Centers	
Pontiac Recreation Center	Pontiac, IL
Cato-Meridian Community Center	Cato, NY
Mexico Community Rec Center	Mexico, NY
Patrick Henry Recreation Center	Alexandria, VA

Sources: Respective Venues



To inform recommendations for a redeveloped Community Center in Staples, we reviewed fitness and recreation amenities, support and other function spaces, activities and programs, staffing, and hours of operations. We also compared the surrounding markets within a 20-minute drive of each facility. As presented in the figure below, the regional community centers offer a variety of recreational amenities, including lap pools, recreation pools, and fitness centers with weights and fitness machines. Meeting rooms for planned activities and private rental are also common to all regional venues. Indoor tracks, as well as dance and fitness studios, are also popular building elements.

**FIGURE 1-2
FITNESS AND RECREATION AMENITIES**

	Brainerd Family YMCA	Hallett Center (Crosby)	Perham Area Community Center	Detroit Lakes Community Center	Maslowksi Wellness Center (Wadena)	Willmar Community Center	Staples Community Center
Gyms and Sports Venues							
Gymnasium	●		●	●	●		●
Indoor Track		●		●	●		
Raquetball Courts	●		●	●	●		
Ice Arena		●					
Roller Rink			●				
Aquatic Areas							
Lap Pool	●	●	●	●	●		●
Rec Pool	●	●	●	●	●		
Therapy Pool					●		
Hot Tub			●	●	●		
Fitness Areas							
Fitness Center	●	●	●	●	●		●
Studios	●	●	●	●			●
Sauna				●	●		
Steam Room					●		
Other Amenities							
Meeting Rooms	●	●	●	●	●	●	●
Senior Center				●		●	●
Rec Room	●					●	
Indoor Play Area	●						
Babysitting Service	●				●		
Batting Cages				●			
Golf Nets				●			

Recreation programming varies depending on the types of recreation spaces offered. Despite limited building amenities, the Staples Community Center offers a variety of programs to residents and is one of the only regional facility to offer on-site senior nutrition and social activities. But, compared to the regional facilities,



the Staples Community Center currently offers more limited availability and during the summer months and is closed on the weekends.

Within a 20-minute drive, Staples has one of the smallest populations, slightly higher than Crosby and less than half that of Brainerd, Willmar, and Detroit Lakes. The median household income is also the lowest in the group, suggesting lower amounts of disposable income to participate in fee-based community center activities. Roughly following population, the market surrounding the Staples Community Center has fewer businesses from which to draw membership and sponsorships. Brainerd, Willmar, and Detroit Lakes all have a much large business presence. Residents around Brainerd and Detroit Lakes spend around \$100 more per household on recreation activities and fees than those in Staples.

With relatively few amenities, the Staples Community Center does not currently have the facility capacity to match the membership draw and programs that are offered by other regional venues. Even comparably-sized markets, such as Perham, Wadena, and Crosby, offer residents relatively large community centers with a variety of sports and recreation amenities. In addition, support spaces, including lobbies, locker rooms, and public gathering spots are extremely limited in Staples, reducing the functionality of the facility and the ability to attract users. The comparable venue assessment suggests that a larger, new community center could enable Staples to offer expanded programs and hours of operation, more successfully serving the recreation needs of the market. Case studies of other community centers integrated into local schools highlight the potential benefits of integrated design and shared operations. They also provide insight into potential options for physical programming of recreation spaces and opportunities serve the recreation and other needs of district residents.

User Survey

HVS designed and conducted a survey of Staples residents to provide a basis for a building program and amenity recommendations and inform demand projections. The survey also provides an indication of interest in combining a new school facility with the proposed community center. HVS provided a link to the web-based survey to Lakewood Health System, Staples-Motley High School, and other organizations to send to their constituents. There were 391 responses. Key observations include the following:

- Combining a new community center and a new school in the same facility is popular. Only 10% of the sample believe the facilities should be on different sites. A quarter of the sample would like more information before offering an opinion.
- The survey respondents indicated how combining the facilities would change their utilization of the proposed community center. Forty-four percent of the



sample said they would not change how often they would use the facility if it were combined, while 44% of the sample said that they would use the facility more frequently if the school and Community Center are combined.

- Most of the survey respondents have attended an event or participated in Community Center programming. The swimming pool and gymnasium are the most frequently used spaces in the Community Center and open swim and open gym are the most popular programs, underscoring their importance in the new Community Center programming and building program.
- The most common reasons respondents have not been to the Staples Community Center in the past two years is a lack of interest in the programming and a lack of the spaces and equipment to meet their recreational needs. This suggests that by expanding the facility and changing the programming offered, the Community Center could draw more patrons.
- Around 30% of the sample use other fitness facilities in Staples. Over 20% travel to Wadena to use the Maslowski Wellness Center. Remaining respondents have different preferences when selecting a recreation facility. Some (7%), who go to Takedown Gym, are looking for a fitness gym, others (5%), who use the Brainerd Family YMCA, want a more family-oriented recreation center.
- The most common desired improvements are all fitness related: an indoor track, a larger fitness center and gym, and larger locker rooms.
- Survey respondents also want adequate parking, public gathering spaces, a rec room for older children, and family bathrooms. The community center should provide programming and facilities that can entertain young children, teenagers, and adults.
- If a facility is developed with the preferred amenities, almost 85% of the sample said they would use the community center more than once a month. This is compared to only 41% who currently use the community center more often than once a month. Half of the respondents said they would use the new Community Center two to five times per week, compared to only 18% who currently use the Community Center that frequently.
- Most users of the proposed community center would use the facility between 3:00 PM and 9:00 PM, either after school or after work. Approximately 15% would use the community center before noon.



Building Program Recommendations

The HVS survey indicates that 44% of local residents would increase their use of a community recreation center if a new facility meets their needs. Residents want a larger fitness center with updated equipment, a larger gymnasium with multiple courts, and a new indoor track. Other high priority features include more multipurpose function rooms, a zero-depth recreation pool, and a larger lap swimming pool.

While the Staples-Motley market has a relatively small population, other neighboring communities with similar populations successfully support community centers through facility memberships, rentals, and participation in recreation programs. Other communities in central Minnesota have facilities that offer many or all of the recreation amenities sought by Staples-Motley residents.

To accommodate existing users and expand use by residents, we recommend the following functional and support elements.

