

FAIRMONT CITY COUNCIL COMMUNITY CENTER WORKSHOP

Monday, March 8, 2021, 4:00 p.m.

1. Community Center



**Fairmont City Council – Work Session
March 8, 2021**

From: Cathy Reynolds, City Administrator
To: Mayor and City Council

Subject: Discussion on Potential Community Center

Policy/Action Requested: N/A

Vote Required: ____ Simple Majority ____ Roll Call

Recommendation: N/A

Overview:

In June 2016 the City Council approved hiring Bolton and Menk to complete a Feasibility Study on a proposed Regional Wellness Center. Since that time the City Council has taken various actions in furtherance of a potential Community Center. This work session will focus on the following items:

- 1) Review of the City Council actions to date. A timeline of actions taken is attached.
- 2) Discuss the work of the Community Center Committee working under agreement with the Southern Minnesota Initiative Foundation and the plans developed by them to date.
 - a. Community Center Committee update.
 - b. Current drawings are attached to this control sheet and include the general
 - i. Phase 1 included amenities: Field House, Cardio/Weights Room, Aquatics, Group Fitness Room, Child Watch Room, Meeting Room, Administration and Locker Rooms
 - ii. Phase 2 includes the possibility for an ice rink with one or two sheets of ice.
 - c. The 2019 preliminary cost estimate for Phase 1 work is \$19,968,000. Estimate attached.
 - d. Coordination efforts with the YMCA to date.
- 3) Discussion of the finances for the project. See attached Community Center Funding Memo
 - a. Local Option Sales Tax
 - b. State Bonding
- 4) Path Forward Discussion.
 - a. The Community Center Committee is beginning their fundraising efforts in accordance with Council Resolution 2019-58. As this begins staff needs to begin working on plans for the Community Center. Staff is seeking Council's guidance during the work session on what direction they see the community center taking. Key discussion areas include:
 - i. Design Concept
 - ii. Operating Agreement
 - iii. Financing
 - iv. Land
 - v. Request for Proposal Development

Budget Impact:

Attachments:

1. Community Center Timeline
2. Laws of Minnesota 2017, 1st Special Session, Chapter 1, Article 5, Section 19 – Local Option Sales Tax
3. Ordinance 2019-16 - Adopting Local Option Sales Tax
4. Resolution 2019-58 – Community Center Funding Commitment
5. Community Center Committee Site Plan
6. Community Center Committee 2019 Preliminary Cost Estimate
7. Community Center Funding Memo

