

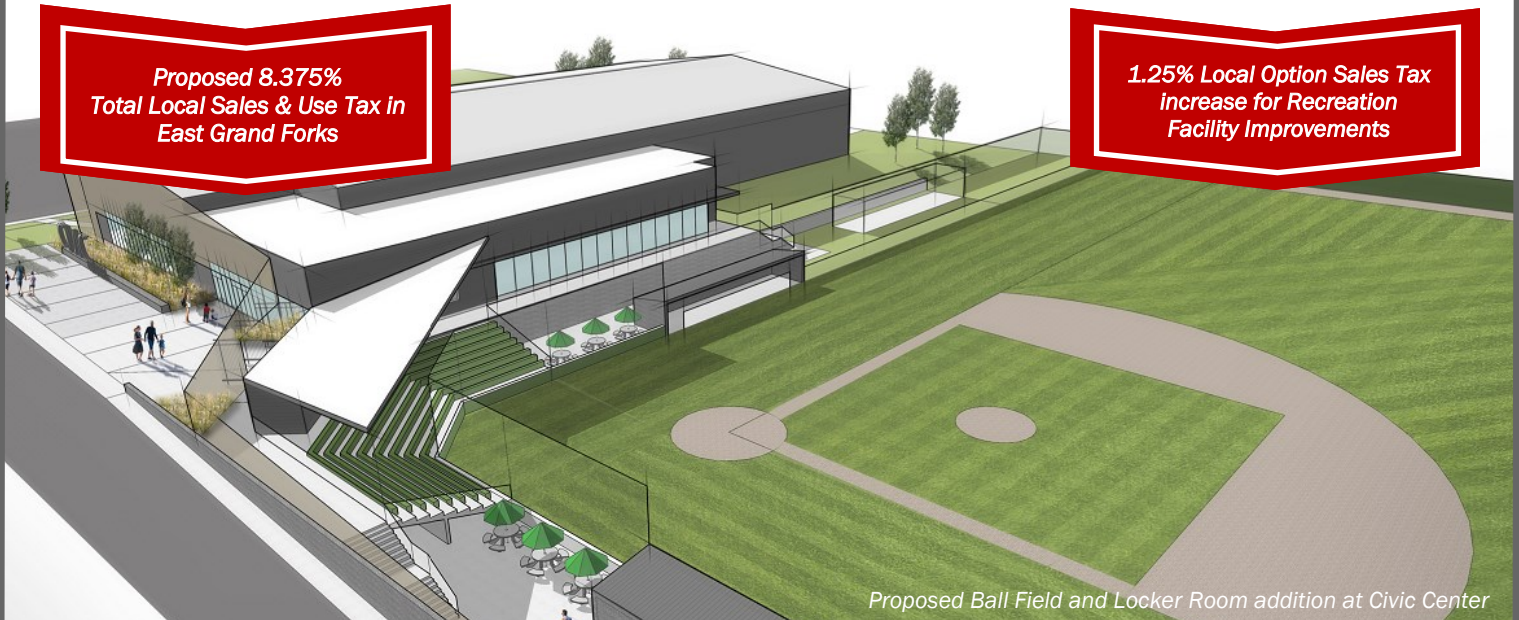
# **East Grand Forks Parks & Recreation Facility Reinvestment**



**Reinvest in OUR community.**

**Proposed 8.375%  
Total Local Sales & Use Tax in  
East Grand Forks**

**1.25% Local Option Sales Tax  
Increase for Recreation  
Facility Improvements**



## **Important Projects for East Grand Forks and the Region**

Primary recreational facilities in the City of East Grand Forks require comprehensive investment to continue to serve our residents and activity participants in a safe and healthy manner. Growing need for improvements of our current facilities and demand for new and expanded recreation offerings has been identified by community members, including a wider range of activities, including athletics, while promoting an active lifestyle for all citizens. Now is the time to reinvest in our community to ensure a lasting legacy of health and well-being for all residents of East Grand Forks and the surrounding region.

