

## Ice Arena and Recreation Facility Improvement Project Planning Frequently Asked Questions

The below listed questions have frequently been asked of City Staff or found on Social Media posts in regard to the Ice Arena Feasibility Study and potential of a local Sales Tax for recreation projects. In an effort to provide a full understanding of our planning process for the discussed improvements to our Ice Arenas and Recreation Facilities this FAQ list was developed and answered by City of EGF Parks & Recreation and Finance Administration staff. It will be updated as new information is discussed and received.

### 1. Why is the City considering improvements to its Ice Arena(s) and other Recreation Facilities?

The Civic Center, opened in 1974, and the VFW Arena, opened in 1982, are buildings which have served our community very well for many years. Each of them has equipment and space which have had little or no updates made to them over their life and are due for improvements. One of the most important aspects of these being the Ice Systems (which freeze our ice sheets) have aged R22 cooled Ice Systems that are in need of replacement. These ice systems are expensive to replace, and the knowledge of that upcoming expense has spurred the Parks & Recreation Department and City Council to want to look further at all of its facilities to ensure we have a plan going forward that is best fit to serve the needs of our residents long into the future, by connecting our community, promoting quality of life, and even boosting our local economy.

At the June 18, 2019 City Council Meeting, JLG Architects was hired to conduct a Building Review and Ice Arena Feasibility Study. The goal of this study was to look further at any deferred maintenance at our arenas, and provide the City Council with a cost estimate for improvements in these buildings. In the study JLG also reviewed the possibility of an expansion of the Civic Center to include a new ice arena. This Feasibility Study was presented to the City Council at its work session on November 12, 2019.

In addition to the discussion on an Ice Arena project, the City, Parks & Recreation staff, and recreation user groups have discussed the need for improvements in the LaFave Park area, including boat access on the Red River, improvements to our communities baseball and softball fields, and the need for more funds in the future to ensure the paved trails in our Greenway system can be re-paved and maintained for years to come.

### 2. Why is the city considering replacing the Ice Systems in our arenas?

Each of the city ice arenas in question are in need of expensive repairs and Ice system replacement due to their age and wear. The current ice systems are expensive to operate and to repair. In some cases replacement parts for components of the ice systems are no longer available.

In addition to the age and wear of these systems, the Civic Center and VFW Arena both have ice systems which are cooled by a synthetic refrigerant called HCFC 22 (or R22 Freon). R22 has been listed by the U.S. Clean Air Act as a gas which depletes the stratospheric ozone layer, and has been banned from further production, as of January 1, 2020, by the US Environment Protection Agency.

In addition to the upcoming EPA ban, the Ice System in each of these arenas are aged, outdated, and in need of replacement in the near future. The age of our current ice systems make them expensive to repair and difficult or in some cases impossible to find new replacement parts for.

The combination of these two circumstances has led the City to a position in which it must review and plan for improvements of its Ice Systems.

**3. How did the City decide which projects to include in its plans?**

It is important to note that the City Council has not yet voted on or approved any of the discussed and studied projects to move forward. Now is the time for residents to ask questions, consider the programs and facility services you'd like to see in your community's recreation facilities and share your thoughts by engaging in our planning process.

At a City Council strategic planning session in early 2017, the idea of an expansion to the Civic Center to include an additional arena was discussed. This idea recognizes the fact that each arena operated and improved alone will be expensive to repair and also would not meet the growing needs of our community. The feasibility study conducted by JLG Architects addressed the fact that renovating and expanding the Civic Center to include two sheets of ice in one facility would provide for better utilization of community space and staffing, account for future community growth, and provide a more cost-effective long term solution to building operations.

This expansion idea would also provide an exciting new opportunity to repurpose the VFW Memorial Arena building into one that can better serve our community and help meet our goal of providing a community which inspires our residents to live an active and healthy lifestyle. By providing a year-round climate controlled indoor space for our residents to enjoy a variety of activities, this goal could take a big step forward.

**4. The \$24 Million estimate listed in the Ice Arena Feasibility Study seems very high for this project. Are there any other improvement options that can be done for cheaper?**

The Ice Arena Feasibility Study provided by JLG Architects includes the following list of options, which were discussed in City Council brainstorming sessions as a potential facility improvement option that could provide a great new asset to our community.

- Suggest replacement cost of Ice System at Civic Center, including addition of a new ice rink expansion on the building
- Expansion of additional Ice Rink with adjoining locker rooms and community spaces connecting both rinks.
- Review and suggest improvement to address ADA Compliance, Code Compliance and building efficiency in each building.
- Review viability of VFW Arena as a climate controlled multi-purpose facility, rather than as an Ice Arena.

If it is determined that taking on a project plan of this magnitude is more expensive than our community and our tax base is interested in supporting, then there certainly could be smaller projects that still address the improvements needed at our current facilities. A smaller project completed without the support of a Local Sales and Use Tax option could mean an increase in Property Taxes to fund these improvements.