Council Action: _____

Date: _____

Community Center Timeline

Date	Action	
June 13, 2016	Resolution 2016-19	Authorized entering into a contract with Bolton and Menk to prepare a feasibility study on a proposed Regional Wellness Center
	Resolution 2016-20	Authorized a referendum during the 2016 General Election proposing a half-cent local option sales tax.
	Motion	Approval of \$5000 AgStar grant to be utilized for the Regional Wellness Center Feasibility Study
October 10, 2016	Motion	Presentation and acceptance of Bolton & Menk Community Center Feasibility Study
November 8, 2016	Election	Question: Shall the City of Fairmont be authorized to impose a local option sales tax of one-half of one percent (1/2%) for 25 years or until \$15,000,000 in revenues have been generated for the purpose of funding recreational amenities, trails, and/or a Fairmont Community Center. Election Results: Yes: 3032, No: 1923
May 30, 2017	Governor Action	Laws of Minnesota 2017, 1st Special Session, Chapter 1, Article 5, Section 19 signed by Governor. Tax must be used for constructing and funding recreational amenities, trails, and a community center.
June 26, 2017	Public Hearing	On Ordinance 2017-06 adopting a one-half percent sales tax
	Ordinance 2017-06	Approval of one-half cent sales tax. Proceeds to be used for 1) Constructing and funding recreational amenities; 2) constructing and funding a trail system, and 3) Constructing and funding a community center. Expiration, earlier of: 1) 25 years after first imposed, 2) December 31, 2042, 3) when \$15,000,000 plus an amount sufficient to pay the costs related to issuing the bonds authorized by the act and ordinance, including interest, has been received, or 4) at such earlier time the City determines by ordinance.
September 11, 2017	Presentation	Community Center Committee requested funding of \$125,000 to hire Tegra Group to help guide and manage the process of planning, building, and operating a Community Center. - No action was taken
October 9, 2017	Motion	Approved \$125,000 for a community center business plan and placed the funds with the Southern Minnesota Initiative Foundation (SMIF) as the administrator.
January 9, 2018	Community Center Committee	Community Center Committee hires Architect/Engineer
February 13, 2018	Community Center Committee	Community Center Committee hires Construction Manager
September 6, 2018	Community Center Committee	Ballard King Feasibility Report delivered per contract with Community Center Committee
September 17, 2018	Work Session	Discuss 1) Business Plan in general, ownership, operations and construction, 2) Funding options (LOST, Bonding) 3) 2019 budget.
September 24, 2018	Presentation	Community Center Committee presentation on work to date
	Motion	Approved allocating \$600,000 of the local option sales tax to the community center annually
	Motion	Approved that the community center is not eligible for financial support from the liquor store funds.
	Resolution 2018-30	Delayed approval of resolution 2018-30 for 60 days. Resolution commits \$14,000,000 for the construction of the community center when the community center committee raises an additional \$10,700,000 pledged to the construction
November 26, 2018	Community Comment	Letter presented signed by 79 Fairmont business owners who oppose the community center and the competition with existing Fairmont businesses.
	Resolution 2018-30	Approved delay of vote on resolution until after the public forum. (Public forum was scheduled December 5, 2018 at the Opera House)
December 5, 2018	Forum	Community Center forum at the Opera House
February 25, 2019	Motion	Authorized entering into a MOU with the YMCA of Albert Lea and Worthington. Authorized \$45 per hour payment to YMCA. City to reimburse for the YMCA for: 1) staff time spent researching the current status of recreational programming in the City of Fairmont and developing potential programming for a Community Center, 2) time and expenses involved in developing a working plan to achieve the goals outlined in the MOU.

August 12, 2019	Update	YMCA is currently working on an operating schedule and some programming.
September 16, 2019	Work Session	No information exists on work session
October 14, 2019	Public Hearing	Ordinance 2019-16 replacing ordinance 2017-06.
		Approved Ordinance 2019-16. Approved one-half cent sales tax. Proceeds to be used for 1) Constructing and funding recreational amenities; 2) constructing and funding a trail system, and 3) Constructing and funding a community center.
	Ordinance 2019-16	Expiration, earlier of: 1) 25 years after first imposed, 2) when City Council determines an amount of \$15,000,000 plus an amount sufficient to pay the costs related to issuing the bonds authorized by the act and ordinance, including interest, to pay for all the capital and administrative costs directly related to completing the designated projects. Any funds remaining can be placed in the general fund. - New expiration language matches State law
December 2, 2019	Work Session	No information exists on work session
December 9, 2019	Resolution 2019-58	Approved. Commit \$14,000,000 to construction of Community Center when the CC Committee raises an additional \$6,000,000 in pledges to the Community Center. Contingent on the YMCA operating the facility and entering into a lease agreement with the city
	Motion	Approved use of up to \$50,000 of local option sales tax funding for the YMCA subject to entering into a consulting services agreement in a form acceptable to the city. Also contingent on the compliance with the Laws of Minnesota 2017, 1st Special Session, Chapter 1, Article 5, Section 19. - Monthly payments to YMCA started, but no contract developed or signed.
March 9 2020	Update	YMCA provided an update to Council
June 8, 2020	Update	YMCA sent a letter to Council that they would be pulling back from programming due to COVID. The monthly payments stopped.

Sec. 19. CITY OF FAIRMONT; LOCAL TAX AUTHORIZED.

Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes, section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city charter, and as approved by the voters at the general election of November 8, 2016, the city of Fairmont may impose, by ordinance, a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. Use of sales and use tax revenues. The revenues derived from the tax authorized under subdivision 1 must be used by the city of Fairmont to pay the costs of collecting and administering the tax and to finance the capital and administrative costs of constructing and funding recreational amenities, trails, and a community center. The total that may be raised from the tax to pay for these projects is limited to \$15,000,000, plus the costs related to the issuance and paying debt service on bonds for these projects.

Subd. 3. Bonding authority. (a) The city of Fairmont may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$15,000,000, plus an amount to be applied to the payment of the costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the city of Fairmont, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the city of Fairmont, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. Termination of taxes. The tax imposed under subdivision 1 expires at the earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines that \$15,000,000, plus an amount sufficient to pay the costs related to issuing the bonds authorized under subdivision 3, including interest on the bonds, has been received from the tax to pay for the cost of the projects authorized under subdivision 2. Any funds remaining after payment of all such costs and retirement or redemption of the bonds shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Fairmont and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ORDINANCE NO. 2019-16

AN ORDINANCE TO DELETE AND REPLACE IN ITS ENTIRETY ORDINANCE NO. 2017-06, ADOPTING A ONE-HALF PERCENT SALES AND USE TAX FOR THE CITY OF FAIRMONT, MINNESOTA

WHEREAS, the Minnesota Legislature has, by Laws of Minnesota 2017, 1st Special Session, Chapter 1, Article 5, Section 19, authorized the City of Fairmont to impose a one-half percent sales and use tax for the City of Fairmont; and,

WHEREAS, the one-half percent sales and use tax was approved by the City in accordance with applicable law, and by a majority of the voters at the November 8, 2016 general election; and,

WHEREAS, the Fairmont City Council adopted Ordinance No. 2017-06 authorizing the adoption of a one-half percent sales and use tax for the City of Fairmont on June 26, 2017; and,

WHEREAS, the Minnesota Department of Revenue has requested cities who have a sales and use tax ordinance currently in place to update their sales and use tax ordinance to aid the Department of Revenue in more effectively collecting the taxes generated by the sales and use tax.

NOW THEREFORE THE CITY OF FAIRMONT DOES ORDAIN, that City of Fairmont Ordinance No. 2017-06 be deleted in its entirety and replaced as follows:

Section 1.

LOCAL SALES AND USE TAX

Section 1. Authority. Pursuant to Laws of Minnesota 2017, 1st Special Session, Chapter 1, Article 5, Section 19, the Minnesota Legislature has authorized the City of Fairmont to impose a local sales and use tax to provide revenues to pay the costs of collecting and administering the tax to the commissioner of revenue of the state of Minnesota and to finance the capital and administrative costs related to the funding of designated projects as defined in Laws of Minnesota 2017, 1st Special Session, Chapter 1, Article 5, Section 19, Subdivision 2, and approved by a majority of the voters at the November 8, 2016 general election.

Section 2. Definitions. For purposes of this chapter, the following words, terms, and phrases have the meanings given them in this section unless the language or context clearly indicates a different meaning is intended.

(a) **City.** “City” means the City of Fairmont, Minnesota.

(b) **Commissioner.** “Commissioner” means the commissioner of revenue of the state of Minnesota or a person to whom the commissioner has delegated functions.

(c) **Designated projects.** “Designated projects” means the constructing and funding of recreational amenities, a trail system, and a community center, as authorized by the Minnesota Legislature in Laws of Minnesota 2017, 1st Special Session, Chapter 1, Article 5, Section 19, Subdivision 2 and approved by the voters at the November 8, 2016 general election.

(d) **State sales and use tax laws and rules.** “State sales and use tax laws and rules” means those provisions of the state revenue laws applicable to state sales and use tax imposition, administration, collection, and enforcement, including Minnesota Statutes, chapters 270C, 289A, 297A, and Minnesota Rules, chapter 8130, as amended from time to time.

