FINANCE SUBCOMMITEE

December 1, 2020

Due to the ongoing situation with COVID-19 and pursuant to H.B. 197, this Community Center Feasibility Task Force, Facilities & Partnerships Sub-Committee Meeting was convened remotely via video-conference using Zoom.

This meeting was called to order by Chair Rule at 12:00 p.m.

SUBCOMMITTEE MEMBERS PRESENT:	Subcommittee Chairperson Matt Rule, Linda Mauger, Brian Perera, Todd Walter
SUBCOMMITTEE MEMBERS ABSENT:	None
TASK FORCE MEMBERS PRESENT:	Greg Comfort, Margie Pizzuti, Linda Moulakis, Bill Westbook, Diana Albrecht, Mary Duchi
STAFF PRESENT:	City Manager Steve Schoeny, Assistant City Manager Dan Ralley, Community Affairs Director Emma Speight, Parks & Recreation Director Debbie McLaughlin, Parks Planning & Development Manager Jeff Anderson, Economic Development Director Joe Henderson, Finance Director Brent Lewis, Assistant Finance Director Jon Lindow
CONSULTANTS PRESENT:	Leon Younger, Nancy Weir

1. Approval of the Minutes from November 17, 2020 Meeting

Brian Perera moved to approved the minutes of the November 17, 2020 meeting.
Linda Mauger 2nd the motion. All members voted in favor.

2. General Discussion and Questions

Discussion of the impact of the debt necessary to build a community center on the City's bond AAA bond rating. Brent Lewis, discussed the unknowns with bond ratings and the possibility that issuing all of the debt necessary for the Kingsdale project and community center along with Gateway could impact the City's bond rating. Lewis noted that one could argue that these projects are what a AAA rated city should be doing, but it is possible that the amount of debt will negatively impact the City's overall rating.

Subcommittee members discussed at length the potential wording of the impact on bond ratings to ensure that the City is able to conduct future borrowing at competive rates for general infrastructure. Todd Walters agreed to finesse this language in part c of the recommendations.

There was also discussion about the office space, estimated to add $10M to capital construction costs. The City clarified that the cost of the office space was not included in the $40M anticipated bond issuance and would be considered separately by City Council. The sub-committee discussed that they had not reviewed the office lease proforma and did not have enough information to advise the broader committee on the feasibility of the anticipated office space capital structure or ongoing operating situation.

3. Recommendations

Matt Rule presented an outline of draft recommendations that the committee discussed and made edits to for clarity and intent. Items highlighted reflect areas where committee members were not comfortable with the proposed language and further edits were needed.

Capital Stack:

a. In light of the current and projected availability of other funding sources, it is not recommended that an increase in property taxes be pursued to fund construction costs
b. Leveraging TIF proceeds, community center office lease revenue and bed tax to pay debt for a community center appears to be an appropriate use of these ongoing funding streams
c. Utilizing existing excess City reserves (reserves in excess of the 30% operating expenses threshold recommended by City Council) for capital funding would be appropriate so long as it does not prevent future borrowing at competitive rates.
d. Philanthropic dollars should be pursued to leverage debt proceeds, with a goal of 10% of total capital costs for the community center.

4. Operating Budget:
   a. A business model based on competitive and market rate membership rates and programming of spaces to meet cost recovery goals should be pursued.
   b. The City should aggressively pursue a cost recovery model of not less than 85%, pre-operating subsidy
   c. It is appropriate for the City's historical operating funding for the recreational services portion of Parks and Recreation (approximately $500,000 per annum currently) to continue to continue funding services at the community center if necessary.
   d. The community center pro forma should include significant annual contributions for future capital expenditures (reserve for replacement)
   e. We would recommend tiered resident fee participation levels, with a particular emphasis on options to accommodate our resident seniors
   f. In an effort to serve residents of all socioeconomic means, the creation of a scholarship fund utilizing a dedicated budgeted annual line item is recommended

5. Partnerships:
   a. Partnerships to enhance program offerings and operations funding are encouraged.

4. Public Comment

None

* * *

The meeting was adjourned at 1:35 p.m.

Chairperson

ATTEST: ______________________

Secretary