**5. Why does it feel like the timing of the project is being so rushed?**

There is an urgency in planning for which type of project(s) the City should move forward with because:

- 1) The ice cooling systems in our buildings are outdated and replacement parts are difficult to find. The coolant we use in the systems (R22) will soon become more limited in availability and more expensive to purchase.
- 2) The State of Minnesota has changed the rules on Cities seeking a Local Sales Tax referendum. The State of Minnesota Legislature needs a request by January 31, 2020 from the City with a description of

the requested projects, the amount of sales tax needed to fund these projects, the amount of time needed to raise enough to cover the costs of the projects and the economic benefit to the area.

- 3) The request to the State of Minnesota Legislature can only happen on an even year. So, if we do not request in January 2020, we have to wait until 2022. Which would push out any project completion date by another four-five years.

**6. What does a Local Sales Tax option mean?**

At the November 26, 2019 City Council Work Session, the City Council looked at and discussed potential Sales Tax options of a 1% or a 2% level, and what projected revenues would like at each level. A referendum approved Sales & Use Tax increase would mean that any purchase made on taxable items within the City of East Grand Forks would be charged on the total of the purchases. For example, for a 2% Sales & Use Tax, there would be an additional 2% charged on the purchase, or 2 cents on each dollar spent (2\$ on a \$100 purchase).

The referenced Sales tax options were reviewed at this Work Session and it was shown that a 1% Sales and Use tax option would not earn enough revenue to pay for the projects as listed in a timely manner. An additional 2% Sales & Use tax option would earn enough revenue to pay back any bonds sold to fund the discussed Ice Arena and Recreation Facility projects.

If the State of Minnesota Legislature approves the projects as described, they would be listed and voted on by East Grand Forks residents on the General Election ballot in November, 2020.

**7. Does this sales tax continue after the bonds are paid off?**

Under current Minnesota State Law, the sales and use tax will expire once the project bonds are repaid in full.

**8. If a Sales Tax is not used to fund projects, what other funding sources are there?**

The City has looked at sources of funding for these projects for many years. The hope has always been to be able to make some of these improvements within the yearly budgeting process, which would be through a property tax levy. The large dollar amount needed for repairs/improvements has not made this possible; consequently, these projects have been pushed back for years.

*The City does not want to increase property taxes to fund these projects.*

**9. Are there any other potential funding sources, such as sponsorships, naming rights, or donations?**

Yes, we fully expect there will be opportunities for individuals/businesses for sponsorships, naming rights and overall general donations. The City also recognizes that the Ice Arenas are city owned buildings, in which it has a responsibility to maintain. While we hope and expect for the buildings user groups to participate in any fundraising efforts, we also recognize the total dollar amount of these projects is likely higher than any donor recruitment and fundraising goal could achieve.

This is one reason why a Local Sales Tax Referendum is a preferred method for the majority of the funding, with the hope that there will be businesses/individuals that will want to help fund the project and lessen the amount of sales tax collection needed.

**10. Has the city considered replacing the Civic Center with a completely new building?**

In brainstorming meetings with Parks & Recreation Department staff and our Parks & Recreation Commission the idea of completely replacing the Civic Center with a new building was discussed. The general consensus among those groups is that the Civic Center is still a great facility, which has received a continued re-investment in its maintenance through the years. This investment is evidenced by improvements made to the exterior of the building in 2006, and a remodel of the bathrooms, girl's high school locker room, concessions, and event space lighting in 2015. The study conducted by JLG Architects found that the Civic Center provides a strong foundation, with great seating capacity and views of the event floor. The goal of an improvement project would be to further invest in enhancing this building with much needed improvements to building mechanical systems, ADA compliance, and Code compliance.

**11. How will these projects benefit our community?**

East Grand Forks has grown to be a community which prides itself on its vast array of Parks & Recreation opportunities, whether it be our beautiful playgrounds, Sherlock Park Swimming Pool, or the Sherlock Park Campground in the summer months or walking indoors at the VFW Arena and skating at one of our outdoor rinks in the winter, there truly is something that keeps our residents connected and engaged in East Grand Forks all year round. Our current facilities have served our community very well, but are at a place that they are due for some much needed updating and improvement. It will take a big investment from our community to complete these projects, but it's clear from conversations with our recreational user groups that there is a need for these facilities. From fishing on the Red River, to ice skating at the Civic Center, to practicing spring sports like softball and track & field (during our sometimes never ending winters) indoors at an updated indoor multi-purpose facility, these projects will have truly provide something for everyone. If completed, these projects could provide the residents of East Grand Forks with continued opportunities to stay active, healthy, and fit for generations to come!

**12. Why hasn't the City asked for more public input in the design of proposed improvement?**

The City Council and the Parks & Recreation Commission has worked hard throughout this year to discuss the need for improvements and planning for the future of our facilities at City Council work sessions, at Park & Rec. Commission meetings, and with user groups and organizations with an interest in our recreation facilities. As these project plans continue to develop, there will be continued opportunities made available for community members to provide input, ask questions, and engage in the planning process.

If you would like to participate in a community input meeting or have ideas for how our community's recreation facilities could be improved, please contact the Parks & Recreation Department at 218-773-8000.