Section 3. Local sales and use tax imposed; amount of tax; coordination with state sales and use tax laws and rules. A local sales tax is imposed in the amount of one-half percent on the gross receipts from sales at retail sourced within city limits which are taxable under the state sales and use tax laws and rules. A local use tax is imposed in the amount of one-half percent on the storage, use, distribution or consumption of goods or services sourced within city limits which are taxable under the state sales and use tax laws and rules. All of the provisions of the state sales and use tax laws and rules apply to the local sales and use tax imposed by this chapter. The local sales and use tax imposed by this chapter shall be collected and remitted to the commissioner on any sale or purchase when the state sales tax must be collected and remitted to the commissioner under the state sales and use tax laws and rules and is in addition to the state sales and use tax.

Section 4. Effective date of tax; transitional sales. Except as otherwise provided herein, the local sales and use tax imposed by this chapter shall apply to sales and purchases made on or after October 1, 2019. The local sales and use tax imposed by this chapter shall not apply to:

(a) The gross receipts from retail sales or leases of tangible personal property made pursuant to a bona fide written contract, which unconditionally vests the rights and obligations of the parties thereto, provided that such contract was enforceable prior to October 1, 2019, and that delivery of the tangible personal property subject thereto is made on or before October 1, 2019.

(b) The gross receipts from retail sales made pursuant to a bona fide lump sum or fixed price construction contract, which unconditionally vests the rights and obligations of the parties thereto and which does not make provision or allocation of future taxes, provided that such contract was enforceable prior to October 1, 2019, and that delivery of the tangible personal property used in performing such construction contract is made before April 1, 2020.

(c) The purchase of taxable services, including utility services, if the billing period includes charges for services furnished before and after October 1, 2019, but the local sales and

use tax imposed by this chapter shall apply on the first billing period not including charges for services furnished before October 1, 2019.

(d) Lease payments for tangible personal property and motor vehicles that includes a period before and after October 1, 2019, but the local sales and use tax imposed by this chapter shall apply on a prorated basis to lease payment amounts attributable to that portion of the lease payment period on or after October 1, 2019 and on the entire lease payment for all lease payment periods thereafter.

Section 5. Tax Clearance; Issuance of Licenses.

(a) The city may not issue or renew a license for the conduct of a trade or business within the city if the commissioner notified the licensing division of the city that the applicant owes delinquent city taxes as provided in this chapter, or penalties or interest due on such taxes.

(1) City taxes include sales and use taxes provided in this article. Penalties and interest are penalties and interest due on taxes included in this definition.

(b) Delinquent taxes does not include a tax liability if: (i) an administrative or court action which contests the amount or validity of the liability has been filed or served, (ii) the appeal period to contest the tax liability has not expired, or (iii) the applicant has entered into a payment agreement and is current with the payments.

(c) Applicant means an individual if the license is issued to or in the name of an individual or the corporation or partnership if the license is issued to or in the name of a corporation or partnership.

(1) A copy of the notice of delinquent taxes given to the licensing division of the city shall also be sent to the applicant taxpayer. In the case of renewal of a license, if the applicant requests in writing, within 30 days of receipt of the notice of hearing, then, a contested hearing shall be held under the same procedures as provided in Minn. Stat. 270A for the state sales and use tax imposed under Minn. Stat. 297A; provided further that if a hearing must be held on the state sales and use tax, hearings must be combined.

Section 6. Deposit of revenues; costs of administration; termination of tax.

(a) All of the revenues, interest, and penalties derived from the local sales and use tax imposed by this chapter collected by the commissioner and remitted to the city shall be deposited by the city finance director in the city treasury and shall be credited to the fund established to pay the costs of collecting the local sales and use tax imposed by this chapter and to finance the capital and administrative costs directly related to completing the designated projects.