- Gymnasium with a playing surface that can accommodate at least two full-length basketball courts (84 feet by 50 feet) with full end zone dimension of 114 feet and 15 feet between each court and on sidelines. Courts could convert to four to six volleyball courts (60 feet by 30 feet) and have ceiling height suitable for volleyball.
- Gymnasium playing surface should be approximately 17,000 to 24,000 square feet of column-free flat floor space suitable for mat sports, cheerleading, pickleball, and other sports.
- The gym should be equipped with movable divider curtains between basketball courts.
- Three-lane elevated walking/jogging track around the perimeter of the gymnasium.
- Bleacher seating around the perimeter of playing surface for up to 200 spectators.
- Aquatic center with six- to eight-lane lap pool with diving boards and area of 12-foot depth.
- Bleacher seating around the lap pool for up to 200 spectators.
- Zero-depth entry recreation pool with slides, fountains, and other shallow depth play features. Depending on layout and sizing, recreation pool can



either have direct access to the lap pool or be constructed as a separate system.

- Minimum 2,500 square foot fitness center equipped with weight machines, treadmills and other cardio equipment, and free weights.
- Male and female locker rooms with toilets and private showers and two accessible family changing rooms with lockers, toilets, and private showers.
- Minimum 2,000 square foot fitness studio with wood floors and mirrored walls.
- Two large multipurpose rooms (approximately 1,200 square feet each) with a flexible wall in each room to divide each space into two rooms.
- Secure childcare/activity room
- Entrance lobby with a front desk for secured entry to the gymnasium and pool and areas for lounges and other gathering spaces.
- Catering kitchen with easy access to multipurpose rooms and food service window.
- Casual food and beverage outlet (e.g. coffee shop, grab-and-go kiosks).
- Adjacent surface parking and drop off area.

If program space and budget allow, other building elements may include the following:

- Teen rec room
- Indoor climbing and play structure
- Childcare suite
- Craft room
- Computer/study room
- Steam rooms in locker rooms
- Saunas in locker rooms
- Hot tub in the aquatic center



Demand Projections

Based on the proposed building program, market overview, participation trends, comparable venue analysis, and an analysis of historical Community Center demand, HVS projected the membership and program demand for a redeveloped Staples Community Center. In developing demand projections, we assume that the proposed redevelopment would be completed by January 2021.

Community center usage would include member visits, gym and pool programs and rentals, studio classes, school uses and activities, public events, meetings, and parties. We project that demand would stabilize in 2023 the third year after opening. The following figure presents the projected usage hours and total participant visits by type of use. We compare our projections for a stabilized year of operation with the estimated 2018 base of current Community Center use.

**FIGURE 1-3
COMMUNITY CENTER DEMAND IN A STABILIZED YEAR**

Program or Event Type	Hours		Total Visits	
	Base 2018	Stabilized 2023	Base 2018	Stabilized 2023
Gym Programs	529	738	5,884	10,973
Sports Leagues	112	336	1,800	5,400
Sports Tournaments	40	64	1,650	4,500
Gym Rentals	9	27	150	450
Studio Classes	302	916	4,010	15,150
Swim Lessons	230	288	2,750	5,156
Other Training & Classes	44	132	90	540
Open Swim	786	2,600	3,750	15,506
Lap Swim	192	384	1,250	3,750
Aquacize	304	456	1,560	2,340
Swim Meets	42	42	1,050	1,050
Pool Rentals	73	103	1,840	2,820
School Use	1,389	2,062	25,985	38,634
Student Activities	37	37	3,700	3,700
Senior Meals & Programs	1,734	1,734	25,354	31,693
Public Events	74	116	4,750	6,550
Banquets & Parties	229	426	2,650	5,038
Meetings	409	566	3,418	7,646
Membership	na	na	8,600	56,300
Total	6,534	11,025	100,241	217,195

Increased programming opportunities and improved facilities at a redeveloped Staples Community Center would create a more popular fitness and recreation destination increasing programming hours and total visits to the facility. Improved fitness and pool features would more than double member visits. The greatest program increases would be for open swim and studio classes.



Financial Projections

Based on an analysis of historical financial operations, HVS projected financial operations of the redeveloped Community Center. The following figure presents a comparison of projected operating revenues and expenses for a stabilized year of operation (2023). Projections are in inflated dollars assuming an annual inflation rate of 2.5%.

**FIGURE 1-4
COMPARISON OF EXISTING AND PROJECTED FINANCIAL OPERATIONS**

	Base Year		Post Opening Stabilized Year	
	CY 2018		CY 2023	
	Amount	% Total	Amount	% Total
Operating Revenue				
Facility Rental	\$85,473	66%	\$167,400	17%
Swim Lesson Fees	17,291	13%	42,300	4%
Membership Fees	17,208	13%	254,800	26%
Pool Fees	7,603	6%	25,500	3%
Gym Fees	1,481	1%	32,900	3%
Food & Beverage	408	0%	57,100	6%
Fitness Fees	0	0%	53,200	6%
Member Services	0	0%	328,900	34%
Total Operating Revenue	\$129,464	100%	\$962,100	100%
Operating Expense				
Salaries & Benefits	\$153,688	119%	\$347,800	36%
Program Costs	31,344	24%	67,400	7%
Administrative & General	10,018	8%	57,700	6%
Repair & Maintenance	31,491	24%	67,400	7%
Supplies	13,187	10%	38,500	4%
Utilities	47,046	36%	134,700	14%
Insurance	5,500	4%	24,100	3%
Food & Beverage Costs	0	0%	37,100	4%
Member Services Costs	0	0%	263,131	27%
Total Operating Expense	\$292,275	226%	\$1,037,800	108%
NET OPERATING INCOME (LOSS)	(\$162,811)	-126%	(\$75,700)	-8%
Non-Operating Expense				
Capital Maintenance Reserve	\$0	0%	\$38,500	4%
NET INCOME (LOSS)*	(\$162,811)	-126%	(\$114,231)	-12%
* Before non-operating revenue				

Note: Section 7 of this report describes the financial assumptions used in developing the above projections.

Increased membership revenues, due to increased membership and higher membership fees, and other program enhancements would yield higher revenues for all Community Center uses. New revenue streams from additional pool and fitness classes would also add to operating revenues. Applying operating expense estimates that are consistent with industry averages leads to a significant reduction in Community Center’s operating loss.



Summary of Findings and Conclusions

The Staples Community Center serves a broad base of residents, offering programs and recreation spaces for students, families, adults, and seniors. Originally opened in 1974, the facility is dated and lacks the size and amenity expected by users of more modern recreation facilities. A detailed survey of Staples-Motley residents highlights the desired community center amenities and programs that are currently not offered in Staples. A new community center could attract increased membership and expand use of the facility. Increased demand and modern systems would improve financial performance and decrease the operating subsidy.

