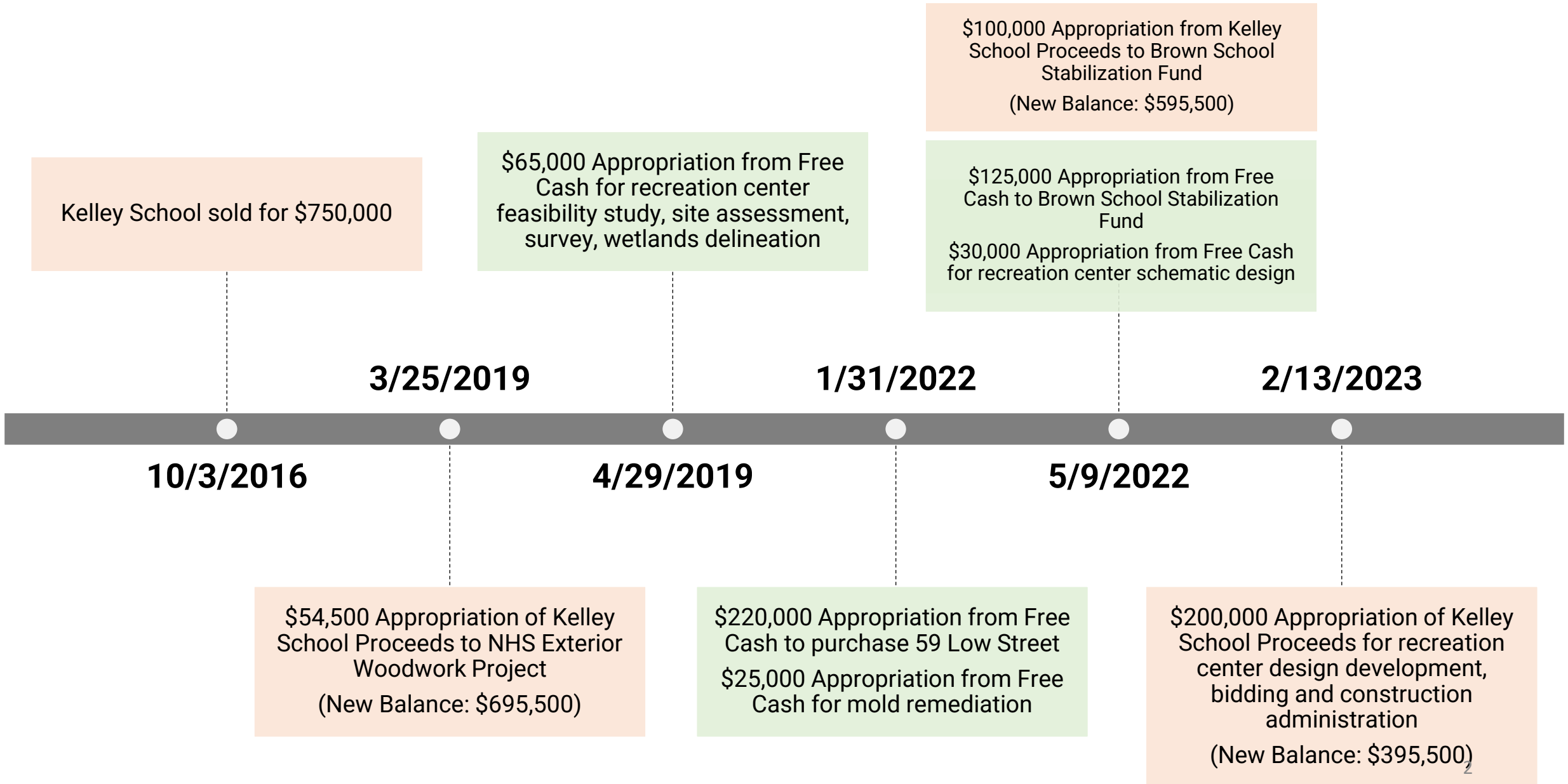


Recreation Center Proposal Funding Discussion

Community Services Committee

April 1, 2024

Funding History



Potential Funding Sources

- **Known/Likely:**
 - General Fund borrowing (within-levy limit)
 - Kelley School sale proceeds (\$395,500)
 - National opioid settlement payments
 - Private donations
 - State earmark
- **To Be Determined:**
 - American Rescue Plan Act (ARPA) funds (\$967,675)
- **Potential but Less Likely:**
 - General Fund borrowing (debt exclusion)
 - Grants (very limited for brick & mortar, but potential for targeted elements)
 - CPA (recreation category)
 - Facility fee (added to recreation program registrations)
 - Increases to local option taxes
 - Disposition of underutilized and/or vacant city properties