(b) The local sales and use tax imposed by this chapter shall terminate at the earlier of: (1) twenty-five (25) years after the Fairmont Sales and Use Tax is first imposed; or (2) when the City Council determines that fifteen million dollars (\$15,000,000.00), plus an amount sufficient to pay the costs related to issuing bonds and interest on the bonds has been received from the local sales and use tax imposed by this chapter to pay for all the capital and administrative costs directly related to completing the designated projects. Any funds remaining after payment of all such costs and retirement or redemption of the bonds shall be placed in the general fund of the city. The local sales and use tax imposed by this chapter may terminate at an earlier time if the City Council so determines by ordinance.

Section 7. Agreement with the commissioner. The city may enter into an agreement with the commissioner regarding each party's respective roles and responsibilities related to the imposition, administration, collection, enforcement, and termination of the local sales and use tax imposed by this chapter. Any such agreement shall not abrogate, alter, or otherwise conflict with the state sales and use tax laws and rules, this ordinance, or Laws of Minnesota 2017, 1st Special Session, Chapter 1, Article 5, Section 19.

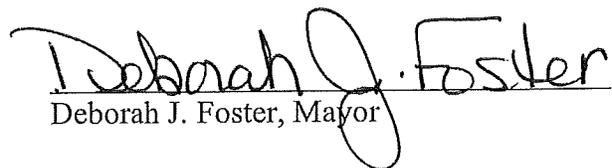
Section 8. Summary publication. The following summary is approved by the City Council and shall be published in lieu of publishing the entire ordinance pursuant to Minnesota Statutes section 412.191:

Pursuant to a voter-approved referendum, the city is authorized to and will impose a local sales and use tax of one-half percent on retail sales made after October 1, 2019 to be used to fund certain designated projects related to the constructing and funding of recreational amenities, a trail system, and a community center.

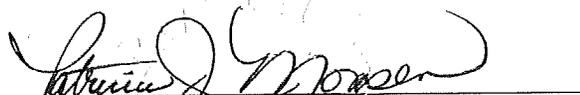
Section 9. This Ordinance shall be in full force and effect from and after its passage and publication.

PASSED, APPROVED AND ADOPTED this 14th day of October 2019.

Motion by: Council Member Bruce Peters
Seconded by: Council Member Tom Hawkins
All in Favor: Council Members Ruth Cyphers, Wayne Hasek, Tom Hawkins, Randy Lubenow and Bruce Peters
Opposed: None
Abstained: None
Absent: None


Deborah J. Foster, Mayor

ATTES:


Patricia J. Monsen, City Clerk

RESOLUTION NO. 2019-58

STATE OF MINNESOTA)
COUNTY OF MARTIN) SS
CITY OF FAIRMONT)

WHEREAS, the citizens approved a ballot question for a Local Option Sales Tax, and the City Council allocated \$600,000 of the tax annually to construction of a Community Center; and,

WHEREAS, the Local Option Sales Tax will raise approximately \$15,000,000 over 25 years; and,

WHEREAS, the cost of constructing the Community Center is estimated to be \$20,000,000; and,

WHEREAS, financing for the Community Center construction will require funding from sources in addition to the Local Option Sales Tax and Tax Levy; and,

WHEREAS, the success of a Community Center will depend upon broad based community support; and,

WHEREAS, the City will commit \$14,000,000 for the construction of the Community Center contingent on the Community Center Committee raising an additional \$6,000,000 pledged to the Community Center.

WHEREAS, the City will commit \$14,000,000 for the construction of the Community Center contingent on the YMCA operating the facility and entering into a lease agreement with the City.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAIRMONT, MINNESOTA, the City of Fairmont will commit \$14,000,000 for construction of a Community Center when the Community Center Committee has raised an additional \$6,000,000 pledged to the construction of the Community Center and the YMCA has committed to operating the facility.

Motion by: Council Member Randy Lubenow
Seconded by: Council Member Ruth Cyphers
All in favor: Council Members Tom Hawkins, Randy Lubenow and Ruth Cyphers
Opposed: Council Members Bruce Peters and Wayne Hasek
Abstained: None
Absent: None

ADOPTED by the City Council this 9th day of December 2019.