In addition to quantitative impacts, a new community center in Staples would also have many softer, qualitative benefits to the surrounding neighborhood and the greater Staples-Motley community.

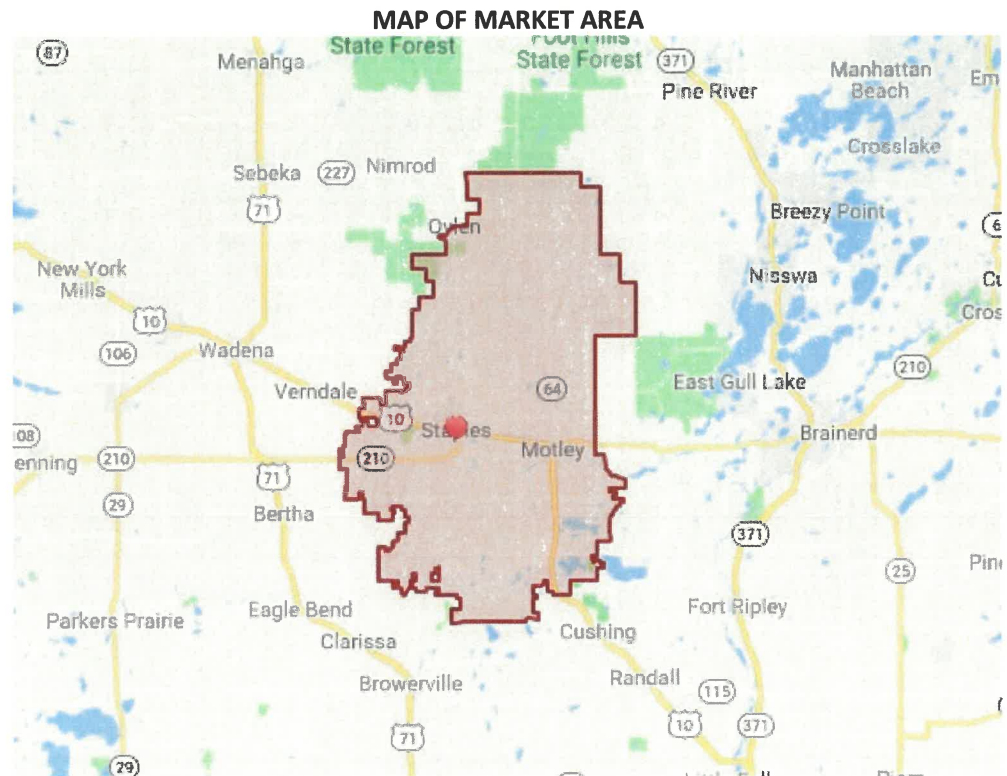
- The presence of high-quality sports and recreation facilities create additional opportunities for residents to attend and participate in recreation activities. A modern community center in Staples would help the Parks and Recreations Department help satisfy its mission of providing exceptional parks and recreation opportunities in Staples.
- A new community center could afford sports teams, private instructors, and civic groups a more suitable venue for their activities, allowing them to potentially expand programming and increase attendance.
- Workforce development is a key component of economic growth. A modern recreation facility could increase the attractiveness of Staples to people considering relocation. While not a panacea, the availability of quality sports and recreation options is an important lifestyle consideration and makes a community a more desirable place to live and work.

2. Market Area Overview

This market area analysis reviews economic and demographic data that describe the overall condition of the local economy in Staples, Minnesota. The characteristics of the local economy can indicate the performance of a new Staples Community Center. HVS analyzed the following indicators: population, income, age, recreation participation, unemployment, major businesses, highway access, and current recreation and fitness facilities in Staples.

Market Area Definition

The market area for a community center generally consists of the geographical region that offers convenient driving access to the facility and other amenities to its users. For the purposes of this study, HVS defined the market area as the Staples-Motley School District, which includes portions of the Minnesota counties of Todd, Wadena, Cass, and Morrison. The following map shows the market area.





Staples is in central Minnesota, approximately 130 miles northwest of Minneapolis and 110 miles east of Fargo, North Dakota. Located directly off US Highway 10, Staples is home to Central Lakes College, a two-year community and technical college in the Minnesota State College system. Outdoor recreation is a primary attraction, with access to the Crow Wing River, the Dower Lake Recreation Area, and two 18-hole golf courses.

Population and Income

HVS relied on Esri Business Analyst Online (“Esri”) to analyze the demographics of populations within the Staples-Motley School District boundaries. Esri is a well-regarded forecasting service that applies GIS technology to produce extensive demographic, consumer spending, and business data analyses. Esri employs a sophisticated location-based model to forecast economic and demographic trends. Esri bases historical statistics on U.S. Census data, the American Community Survey, and other primary research.

The size of the resident population surrounding a recreation facility indicates demand potential for all types of usage, including fitness, aquatics, sports leagues and clinics, studio classes, outside rentals, and other recreation activities. Income levels affect the ability of a market to support a recreation facility because more frequent participants tend to be from households with higher levels of disposable income. A healthy and diversified economy not only provides employment and disposable income for a market’s residents, but it also helps to insulate an area from economic downturns that could negatively affect facility demand. Trends in median household income directly relate to the capacity of area residents to participate in sports and recreation activities. Income levels also provide a benchmark for the quality of public and private services and attractions that are necessary to attract out-of-town users.

The following figure presents population and median household income statistics for the market area. We have provided population growth rates and income levels for the State of Minnesota and the entire U.S. for reference.

**FIGURE 2-1
DEMOGRAPHIC DATA SUMMARY**

Market	Population			Median Household Income		
	2017	2022	Annual Growth	2017	2022	Annual Growth
Staples-Motley	11,072	11,263	0.34%	44,655	52,142	3.15%
Minnesota	5,604,047	5,821,336	0.76%	63,470	71,939	2.54%
USA	327,514,334	341,323,594	0.83%	56,124	62,316	2.12%

Source: Esri



The Staples-Motley area has approximately 11,000 residents and is projected to grow by approximately 200 people by 2022. This growth rate is less than half of the projected population growth rate in both Minnesota and the US. The median household income is nearly \$20,000 higher in the state of Minnesota than it is in Staples-Motley and approximately \$12,000 higher nationally. However, the median household income in Staples-Motley is projected to grow by more than 3%, a rate higher than the growth rate of the median household income in Minnesota and the US.

The following figure presents the total population and the daytime population in the Staples-Motley area. Total population refers to the number of people who live in the area. Daytime population includes those who work in Staples-Motley and those who live in the area but are too young to work, are unemployed, or not in the labor force.