National Opioid Settlement Recoveries


Payment Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Total
Company / Year Ending	6/30/23	6/30/24	6/30/25	6/30/26	6/30/27	6/30/28	6/30/29	6/30/30	6/30/31	6/30/32	6/30/33	6/30/34	6/30/35	6/30/36	6/30/37	6/30/38	6/30/39	Total
Walmart	11,968	11,968	11,968	11,968	11,968	11,968												71,808
Teva	7,369	7,374	7,374	7,374	7,374	7,374	7,374	7,374	7,374	7,374	7,374	7,374	7,374					95,859
Allergan	8,153	8,159	8,159	8,159	8,159	8,159	8,159											57,106
CVS	9,068	7,230	14,448	14,448	14,448	14,448	13,726	12,993	12,993	13,004								126,806
Walgreens	10,639	7,023	7,023	7,023	7,023	7,023	7,023	10,639	10,639	10,639	10,639	10,639	10,639	10,639	10,639			137,888
Johnson & Johnson	84,960				4,285	4,285	4,285	5,456	5,456	5,456								114,183
Distributors	43,525	34,590	27,915	27,915	27,915	10,636	32,832	32,832	32,832	27,599	27,599	27,599	27,599	27,599	27,599	27,599	27,599	491,781
Total	175,683	76,343	76,887	76,887	81,172	63,892	73,399	69,294	69,294	64,072	45,612	45,612	45,612	38,238	38,238	27,599	27,599	1,095,432
Already Paid to City:	277,136																	

Funding Overview

Project Budget

Building Construction	\$4,238,732
Site Work/HazMat Removal	\$856,522
Sub-Total Building Construction & Site	\$5,095,254
General Conditions	\$606,991
Overhead & Fee	\$426,808
OPM	\$329,992
Bonds/Insurance/Permitting	\$208,397
Sub-Total Soft Costs & Allowances	\$1,572,187
Pedestrian Safety	\$243,000
Move Parks Division	\$106,700
Sub-Total Other Costs	\$349,700
Total Building Costs	\$7,017,140
10% Project Contingency	\$701,714
Total Budget Estimate	\$7,718,854

Funding Sources

Budget Estimate	\$7,718,854
Opioid Settlement Funds	\$1,000,000
Donations	\$500,000
Kelley School Proceeds	\$395,500
State Earmark	\$25,000
(-) Total Other Sources	\$1,920,500
(+) Rounding	\$1,646
	
= Net GF Borrowing Need	\$5,800,000
<i>Annual Debt Service</i>	<i>\$335,415</i>

Average of PM&C and South Coast cost estimates plus 10% contingency

Current + Potential Debt (Within-levy)

	Project Cost	Annual Debt Service
Existing Debt	\$21,585,500	\$1,451,673
Streets/Sidewalks	\$3,175,000	\$265,959
Central Waterfront Bulkhead	\$500,000	\$27,186
Total Current Debt	\$25,260,500	\$1,744,817
2.5% Within-levy Debt Service Target:		<u>\$2,839,811</u>
Remaining to Target:		<u>\$1,094,993</u>
Potential Projects (Not Authorized)		
Recreation Center	\$5,800,000	\$335,415
Whittier Tech (2.3% of 150M)	\$3,450,000	\$199,514
NHS Roof A + Nock/Molin Roof*	\$1,989,026	\$123,979
Fire Rescue Pumper	\$800,000	\$67,013
Downtown Utilities (Design)**	\$433,333	\$49,512
Dispatch Center Renovation	\$670,000	\$38,746
City Hall Improvements	\$600,000	\$34,698
Plummer Spring Bridge	\$500,000	\$28,915
Waterfront Culvert	\$500,000	\$28,915
Brown School/Gym Renovations	\$500,000	\$28,915
Total Potential Projects	\$15,242,359	\$935,623
Remaining to Target:		<u>\$159,371</u>