### **Project Statement and Background**

Through study of our current Recreation facilities, and multiple community feedback surveys conducted throughout 2021 and 2022, East Grand Forks has identified two (2) primary recreational facility sites which require extensive upgrade and enhancement in order to continue to serve the community of East Grand Forks in a high capacity for years to come. The Civic Center at Itt's Williams Park (opened in 1974), and the VFW Memorial Arena (opened in 1982) have been identified by our residents as priority facilities for reinvestment and enhancement, with the goal of continued growth of recreation and wellness offerings in East Grand Forks and the region.

In 2021, a resident volunteer Building Committee was formed to discuss these important projects, and set goals for the reinvestment of our community recreation facilities. These committee meetings, public input surveys, and strategic goal setting sessions with City Council all played an important role in developing the enclosed project plan and request for a Local Sales Tax.

### **Project Goals & Success Metrics include:**

- 1.Transform participant and user experience and performance through upgraded facility amenities.
- 2.Improve functionality and building flexibility that promotes expanded recreation offerings for community
- 3.Improved building operating efficiency and reduced operating costs
- 4.Improved safety and access for all participants and spectators - Equity, Diversity, & Inclusion.
- 5.Expanded recreation offerings and growth in community participation
- 6.Further serve as a regional center, having these facilities frequently used by visitors of our community for programming, tournaments, and special events, driving increased revenue generating potential.

## Local Option Sales & Use Tax Request

Through careful and thoughtful consideration, the East Grand Forks City Council has authorized a request to impose a Local Sales & Use Tax increase of 1.25% to generate \$21,500,000 to be used toward construction of our proposed projects. The City estimates the desired project funds will be generated in approximately 20 years.

The City desires to generate local sales tax revenue as a portion of its funding plan, in part due to its desire not to raise property taxes to fund such improvements. Of the proposed project budget, nearly 50% of the total spending plan will be to reinvest in long-standing, existing City-owned recreation facilities. Improvements planned include repairing and upgrading existing mechanical systems, ice refrigeration systems, and important infrastructure such as parking and site safety and accessibility compliance. This large list of needed upgrades and improvements has grown too large to be easily accounted for in the City's General Levy, and has created a need to look for alternative funding sources.

### ***Local Option Sales Tax a proven success in East Grand Forks***

The Local Option Sales Tax has proven to be a successful option to fund projects of this nature in East Grand Forks, as proven by the now sunset 1% Sales Tax increase used to fund improvements to the local outdoor Aquatics Center. This 1% Sales Tax request saw more than 71% of voters in a 2015 Special Election vote in favor of the tax, and was estimated to take 5 years to complete. The Sales Tax revenue exceeded expectations, and the Swimming Pool improvement project was paid in full, with the Sales Tax increase sunset in less than 3 years. The Swimming Pool itself has continued to be a proven success of regional significance. The pool prior to renovations in the 2014 season, generated \$15,500 in income from less than 8,000 total daily users. In the 2021 season, the renovated East Grand Forks Swimming Pool generated more \$74,700 in income, and saw nearly 22,000 daily users. This is a 275% increase in total daily users from the 2014 season!

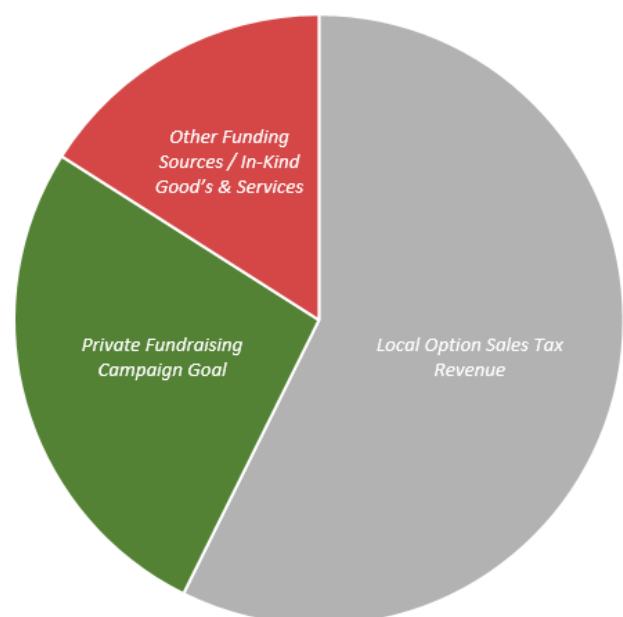
### ***A Multi-Faceted Project Funding Plan***