**FIGURE 2-2
POPULATION SUMMARY**

Staples-Motley	
Total Population	11,072
Daytime Population	<u>10,569</u>
Difference	<u>503</u>

Source: ESRI

The total population being higher than the daytime population indicates that more people leave the Staples-Motley area to go to work than people who commute into Staples-Motley for work. This limits the number of potential users of the Community Center as there is not a large population of workers who may use the Community Center before or after work.

Age Distribution

The success of a recreation facility lies in its ability to develop programming that appeals to a broad cross-section of the marketplace. A market's age distribution can be a decisive factor in determining potential participation and can provide insight into the types of events and programs that the market will support. A market with strong youth and teen populations suggests a stronger demand for family-oriented programming and higher participation rates in amateur sports programs. In general, a younger population base represents a positive sign for sports and recreation facility demand. The following figure presents the population distribution by age for the market area, the State of Minnesota, and the entire country.



**FIGURE 2-3
2017 POPULATION BY AGE**

Age	Staples-Motley		Minnesota		US	
	Population	Percentage	Population	Percentage	Population	Percentage
0-19	2,624	23.7%	1,420,731	25.4%	82,208,567	25.1%
20-39	2,435	22.0%	1,497,537	26.7%	89,240,342	27.2%
40-59	2,804	25.3%	1,471,604	26.3%	84,842,916	25.9%
60-79	2,602	23.5%	989,851	17.7%	58,766,704	17.9%
80+	608	5.5%	224,324	4.0%	12,455,805	3.8%
Total	11,073		5,604,047		327,514,334	

Source: ESRI

The Staples-Motley population is older than the populations in Minnesota and the US. Twenty-nine percent of the people who live in the Staples-Motley area are over 60 years old, compared to only 21.7% of people in Minnesota and the US. The median age in Staples is 44.5 years old, compared to 38.4 in Minnesota and 38.2 in the US.

**Recreation
Participation and
Spending**

Retail spending patterns indicate a market’s ability to generate a facility’s revenues through memberships, recreation fees, and participant sports fees. The following figure presents the annual spending index for the retail segments which would contribute to the community center’s operating revenue. The Spending Potential Index (“SPI”) is household-based and represents the amount spent on a product or service relative to a national average of 100.

**FIGURE 2-4
RECREATION SPENDING POTENTIAL**

Spending Category	Spending Potential Index
Participant Sports Fees	59
Membership Fees for Social/Recreation/Civic Clubs	57
Recreation Lesson Fees	51

Source: ESRI

The SPI for participant sports, recreational lessons, and membership fees to a social, recreational or civic club are well below the national average. This suggests that the community center may need to find other types of programs to generate revenue as the propensity to spend on memberships, participants sports, and recreation lessons are far below the national average.

The following figure presents the annual market index for the retail segments which would contribute to the community center’s operating revenue. The Market



Potential Index (“MPI”) is household-based and represents the amount spent on a product or service relative to a national average of 100.

**FIGURE 2-5
SPORT AND LEISURE PARTICIPATION RATES**

Spending Category	Percent of Adults Participating	MPI
Swimming	14.2%	91
Aerobics	6.3%	76
Zumba	3.2%	74
Pilates	1.9%	72
Weight Lifting	7.1%	70
Yoga	5.1%	67
Jogging/ Running	8.3%	62

Source: ESRI

The MPI for these sport and exercise categories ranges from slightly below average to well below average. Due to a large number of lakes in the region, it is not surprising that swimming has both the most adult participants and the highest market potential. What is not clear is whether the popularity of swimming would translate to a lap pool at the recreation center as swimming recreationally in a freshwater lake is much different than swimming for exercise in an indoor pool. Aerobics and Zumba, despite not being as popular as weight lifting or jogging, have the second and third highest market potential.

**Workforce
Characteristics**

The characteristics of an area's workforce provide an indication of the overall stability of the income levels of the resident population. Areas with a predominance of professional occupations in a variety of industries tend to respond to and recover from market shifts more readily than those that rely on employment from a single sector, such as manufacturing. The following figures present a comparison of employment by occupation for the market area, the state of Minnesota, and the U.S.



**FIGURE 2-6
EMPLOYMENT BY INDUSTRY**

Industry	Staples-Motley	Minnesota	U.S.
Services	44.7%	48.7%	50.0%
Manufacturing	15.9%	13.1%	10.1%
Retail Trade	10.1%	10.6%	11.0%
Construction	9.5%	6.1%	6.4%
Transportation/Utilities	5.8%	4.5%	5.1%
Agriculture/Mining	5.5%	2.3%	1.9%
Public Administration	2.8%	3.0%	4.5%
Finance/Insurance/Real Estate	2.6%	7.5%	6.7%
Wholesale Trade	2.3%	2.8%	2.6%
Information	0.9%	1.4%	1.8%
Total Workforce (16+)	5,181	2,948,091	154,852,740

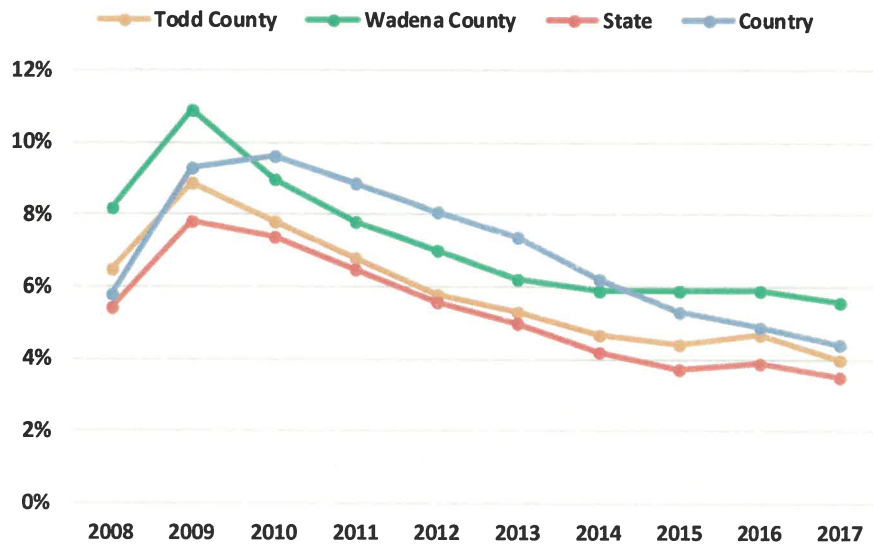
Source: ESRI

Service is the predominant industry in Staples, with the greatest employment in the healthcare and educational services sectors. Manufacturing, retail, and construction are the next largest industries in Staples with the manufacturing and construction sectors being 3% larger in Staples than in Minnesota and the US. Employment in the finance, insurance, and real estate sector and the retail sector is lower in Staples than in the broader markets.