Projects and amounts are shown for illustrative and discussion purposes only

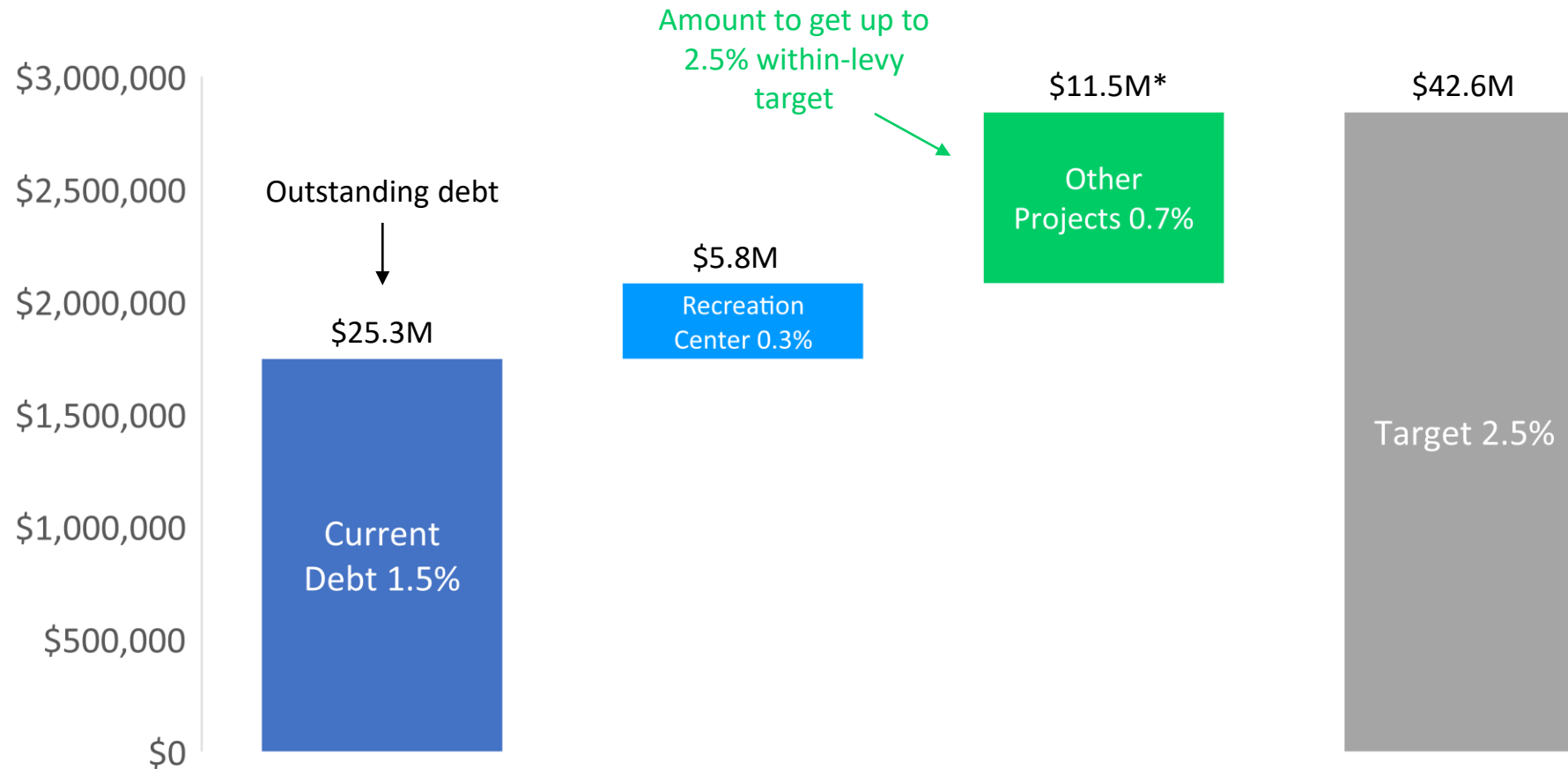
Funds a 25-year bond of ~\$17M

****Note on Downtown Utilities:**

- \$200K currently appropriated for surveying of impacted areas
- \$1.3M estimated for design (borrowing) split by General Fund/Water/Sewer (\$433K each)
- \$15-20M estimated for construction would rely on funding from sources such as:
 - Federal funding for drinking water, wastewater and stormwater infrastructure upgrades
 - State clean water and drinking water revolving fund
 - District Improvement Financing (DIF) assessments – Waterfront West
 - Betterment/Stormwater Fees
 - Other Available Funds

