

**CITY OF BRECKENRIDGE
RESOLUTION NO. 13014-7/2020**

RESOLUTION SUPPORTING THE AUTHORITY TO IMPOSE A LOCAL SALES TAX TO FUND SPECIFIC CAPITAL 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, community residents have engaged the City in discussions and have identified a Three Rivers Activity Complex; which will be approximately 120,000 square feet and is anticipated to encompass two ice rinks, two basketball courts, a play park, gymnastics area, arts center, and an overhead walking track with an estimated project cost of \$20,000,000;

WHEREAS, the Three Rivers Activity Complex will result in benefits to the residents and businesses of the City of Breckenridge, located in Wilkin County, Minnesota and its sister City of Wahpeton, located in Richland County, North Dakota, and to non-resident visitors and businesses; and,

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

WHEREAS, the Three Rivers Activity Complex is estimated to cost approximately \$20,000,000; of which approximately \$1,800,000 would come from a local sales tax in the City of Breckenridge; \$14,400,000 would come from a local sales tax in the City of Wahpeton, North Dakota, and the remainder would come from private funding; and,

WHEREAS, the estimated local sales tax revenue and estimated time needed to raise that amount of revenue for each project is as follows:

- The City of Breckenridge, Minnesota, will collect \$1,800,000 over 12 years.
- The City of Wahpeton, North Dakota, will collect \$14,400,000 over 12 years.

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

WHEREAS, the regional significance of the project is outlined below:

Being the county seats for Wilkin and Richland County and centrally located in the area, the sister cities of Breckenridge, Minnesota and Wahpeton, North Dakota attract many of the two-county residents into the community. Breckenridge's population in 2018 was roughly 3,199 with a total Richland and Wilkin County population of about 22,493. The total population between Wahpeton and Breckenridge was 10,952 in 2018 (American Community Survey- US Census Bureau).

The activities targeted to locate within the TRAC draw from multiple communities and school districts in order to form teams from the youth level through high school competition. Currently competitors come from as far south as Browns Valley (55 miles south of Wahpeton and Breckenridge), as far west as Milnor, ND (42 miles west of Wahpeton and Breckenridge), as far north as Christine, ND (25 miles north of Wahpeton and Breckenridge), and as far east as Foxhome (15 miles east of Wahpeton and Breckenridge).

Much of the space to be occupied in the TRAC will be from mature youth activity entities that have a strong operations history. It should also be pointed out that about a quarter of the square footage of the proposed project is just replacing current antiquated facilities that the youth activities are currently using in the community. Most of our youth activity programs have outgrown their current facility, and the facilities themselves are in a need of upgrading. In most cases, the current facility is land locked and cannot expand, and upgrades would have a diminishing return on investment.

When considering regional impact, one of the biggest draws to the TRAC might be the play park area, which could possibly be the largest indoor play park in the tri-state area. When you take into consideration the population base of the Fargo metropolitan area (245,471 people 2018 American Community Survey) and Ottertail County (58,329 people 2017 population per Otter Tail county website), there are over 300,000 people that live within a 50-mile radius of Wahpeton and Breckenridge.

Economic Impact

The assumptions are based on an economic impact study done by the Grand Forks Park Department when considering adding additional facilities. The numbers were updated to reflect the local market and are an estimate of what each participant and/or parent/family member would spend in the community when using the facility. Most of the day or multi-day events will create opportunities for our local lodging, restaurant, convenience stores, and retail stores.

With the addition of more ice rink space, both the hockey program and figure skating program would be able to offer tournaments and competitions that they have not had the opportunity to do in the past.

The addition of gym space will create an opportunity to add additional teams to the current volleyball and basketball tournaments that are being held in the community as well as new tournaments.

We plan to convert one of the ice arenas into a turf for a portion of the year. This would allow for youth football and baseball teams in the region to use the facility for training and practicing. This is especially important in the springtime when the baseball and softball diamonds are often too saturated to use.

The play park assumes 62,780 visitors from outside of the community per year, or approximately 173 a day. Determining the estimated number of people that would come to the play park each year was quite difficult, so the number used reflects what the Chahinkapa Zoo in Wahpeton

draws in on an annual basis. Since both facilities are and will be a big regional draw, we feel it is a good guidepost.

Summary

The combined cities of Breckenridge and Wahpeton are viewed as a destination location by many surrounding communities. With the proposed ice arenas, large play park, arts center, basketball courts that can be used for pickle ball and volleyball, and the overhead walking track, the TRAC would greatly enhance our existing offering of activities and events for people of all ages. Below is a summary of the economic benefit to residents, visitors, and businesses in our community:

Economic benefit to residents

- Increased opportunities to enhance quality of life.
- Stabilization of existing businesses with potential creation of additional businesses.
- Opportunity for adults transitioning out of employment into retirement to relocate to Wahpeton/Breckenridge because of increase in amenities appealing to their age group, e.g. medical care, access to basic living necessities (grocery store); transitional housing (assisted living facilities).
- A physical and social gathering space for friends, families, neighbors and other networks that contribute to our practical and emotional needs, enhance mental well-being, help us navigate the challenges of life and reinforce healthy behavior. People with a stronger sense of efficacy, belonging and social connectedness tend to live healthier, happier lives.

Economic benefit to visitors

- Events and activities will be a draw/destination for visitors from the region, which will in turn affect the hospitality industry and local businesses.
- Exposure of visitors to our community and opportunities for relocation for employment purposes, to attend post-secondary school (NDSCS), or to become residents here.

Economic benefit to business

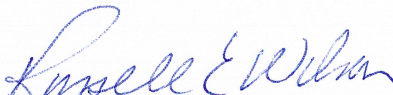
- Additional amenities to attract workforce either by the visitors exposed to our communities or a recruitment tool when looking for the skilled workforce to relocate.
- Additional amenities to retain skilled and qualified workforce.
- A conservative estimate of over \$1,000,000 in additional sales per year in our local hotels, restaurants, retail stores, and gas stations will be generated by the expanded capacity to hold larger and additional events at the proposed Three Rivers Activity Center. This impact will help sustain current businesses in the area and aid in attracting new businesses to the region.

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;

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Breckenridge, Minnesota as follows:

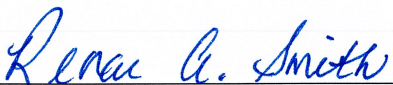
1. The City council supports the authority to impose a general local sales tax of 1% for a period of 12 years to fund the aforementioned Three Rivers Activity Complex;
2. Upon approval of this resolution, the City will submit the adopted resolution and documentation of regional significance to the chairs and ranking minority members of the House and Senate Tax 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.
4. The City will put a detailed ballot question(s) on a general election ballot for local voter approval. This will be done within two years of receiving legislative authority.
5. If the ballot question passes, the City will also pass an ordinance imposing the tax and will 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 12 years or until a sum sufficient to fund the City of Breckenridge's portion of the voter approved Three Rivers Activity Complex, including related debt costs, is raised, whichever comes first.

Adopted this 27th day of January, 2020.



RUSSELL E. WILSON, Mayor

ATTEST:



RENAE A. SMITH, City Administrator