Unemployment statistics provide a measure of the health of the local economy and comparisons with state and national trends. The following table presents historical unemployment rates for Todd and Wadena Counties, the state of Minnesota, and the U.S. as a whole.



**FIGURE 2-5
HISTORICAL UNEMPLOYMENT RATES**



Source: Bureau of Labor Statistics

Unemployment spiked in 2009 in both Todd and Wadena County, as it did nationally during the recession. However, as the economy has recovered, the unemployment rate has gradually fallen below 2008 levels. The unemployment rate in Wadena County has remained slightly higher than the rate in Todd County since 2008, and since 2015 the unemployment rate has been higher in Wadena County than in Minnesota and the US.

Major Business and Industry

Providing additional context for understanding the nature of the regional economy, the following summaries describe the major employers in the Staples-Motley region.

Lakewood Health System—is a not-for-profit healthcare system that operates a large, regional hospital and several clinics and other healthcare facilities throughout the area. Currently undergoing a \$15 million expansion, Lakewood Health System anticipates hiring up to 100 new employees over the next five years.

Stern Rubber—is the larger manufacturing business in the area, providing custom rubber products to a national and international client base. The company recently completed a 10,000 square foot expansion and anticipate hiring up to 200 new employees over the next five years.



Sourcewell—Formerly known as National Joint Powers Alliance (NJPA), Sourcewell combines the buying power of more than 50,000 government, education, and nonprofit organizations. A recent expansion doubled the size of their downtown Staples offices. The company plans on hiring up to 100 new employees over the next three years.

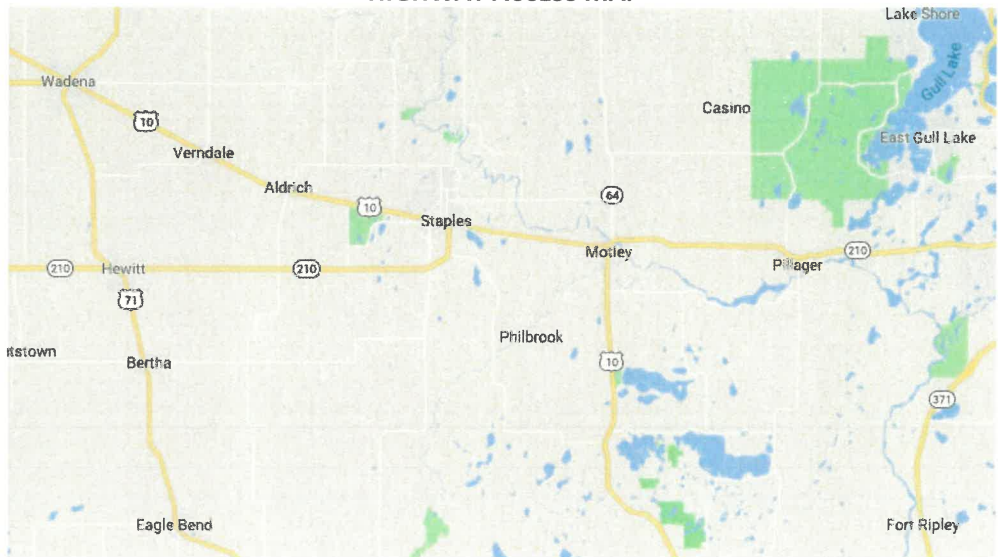
Central Lakes College—is a community college that offers courses in agriculture, energy, manufacturing, and heavy equipment. The college recently remodeled its Staples campus to support these programs.

Other major employers include two seafood packaging companies: Trident Seafood and Morey’s Fish Company. 3M, a multinational manufacturing company, also operates a plant in Staples.

Highway Access

Highway access indicates the ease of reaching the Staples-Motley area from other areas of Minnesota. US Route 10 runs east-west through both cities and connects to Pillager and Wadena. State Route 210 runs west from Staples and connects to Hewitt and Interstate 71. The map below shows the regional highways.

**FIGURE 2-7
HIGHWAY ACCESS MAP**



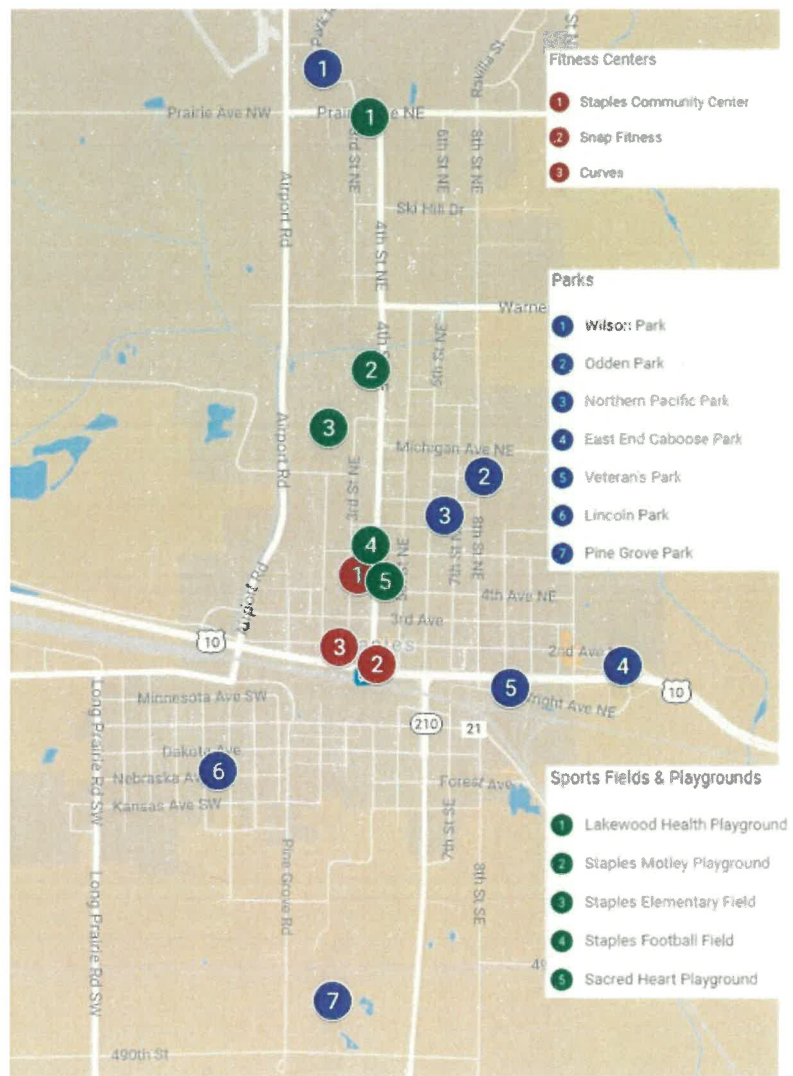
Local Fitness and Recreation

HVS researched recreation and fitness amenities available to residents throughout the Staples-Motley School District. As presented below, there are a variety of playgrounds, sports fields, and parks in and around Staples. Not shown on the map below are the Dower Lake Recreation Area, Central Lakes College Campus and the