Deborah J. Foster, Mayor

ATTEST:


Patricia J. Monsen, City Clerk



FAIRMONT COMMUNITY YMCA
 MAIN ENTRANCE VIEW

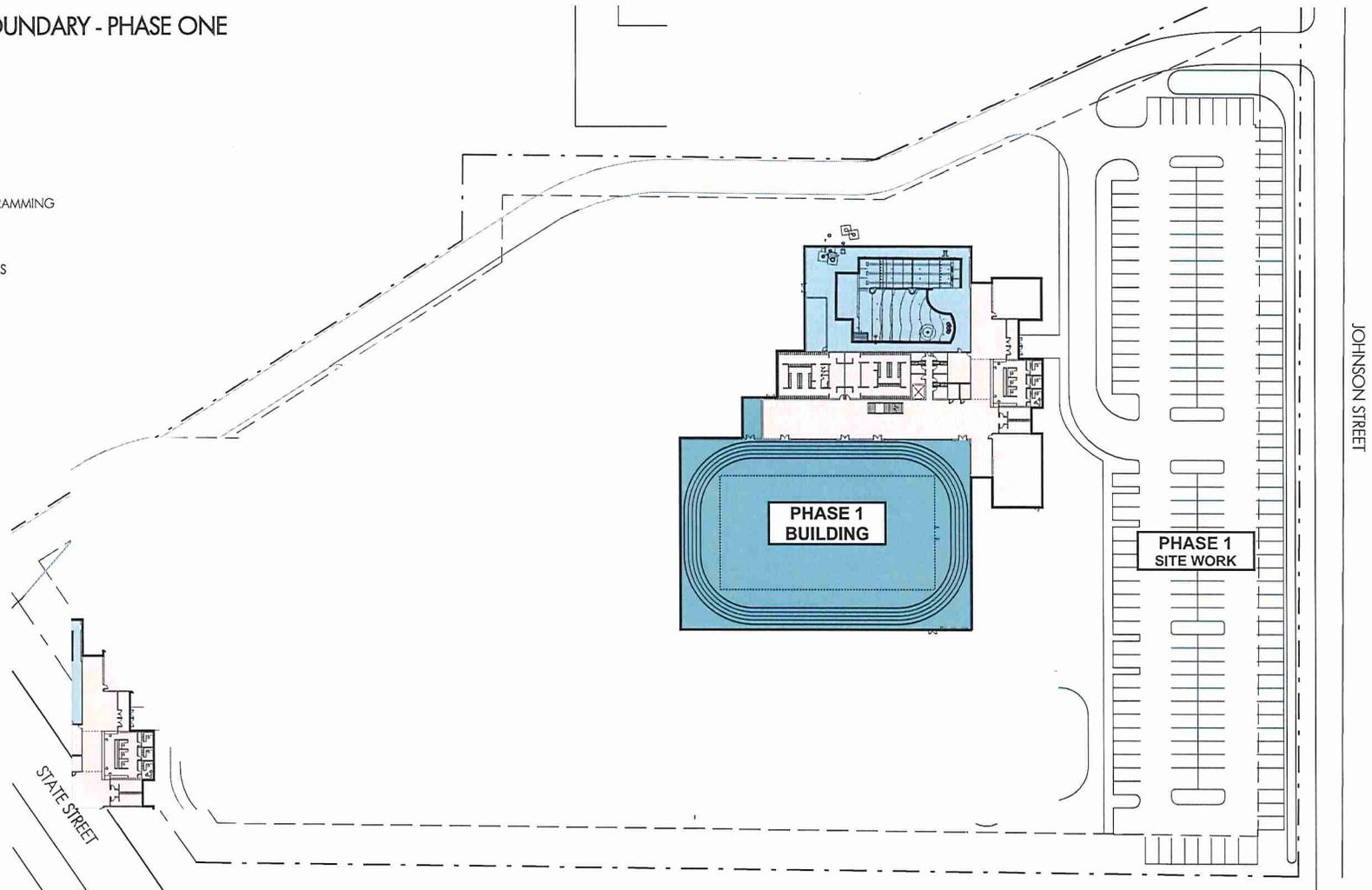
AUGUST 06, 2018 | JLG 17212 | © 2018 JLG ARCHITECTS



