

Quality of Life Facility Update & Discussion

August 14th, 2023
City of Grand Forks, ND
Committee of the Whole



ESTIMATED CONSTRUCTION COST

- **Original Estimated Facility Construction Costs (5/31/2023)**

Indoor Sports Facility: \$79.2M | South of Alerus Center Parking Lot
Aquatics Center: \$29.5M | Attached to Choice Health & Fitness Center

- **Original City 3/4% Sales Tax Bonding Capacity**

\$80M Additional Borrowing over 30 Years @ 6%

Total Debt Service Through Between \$6.8M-\$7.5M/Year

Debt Service Coverage Minimum of 1.35X

Funding Construction in Multiple Phases to Expand Borrowing Capacity

Aquatics: 2024 | Turf/Court: 2025

- **Original Funding Gap of ~ \$30M**



ESTIMATED CONSTRUCTION COST

- **Local Firms Updated Estimated Facility Construction Costs**
Turf/Court Facility: \$82.7M | South of Alerus Center Parking Lot
Aquatics Center: \$31.8M | Attached to Choice Health & Fitness Center
- **Additional Updated Estimated Cost of \$5.8M Combined**
Turf/Court Facility: Additional Estimated Cost of \$3.44M
Aquatics Center: Additional Estimated Cost of \$2.33M
- **Updated City 3/4% Sales Tax Bonding Capacity**
\$90M Additional Borrowing over 30 Years @ 6%
Total Debt Service Through 2029 Up to \$8M/Year
Debt Service Coverage Minimum of 1.35X
Funding Construction in Multiple Phases to Expand Borrowing Capacity
Aquatics: 2025 | Turf/Court: 2027
- **Updated Estimated Funding Gap of ~ \$24.5M**



ALERUS CENTER CIP IMPACT

- **No Changes Compared to Previous Presentations**

Continues Debt Service As Scheduled Through 2029

Current CIP Through 2029 Fully Funded As Presented

Post-2029 Alerus Center “Allocation” Average of \$3.75M

- Includes Existing Long-Term CIP Past 2029

- \$1.5M Added Annually to Existing CIP

- Multiplied by 2.5% Inflation Annually

- Dissolves Existing Reserve Investment Portfolio



POST-2029 LONG RANGE CASH FLOW ANALYSIS

- **Original Sales Tax Projected to Collect \$11.75M by 2030**
Based on 2% Sales Tax Growth as Originally Recommended by Bond Counsel
- **Updated Sales Tax Projected to Collect \$12.6M by 2030**
Based on 3% Sales Tax Growth as Currently Recommended by Bond Counsel
- **Alerus Center Capital “Allocation” of \$3.75M Annually**
Unchanged from Previous Presentations
Allocation Calculated In Today’s Dollars on Average
Actual Expenditures Fluctuate Annually per Long-Range CIP
- **New Facility Capital “Allocation” of \$1.5M Annually**
Unchanged from Previous Presentations
Beginning in 2030 | Inflated at 2.5% Annually



POST-2029 LONG RANGE CASH FLOW ANALYSIS

- **Originally Projected \$6.8M-\$7.5M in “New” Debt Service Payments**
- **Updated Projection of \$8M in “New” Debt Service Payments**
 - Increase Due to Additional Borrowing/Capacity of ~\$10M
 - Original Borrowing Capacity: \$80M | Current Borrowing Capacity: \$90M
- **Cash Balances Remain Positive Beyond 30-Year Sunset**
 - Unchanged from Previous Presentations
 - Includes: Bond Payments of \$8M/Year
 - Alerus Center Capital Needs of \$3.75M/Year on Average
 - New Facility Estimated Capital Needs of \$1.5M/Year



UPDATED FACILITY CONCEPT

- **Aquatics & Turf/Court Facility Under One Roof**

Acquire New Land South of Alerus Center (\$2.1M)*

6.28 Acres (273,557 Square Feet) | Contingent on Voter Approval of Sales Tax

Leave Hugo's BMX Track As-Is

- **Estimated Construction Cost of \$106M-\$114M**

- **3-Phased Construction/Bonding Model**

Total Project Cost: \$114M

Phase I: Aquatics in 2025 - \$36.8M

Phase II: Turf/Pickle Ball Courts in 2027 - \$55.2M

Phase III: Basketball/Volleyball Courts TBD - \$22.0M

Potential to Finance All Phases



ESTIMATED OPERATING COSTS*

- **Indoor Sports Facility** (Turf, Pickleball, Courts, Play Area, Track)

Total Revenues: \$1,168,288

Total Expenses: \$1,436,378

Net Operating Loss: (\$268,090) 81% Cost Recovery

- **Indoor Aquatics Facility** (Stretch 25-Meter Pool)

Total Revenues: \$538,873

Total Expenses: \$763,041

Net Operating Loss: (\$224,168) 71% Cost Recovery

- **Total Operating Loss: (\$492,258)**

Equates to Roughly 2 Mills

2024 Mill Value: \$277,250

Potential/Additional 1/4% Restaurant/Lodging Hospitality Sales Tax

2024 Estimated Collections: \$636,650



*As Presented on May 30th, 2023 (Attached)

INTEGRATED CITY-WIDE MODEL

- **50-Meter Pool Option (\$7.3M Additional Construction Cost)**
Replace Hyslop Pool to Fill Community Need
Wahoos Swimming Club | Grand Forks Public Schools
University of North Dakota | Swimming Lessons | Recreational Swimming
- **Indoor Sports Facility**
8 Pickle Ball Courts (Replace Hyslop Courts)
Indoor Adventure Park
Indoor Turf & Sprinting Track
Football | Lacrosse | Baseball | Softball | Soccer
- **Compliment Existing Assets within The Community**
Memorial Village I & II | Pollard Athletic Center | Alerus Center | Hugo's BMX Track
- **Continue 42nd St. Corridor Vision**
Career Impact Academy | 42nd/Demers Underpass | Alerus Center
Hugo's BMX Track | Indoor Turf, Court, and Aquatics Facility



ITEMS TO CONSIDER

- **Potential Savings on Aquatics Center Costs**
50-Meter Pool versus Stretch 25-Meter Pool
Roughly \$7.3M Difference in Construction Costs
- **Extended Sales Tax Sunset Date (30-Year vs 35-Year)**
35-Year Extension from Time of Vote Allows Additional Borrowing Capacity
Allows Flexibility of Phased Construction/Borrowing Approach
Effectively Results in a 30-Year Sunset from Existing Sunset Date (2029)
- **Extended Sales Tax Rate (3/4% versus 1%)**
1% Sales Tax Allows for Additional Borrowing Capacity of ~\$34M
Potential to Finance All Phases Earlier
- **Additional 1/4% Restaurant/Lodging Hospitality Sales Tax**
Help Finance Operations of New Quality of Life Facilities
2024 Estimated Collections: \$636,650



NEXT STEPS

- **August 28 – Committee of the Whole**

 - Further Define Concept & Input

 - Examine Ballot Language

 - Continued Work with Bond Counsel, User Groups, & Timeline Finalization

- **Aiming for Vote in November 2023**

 - 60-Day Publication Requirement Prior to Date of Vote

 - Options for Upcoming Meeting Dates:

 - September 5th – City Council → November 14th Vote

 - September 11th – Special City Council Meeting → November 21st Vote

 - September 18th – City Council → November 28th Vote