In addition to the proposed Local Sales Tax funding, the City of East Grand Forks, its recreation user groups, and residents are committed to seeking numerous funding avenues to see this project through as a success.

This work has already begun, as the Parks & Recreation Department has successfully written a grant application to the Minnesota Amateur Sports Commissions' "Mighty Ducks Grant" and has been named a 1st runner up to the nationwide Kraft Hockeyville Campaign, earning \$30,000 toward arena improvements. In 2021, the city hired a fundraising consultant to conduct a Fundraising Feasibility Study. Interviewing potential private donors for this project, to seek their feedback, gauge their interest, and take their values as prospective donors into consideration as the proposed scope of the projects were being considered and finalized.

Finally, the City Council engaged residents and engaged facility users to form a building committee, with the goal to engage with the community in the improvement planning process. The proposed site improvement concept plan is developed through our community, with input from our building committee. This group and the City of East Grand Forks is motivated to achieve success through a multi-faceted funding plan.

Recreation Facility Improvement Reinvestment  
Funding Plan



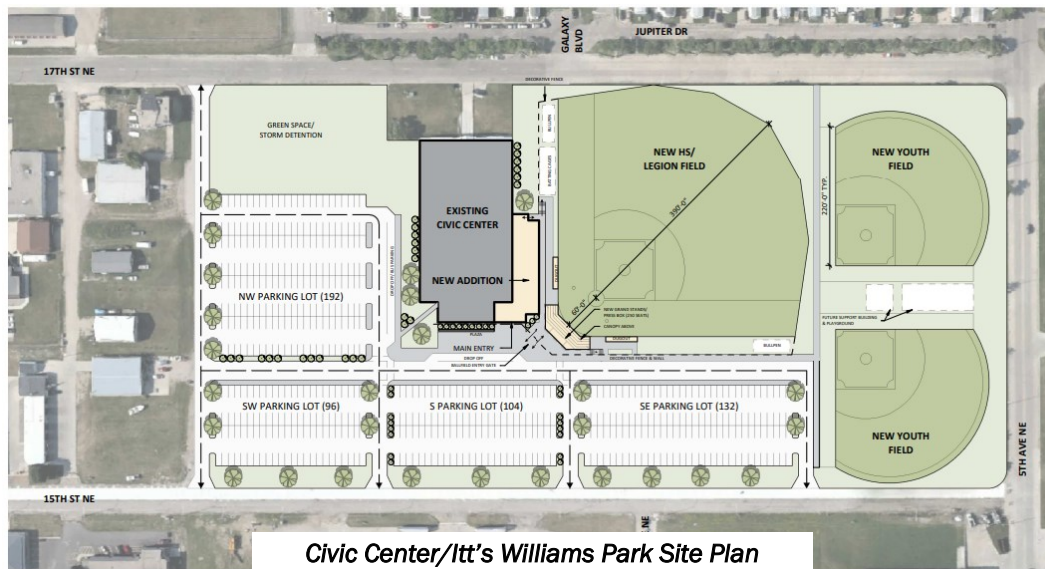
## Project Site #1: Civic Center & Itt's Williams Park Improvements

The Civic Center, built in 1974, is the primary home of East Grand Forks youth and high school hockey, and the primary event center in our community. Through renovation and expansion, the Civic Center site will receive much needed upgrades to outdated building infrastructure such as parking lots, building accessibility, mechanical and refrigeration systems, and site amenities. Through community surveys, building users helped the City identify important areas of reinvestment in the Civic Center, to ensure that with upgrades, the building will continue to serve our community for years to come. Some of the proposed improvements include:

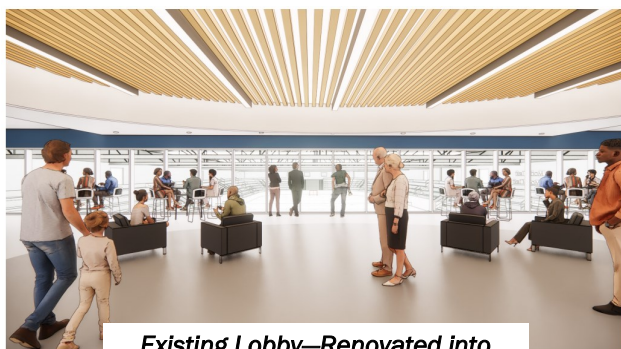
- New addition that will include five multi-use team dressing rooms at event floor level
- New lobby addition with common area access and elevator addition for ADA improvements
- 4,000 square foot space at spectator concourse level for potential future leasing tenant or use as a community fitness center
- Renovation of existing lobby entrance to become a useable meeting space/event center for community events and gatherings.
- Full size Synthetic Turf Baseball Field added to east side of Civic Center
  - Turf will be designed to allow for multiple uses ranging across many sports
  - Reconstruction of two youth baseball/fast pitch softball fields on the east side of the park

The above listed facility and site improvements at the Civic Center are planned for and conceptually designed with the following goals in mind:

- a. Building enhancements including mechanical and electrical system replacement and upgrades.
- b. Overall safety and access improvements to all areas of the facility.
- c. Site and parking improvements promoting accessibility, safety, and building maintainability.
- d. New and reconfigured ballfields to support program development and expanded offerings
- e. Improved ball field access and participant safety
- f. Spectator experiences through enhanced viewing and seating areas.



**Civic Center/Itt's Williams Park Site Plan**



**Existing Lobby—Renovated into  
Community Space & Viewing Area**



**New Shared Lobby  
accessing Ice Arena and Baseball Field**



## Project Site #2: VFW Memorial Arena/Blue Line Arena Site Improvements

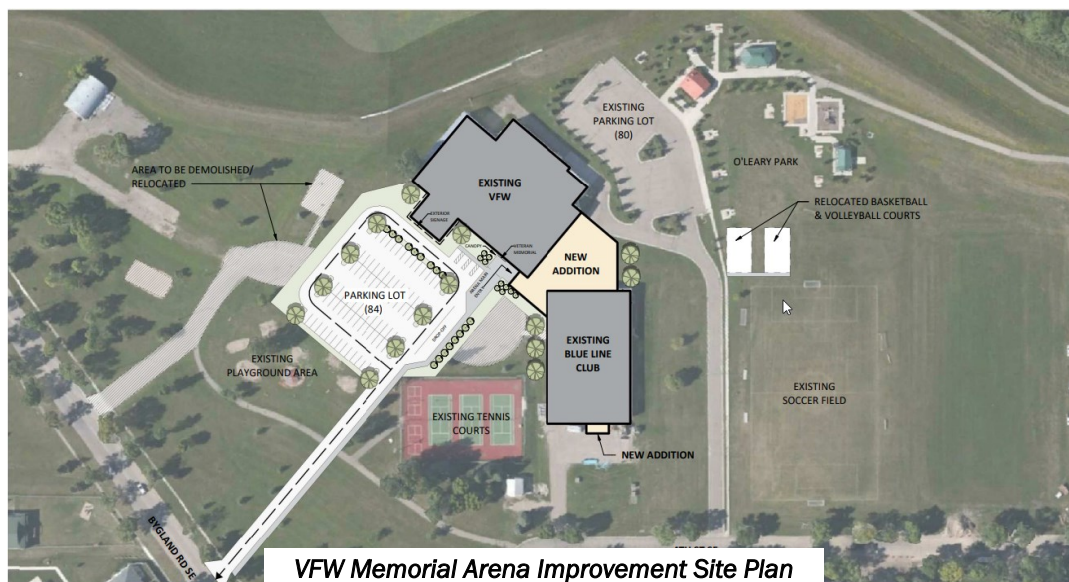
The VFW Memorial Arena, built in 1982, is the 2nd indoor ice arena in our community and serves as the home rink to more than 450 boys and girls youth figure skaters and hockey players. The VFW Memorial Arena resides in the south end neighborhood of East Grand Forks called “the Point,” and provides access to ice skating and hockey training for youth players from ages 4 and up throughout most of the year. In addition to on ice activities, it serves much of our community as a fitness center to walk laps and serve residents through various program in the non-ice season.