EXPANDED SITE BOUNDARY - PHASE ONE

PARKING: 185 STALLS
 STORM BASIN: 16,000 SF
 BUILDING AREA: 72,000 SF

ENTRANCE LOBBY
 ADMINISTRATION
 FIELD-HOUSE
 LOCKERS
 CHILD-WATCH
 MEETING ROOM/SENIOR PROGRAMMING
 GROUP FITNESS ROOM (MEZZ.)
 CARDIO & WEIGHTS (MEZZ.)
 AQUATICS
 MEETING/MULTI-PURPOSE ROOMS



FAIRMONT COMMUNITY CENTER

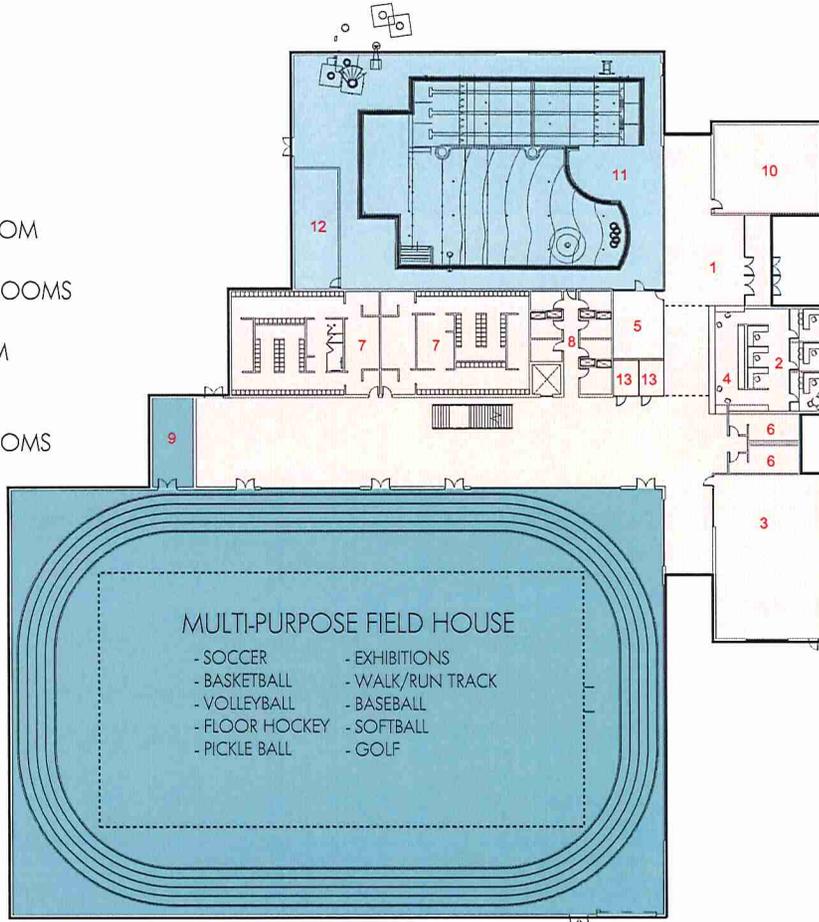
SITE PLAN

SEPTEMBER 3, 2019 | JLG 17212 | © 2019 JLG ARCHITECTS

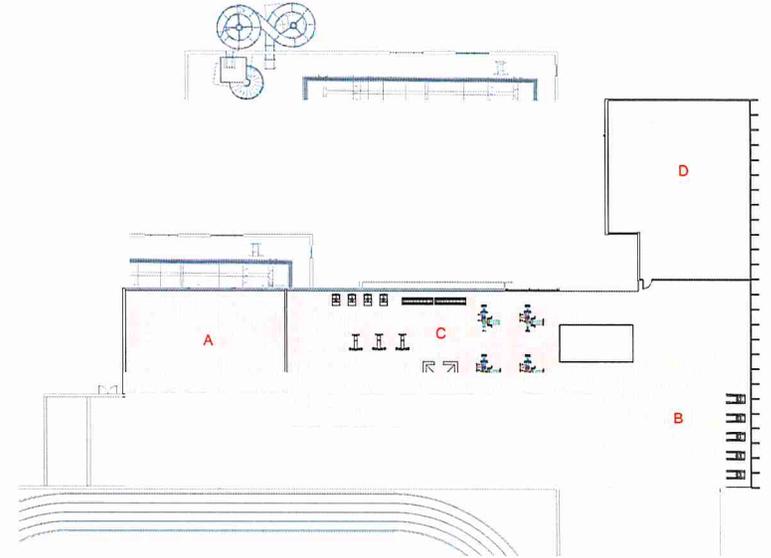


ROOM LEGEND:

1. LOBBY
2. ADMIN
3. CHILD WATCH
4. CONCESSIONS
5. CONCESSIONS
6. COMMUNITY ROOM
7. LOCKER ROOMS
8. FAMILY LOCKER ROOMS
9. STORAGE
10. MEETING ROOM
11. AQUATICS
12. MECHANICAL
13. MAYO EXAM ROOMS



FIRST FLOOR



SECOND FLOOR

ROOM LEGEND:

- A. MULTI-PURPOSE
- B. CARDIO
- C. WEIGHTS
- D. LARGE FITNESS STUDIO

FAIRMONT COMMUNITY CENTER

FLOOR PLANS

SEPTEMBER 3, 2019 | JLG 17212 | © 2019 JLG ARCHITECTS



Fairmont Community Center- Preliminary Cost Estimate

9.11.19

Item	Estimated Cost	Comments
Construction	\$ 17,112,703	8.9.19 RJM Estimate
FF&E	586,500	8.3.19 TEGRA Estimate
AE fees	1,112,326	6.5% of construction
Owner Rep	390,500	2% of net total project cost
Testing, QC	50,000	
Contingency	715,971	3.6 % of project cost
	<u>\$ 19,968,000</u>	
	\$ 45,000	Additional Contingency -Remaining balance Step One



MEMORANDUM

TO: Mayor and Council
FROM: Paul Hoyer, Finance Director
DATE: February 24, 2021
SUBJECT: Community Center Funding

In the summer of 2016, the city council voted to pursue a local option sales tax to help fund a community center. The ballot language read "Shall the City of Fairmont be authorized to impose a local option sales tax of one-half of one percent (1/2%) for 25 years or until \$15,000,000 in revenues