Living Legacy Garden. The Dower Lake Recreation Area is located two miles west of Staples and has ballfields, a large pier for fishing, and a swimming beach. The Central Lakes Campus and Living Legacy Garden are located a mile north of Staples.

**FIGURE 2-7
SPORTS AND RECREATION AMENITIES MAP**





In addition to the Staples Community Center, Staples has two fitness centers: Snap Fitness and Curves. Snap Fitness is open 24 hours a day, seven days a week and has over 2,000 facilities worldwide. They offer group classes and personal trainers. Curves offers specialty fitness classes and one-on-one monthly coaching sessions. Both are located directly off highway 10.

Conclusion

Approximately 11,000 people live within the Staples-Motley market area. The projected population growth rate is about half that for the entire state of Minnesota. The market area has a lower median household income and a higher median age than both the state of Minnesota and the U.S. population. These market characteristics result in household spending on recreation and sports activities that is well below the national average. Swimming is the most popular activity with an adult participation rate of over 14%. Jogging and weightlifting are also relatively popular, with participation rates of around 8% and 6%, respectively. But, these participation rates are well below national levels.

The Staples-Motley area lacks a large family recreation and fitness facility which suits the varied recreation needs of adults, children, and families in the region. The redevelopment of the Staples Community Center could encourage local participation in various fitness activities, proving a venue to satisfy unaccommodated demand and increasing overall recreation participation.



4. Comparable Venues

This analysis of competitive and comparable venues provides a basis for program recommendation and informs demand and financial operations for the proposed redeveloped Staples Community Center. HVS compared the facility amenities, facility programs, membership, and surrounding demographics to six community recreation facilities in central Minnesota. We also present case studies of four existing and planned community centers that are adjacent to a local middle or high school. The following figure presents these comparable facilities.

**FIGURE 3-1
 COMPETITIVE AND COMPARABLE COMMUNITY CENTERS**

Name	Location
Regional Community Centers	
Brainerd Family YMCA	Brainerd, MN
Hallett Center (Crosby)	Crosby, MN
Perham Area Community Center	Perham, MN
Detroit Lakes Community Center	Detroit Lakes, MN
Maslowksi Wellness Center	Wadena, MN
Willmar Community Center	Willmar, MN
Comparable Community Centers	
Pontiac Recreation Center	Pontiac, IL
Cato-Meridian Community Center	Cato, NY
Mexico Community Rec Center	Mexico, NY
Patrick Henry Recreation Center	Alexandria, VA

Regional Facility Building Programs

Regional community centers house a variety of recreation and support spaces, including gymnasiums, swimming pools, and fitness centers. An analysis of the recreation spaces and other facility amenities at regional community centers informs building program recommendations for a redeveloped community center in Staples. A brief description of each facility follows.

Staples Community Center – Facility Evaluation City Council Work Session – September 17, 2020

FOR DISCUSSION ONLY

The Staples Community Center opened to the public in September, 1974. This project was a partnership between the City of Staples and the Staples School District and was financed by a combination of Bonding and HUD grant funds. Additionally, the School District donated land and the Vocational School Heavy Equipment Program did the site-work for the Community Center site.

This document details items that will need to be addressed in the future. Some almost immediately and others over the next several years.



Upper and Lower Roofs: REPLACEMENT COMPLETED SPRING 2020 - \$181,343

Replaced in 1992, the East End roof is at the point where general maintenance/repairs are no longer feasible. The cost estimate to replace the insulation and roof membrane is \$49,800.

Replaced in 1984, the main (West End) roof is in the same condition as the lower roof. The estimate to replace the insulation and roof membrane is \$147,900.

Total Roof Replacement Cost: \$197,700



Pool Mechanical:

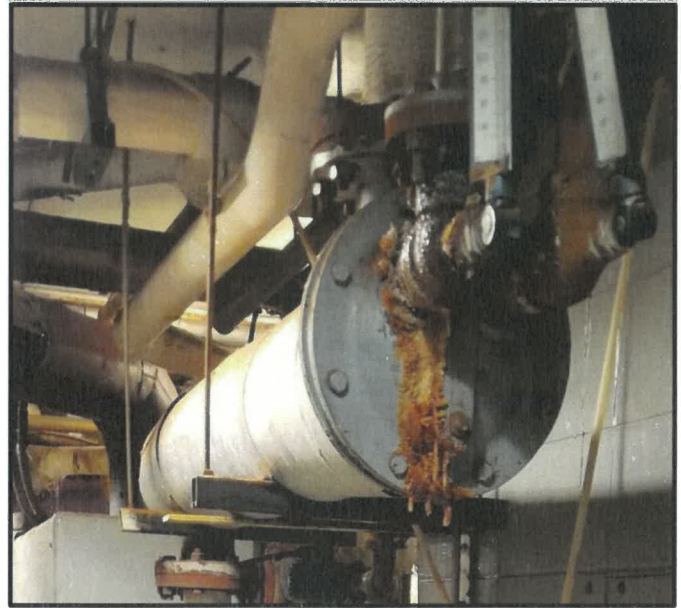
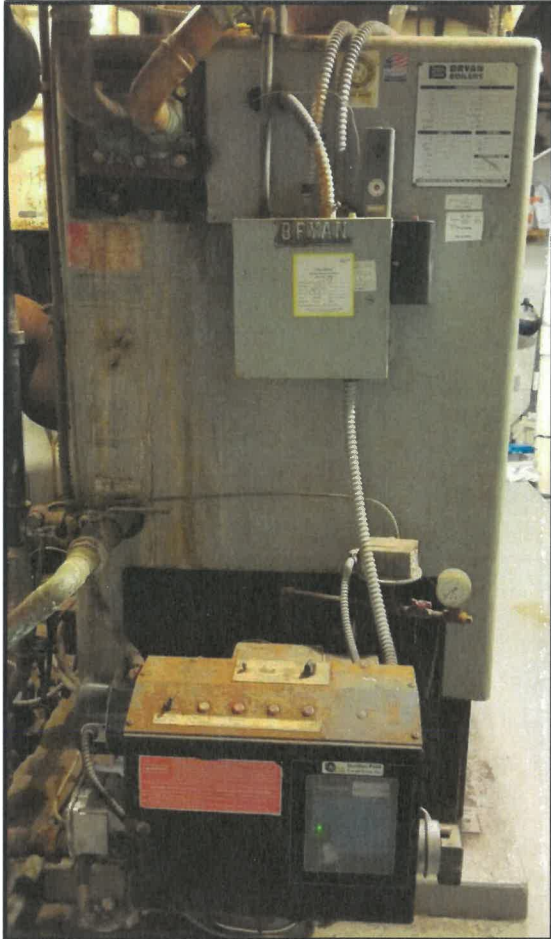
The existing Air Handler Unit (furnace and ventilation) is original. Additionally, the air exchange design of the existing system does not adequately exhaust the corrosive chlorinated air from the natatorium and surrounding spaces causing premature deterioration of other mechanical and electrical equipment. The cost estimate from Widseth to demolish and replace the natatorium air handler and duct work is \$275,000.