Required upgrades and improvements needed for continued viability as an indoor ice arena include:

- R-22 (Freon) Ice Plant and Rink Floor replacement with environmentally friendly refrigerant
- Exterior building grade and drainage improvements including re-clad metal and roof replacement
- Interior improvements to ADA code compliance, high efficiency boilers and air handlers for indoor air quality compliance
- Parking and site access improvements for ease of access and safety

In addition to improvements to the existing facility, proposed reinvestment plans to further meet the growing recreation needs of the community include:

- New addition to add common lobby entrance connecting the existing VFW and Blue Line Arenas
- Spectator enhancements through improved viewing and seating areas
- Improved community access to arena spaces for year round community health and wellness programming
- Community meeting spaces and multi-purpose rooms to serve Senior Citizen activities and community functions



## Regional Impact

We believe each of the proposed projects to be included in a referendum for a Local Sales Tax Option meet the criteria of providing a strong regional economic significance. Each project included will provide a direct benefit in improved quality of life to the residents of East Grand Forks by providing updated recreation facilities that include more modern amenities, increased safety, and improved function in their use. These projects will increase the usability of recreation facilities for our residents, and further drive economic growth by increasing traffic of visitors using these facilities from around the region. The use of a Local Sales tax is our communities best avenue to more closely distribute the cost of these projects to the users of the facilities. This regional impact and expected facility use is evidenced in a number of ways, including but not limited to the following:

- **Increased out of town attendance at local games and tournaments**

*It is estimated East Grand Forks hosts around 175 hockey games and skating competitions each winter. Our current ice and locker room space creates a difficult avenue for our community to host tournaments in a locally competitive market. With a renovated Civic Center that includes improved locker rooms, and an improved arena site connecting the VFW Memorial Arena and the Blue Line Arena creating an appealing two sheet complex with shared synergies, our ability to host tournaments will increase and we expect to host an additional 75 hockey games each season. This will include an additional 6-8 winter weekends, and 4-6 summer weekends with teams visiting our community and staying in our hotels, eating at our restaurants, and shopping at our stores.*

- **Addition of an indoor sport court/turf surfacing in non-ice season.**

*Indoor training space is at a premium in our region. The only facility similar to this at present in the East Grand Forks area is on the campus of the University of North Dakota, and space is limited due to their Division I teams. A community operated space of this nature will create new opportunity for practices and competitions in sports such as soccer, lacrosse, wrestling, youth flag football, and numerous youth recreation programs. Teams and recreation users young and old from East Grand Forks and throughout our region and beyond will benefit and make use of an indoor sports court being added to the Civic Center facility in the non-ice sport season (April through September).*

- **Ball Park improvements increase function and capacity for games and tournaments**

*High School Baseball and Softball teams in our region are met each spring with a question of when they can begin playing games, and what the field conditions will be like when they do get on their home field. It is not uncommon for teams from our area to rent turf field space in Fargo, ND or even as far away as Bismarck, ND to play their regular season games. The addition of turf playing surfaces in East Grand Forks will provide an immediate benefit to our young athletes, with longer playing seasons, and will bring teams from across the region to our community to make use of our fields. Much like our ice arena expansion plan, our ball field improvements plan to create a more viable 2<sup>nd</sup> baseball field at the Civic Center site, creating an opportunity to host tournaments, and further drive the local economy.*