have been generated, for the purpose of funding recreational amenities, trails and/or a Fairmont Community Center?" On November 8, 2016 Fairmont voters approved the local option sales tax with 61.19% of voters approving. The legislative authorization language approved by the State of Minnesota had a slight change in the language from the original ballot. The legislation authorized the City to impose a 1/2% sales tax which would expire at the earlier of 25 years, or when the city council determined that \$15,000,000, plus an amount sufficient to pay the costs related to issuing bonds, including interest on the bonds has been received. If these revenues continue, the City will receive enough revenue to cover a \$15,000,000 bond issue during the 25-year period.

The City received its first sales tax payment in December of 2017, so the 1/2% sales tax would expire in December 2042. The City has been averaging \$860,000 per year in sales tax revenue since its inception, and it was over \$960,000 in 2020. This is enough revenue to cover a \$15,000,000 bond issue.

The City has paid expenses out of the sales tax, including \$125,000 provided to SMIF for the community center committee for a business plan and \$20,000 to the YMCA for programming. An additional \$150,000 is budgeted to be expended this year on the Amber Lake boat landing and parking. These revenues will be subtracted from the total revenues received and will leave us short of the amount needed for a \$15,000,000 bond. If the city council would like to continue to use the sales tax for other recreational amenities, we would need to lower the amount of the bond issue accordingly.

We will be able to discuss this further during our upcoming work session.