Total Air Handler and Duct Work Cost: \$275,000



Boiler and Heat Exchangers:

The Boiler was last replaced in 1998. This Boiler provides heating of the swimming pool water, domestic water and unit heaters in the building. The boiler and heat exchangers require regular maintenance and parts are difficult to get. This boiler would be replaced by multiple high efficiency boilers with stainless steel exchangers.



Total Boiler and Heat Exchanger Cost: \$130,000

Pool Mechanical System:

Replaced in 2002 as part of the Pool Rehab project, the current pool filter system is outdated and inefficient but is still operational. When replaced, a regenerative media filter would likely be installed.



Pool Mechanical System Cost: \$235,000

Repair of Delaminated Deck Tile and Grout/Cleaning of Pool Surface:

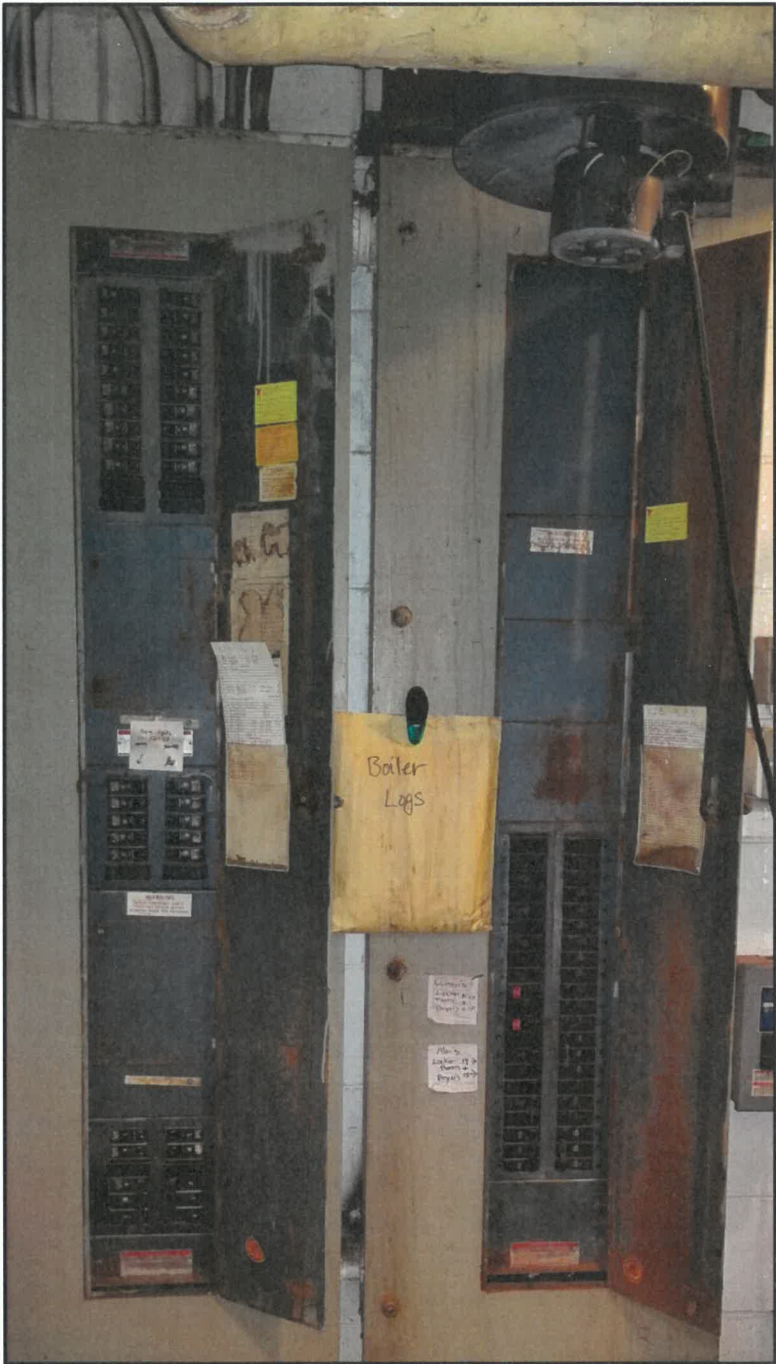
The good news is that the pool liner is in good condition and should last many more years according to U.S. Aquatics. There is delaminated tile and missing grout that needs to be addressed. With elimination of the Girls Swimming Program, we may want to consider removal of the starting blocks as part of this project.



Partial Repair/Replacement of Delaminated Deck Tile & Grout/Cleaning Cost: **\$24,000**

Electrical Service and Panels:

Panels in the Boiler Room are a victim of the corrosive environment and need to be replaced. We have replaced one of three panels. There are seven total panels and one electrical service in the building. If all are replaced total cost is: \$36,430. The two remaining panels in the Boiler Room would be the first priority.



Demo and Replace Gymnasium Mechanical Unit:

Ventilation for the gym is provided by an air handling unit with natural gas heat. This is original equipment.