- **Proven as a Regional Significant Community**

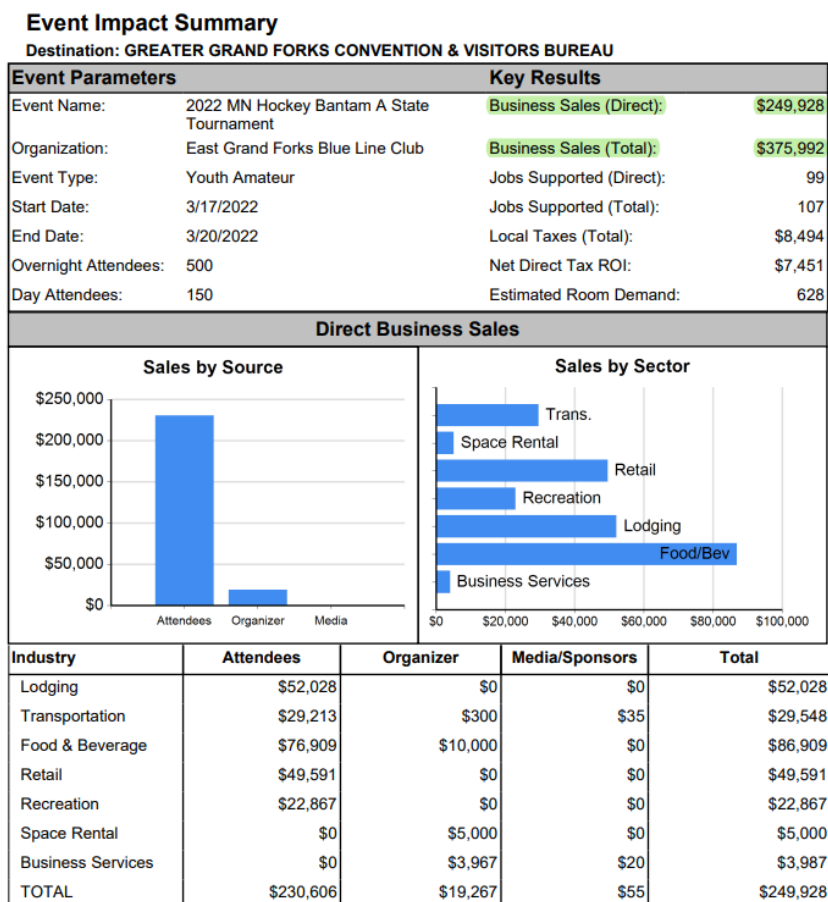
*East Grand Forks, the largest city in Polk County, has proven track record in recent years of offering regionally significant sports and recreation facilities, and that people will travel to make use of such offerings. In 2016, East Grand Forks Public Schools added a synthetic turf football field. Since it was built, this field has hosted inclement weather games for area communities such as Crookston, Warren-Alvarado-Oslo, Stephen-Argyle, and Fisher-Climax Schools. Each of these communities supporting the operation of the field by paying rent to use the space. The University of Minnesota-Crookston baseball program has rented turf field space as far away as Watford City, ND during the early spring baseball season. A turf baseball field in East Grand Forks will be an immediate option to support local high school and collegiate baseball games.*

*The East Grand Forks swimming pool, with renovations funded through Local Option Sales Tax, had season membership in 2021 from regional communities of Alvarado, Crookston, Thief River Falls, Warren, and more.*

## Economic Impact

The Greater Grand Forks Convention and Visitors Bureau (CVB) supports numerous special events and sports tournaments held in East Grand Forks each year, and has provided numerous services to help promote the successful execution of tournaments. As one of the primary resources to organizing events of a regional significance in our community, we've commissioned their support and feedback on the economic impact improved recreation facilities will have on our community and our region. While projected numbers are difficult to quantify, the CVB was able to provide a few projections of increased business traffic with added sports tournaments being a focus of our facility improvements.