Demo and Replace AHU/Furnace Unit: Estimated Cost \$110,000

Floor Tile Removal and Replacement in Office/Meeting Rooms:

The original floor tile in the east portion of the building that houses the offices, Kitchen, Restrooms and Meeting Rooms is worn and needs to be replaced. Based on what was experienced when the gymnasium floor was replaced, we anticipate asbestos mastic will need to be abated. **Much of the tile floor has been covered at this point.**





Locker Room Lockers:

The lockers in the men's and women's locker rooms need to be replaced. The corrosive environment has caused substantial rusting to occur.



Locker Replacement Cost: \$40,000

Windows and Doors:

The exterior windows and doors are deteriorated and need substantial maintenance.



Caulk and gasket Windows and Doors: \$6,500

Parking Lot:

With the main public entrance to the Community Center on the east side of the building, Community Center customers use the west parking lot very infrequently. Primary utilization is by the School District for staff parking and gymnasium/Centennial Auditorium events. The parking lot is in bad shape and has not been striped in years. An overlay is needed at a minimum. Reclaiming and regrading to improve drainage would be beneficial.

Parking Lot Overlay Cost: \$30,000



Elevator: The existing upper level is currently being used as the fitness center. Access is provided to this area through stairways that are located on the east and west side of the building. This type of space, open to the general public, is required to be located on an accessible route as required by Section 1104.4.2 of the 2015 Minnesota Accessibility Code. This code section specifically requires an accessible route to public areas within a government facility. Substantial remodeling of this facility would require the installation of an elevator (or close this space to the public). **Due to COVID-19, all of the cardio equipment has been relocated to the main level, partially alleviating this issue.**

Cost: \$105,000

Automatic Sprinkler System: Although building code does not require a building owner to remodel an existing building to comply with code, it should be noted that a substantial remodel to the building would require the installation of an automatic sprinkler system.

Cost: \$85,000

Public Restrooms: THE MEN'S AND WOMEN'S RESTROOMS HAVE BEEN CONVERTED TO ADA COMPLIANT SINGLE USER RESTROOMS DURING THE COVID-19 SHUTDOWN.

The Public Restrooms on the east side of the Community Center are dated and do not meet ADA standards. 20% of the overall project cost must be dedicated to ADA Compliance and after addressing access to the building, the restrooms are the next most logical item to address.

Neither restroom has adequate space to meet the requirements so additional space within the building would need to be cannibalized.



Accessible Doors: There are many existing interior doors that are not ADA accessible as required by the 2015 Minnesota Accessibility Code. The Existing door hardware is not lever style and does not comply with Section 404.2.6. There are also interior doors that do not provide the required door clearances on the push and pull side and do not comply with Section 404.2.3. The hardware replacement is a minor item that can be addressed very easily, however the interior door clearances will require remodeling, and in some cases significant changes to the facility. **Exterior East Entrance door will be automatic next month.**

Cost: Unknown at this time.

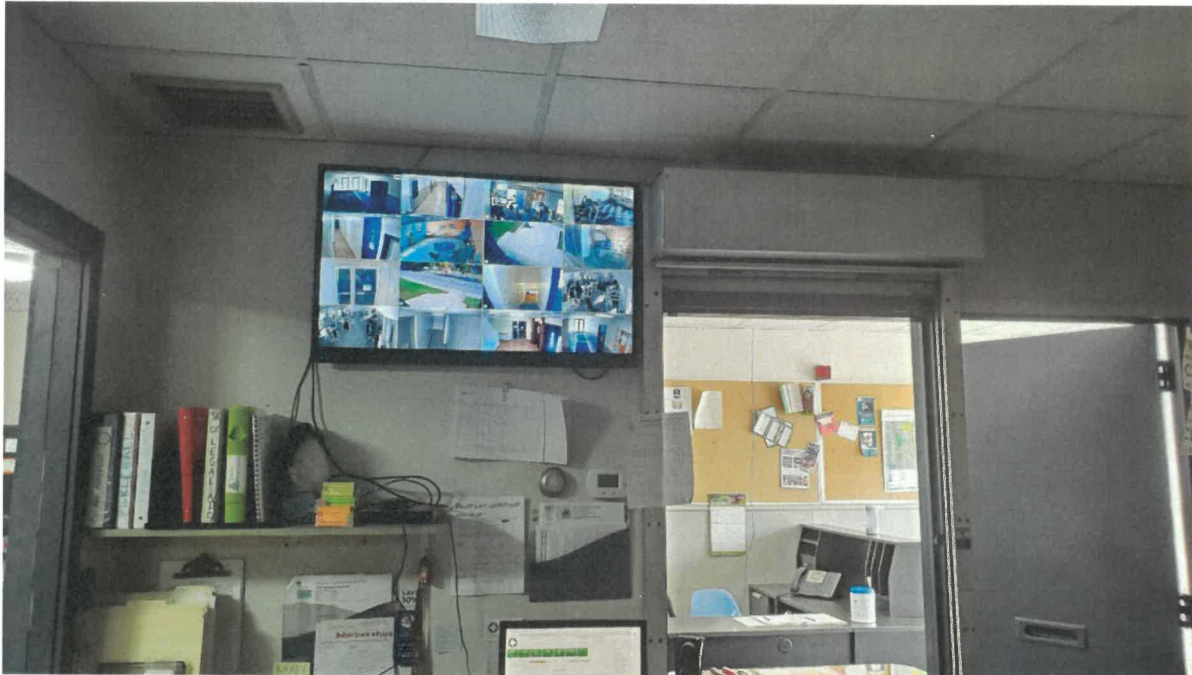
Sidewalk/Ramp Replacement/ADA Accessibility:

Sidewalk condition and slope issues need to be addressed from an ADA standpoint. The main stoop and ramp need to be modified. Ramp will likely require a switchback.

Estimated Cost: \$35,000



Install Security Cameras and Monitoring Equipment: DONE WINTER 2020



Tuckpointing:

Many locations on the brick façade are in need of tuckpointing to repair damages or deteriorated mortar. Estimated \$15,000



Insulating Roof Drain Leaders:

Insulating the roof drain leaders to reduce condensation.

Estimated Cost: \$6,000



Kitchen:

If Kitchen remains, updating is necessary. Many issues (ADA, MN Accessibility Code, etc.)

Estimated Cost: \$45,000



Locker Room Fixture Renovation: Both the men's and women's locker rooms are in need of updating. Showers, tile, toilets, partitions, sinks, etc.

Estimated Cost: \$20,000-\$40,000 Each





Other Considerations:

- Conversion to LED Lighting in Pool: \$5,860
- Key Card Access/24 Hour Access: \$5,000
- Painting of Walls and Ceilings: **WALLS PAINTED DURING COVID-19 SHUTDOWN**