Assuming an 8 team sports tournament is held in East Grand Forks, over the course of three days, the following Event Economic Impact can be expected:



### Impact Summary:

Improved ice arenas and baseball/softball facilities will create new opportunities for East Grand Forks to host numerous sports tournaments throughout the year, and in many sports. These added amenities will immediately impact our community as an economic driver by adding an additional 6-8 weekends a winter of hockey tournaments or figure skating competitions, as well as 3-4 summer weekends with youth baseball and softball tournaments. Direct Business sales from one eight (8) team tournament brings an expected \$250,000 in spending within our community. Hosting an additional 10-12 weekend tournaments a year in East Grand Forks is expected to create an additional \$2.5—\$3 Million in Direct Economic Impact to our community and our region.

The overall effort to create a balanced plan for recreation improvements which meets the needs of our residents, both young and old, will have a positive impact on our community and region which goes far beyond economics. Focusing our facility improvements on improved function, safety, and efficiency will have both immediate and long standing positive impact for our users. From skating on our rinks to cheering on our local 9 on the baseball and softball fields, our community is and will continue to be a place that people choose to live, raise their families, and prosper.

## Financial Overview

The City of East Grand Forks is rated as an Aa3 from Moody's Investor Service. In review of options for a Local Option Sales tax, we received estimates on General Obligation Sales Tax Revenue Bonds from Baker Tilly Municipal Advisors on the potential revenue earned through an option of a 1%, 1.25%, or a 1.5% local sales tax. In review of the potential for revenue, the City of EGF found a 1.25% local sales tax option to be a Sales Tax Collection that can provide a great benefit to our community while also garnering the needed local support for success. The par amount of project funds expected to be available through a 1.25% Local Option Sales Tax over 20 years is expected to be approximately \$21.5 Million to be used for construction of the two projects. With legislative support and local voter approval, the City of East Grand Forks would implement a 1.25% Local Sales tax collection to pay for the bond as part of the financial package to pay for the project in full.

In addition to the Local Option Sales tax, the City of East Grand Forks plans to work closely with partnering user groups, clubs and organizations to seek the necessary funds to fully support the repairs and improvements that best fit our community.

### ***Other Financial Considerations***

The City of East Grand Forks finance department reviewed the option of property tax increases to fund the necessary improvements to our recreation facilities and have found that a property tax increase would place a significant burden on our local home owners. As an example, the City has reviewed its capacity to seek a General Obligation Tax Abatement bond to fund these improvements. Based on the City's 2018/2019 Net Tax Capacity (NTC), the City could seek support of a GO bond up to \$15,360,000 spread over 20 years. It has been found this bond would place a substantial burden on our residents property taxes. It is estimated a \$225,000 home would see an annual increase of \$296 on their property taxes for the next 20 years. This type of increase could add exponential property tax burden to the residents of East Grand Forks, and place a greater tax burden on our community than an option for a Local Sales Tax.

### ***What does a Local Sales Tax mean to me?***

7.125% is the current Sales Tax on eligible purchases in the City of East Grand Forks. The proposed increase, upon approval by our voters, would bring the Local Option Sales Tax to a total of 8.375%. The proposed increase from the current 7.125% would effectively add \$.0125 cents to every dollar spent on eligible Sales in East Grand Forks.

### ***What does the proposed increase on Sales tax mean on my purchase?***

<i>Purchase Subtotal</i>	<i>Current 7.125% Sales Tax Purchase Total</i>	<i>Purchase Total w/ 8.375% Sales Tax</i>
\$1.00	\$1.07	\$1.08
\$10.00	\$10.71	\$10.84
\$100.00	\$107.13	\$108.38
\$1,000.00	\$1,071.25	\$1,083.75
\$100,000.00	\$107,125.00	\$108,375.00

### ***Local Option Sales Tax a good choice for East Grand Forks***

In East Grand Forks, we believe a Local Sales Tax is the best option for our community to have a voice, and make a clear and directed investment in themselves, in our community, and in the quality of life offerings for our residents and visitors. A significant step has been taken by the proven success of our already completed Swimming Pool renovation, and we are asking the Minnesota State Legislature to approve the proposed Local Sales tax option, and provide our community the opportunity to vote for the proposed investments in our facilities at the 2022 General Election.