*Assumes MSBA reimbursement of 43.6%

Current + Potential Debt (Within-levy) vs. Target



*Estimated borrowing amount for 25-year bond

Projects and amounts are shown for illustrative and discussion purposes only

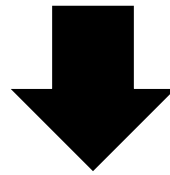
Within-levy Debt Service Target Goal = 2.5%

- Shown as a percentage of estimated annual GF revenue net of excluded and self-supporting debt
- Amount based on historical city spending levels and policies used by other municipalities
- Helps to frame the discussion around annual spending on debt service and capital projects
- Ensures that the city is continually making long-term investments in new and existing capital assets
- Should be considered in conjunction with a target for overall capital spending, for example:
 - 2.5% debt service + 2.5% cash capital = 5.0% total GF spending within-levy

Getting to 2.5%

FY'24 approved budget = \$1.6M within-levy debt service

Work on getting to 2.5% target over next five years

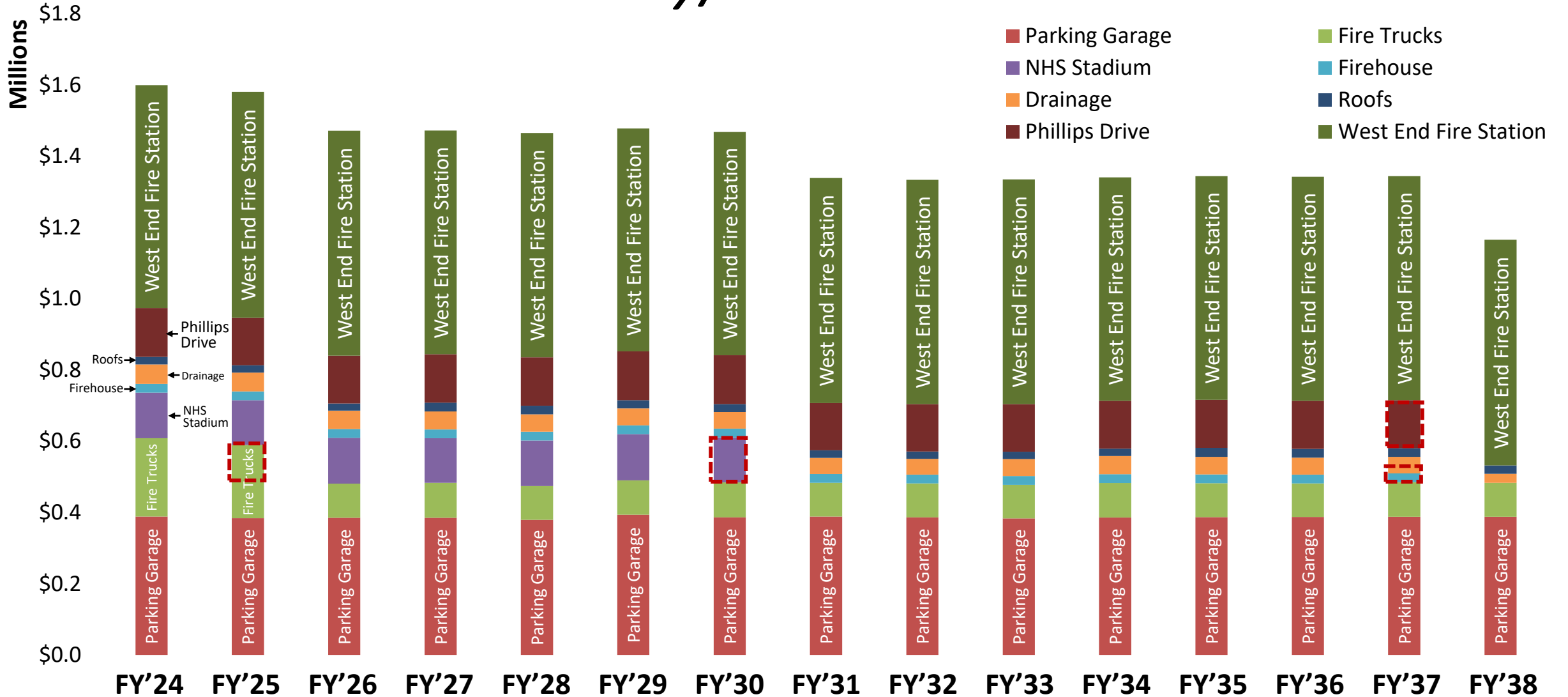


FY'29 target goal = \$2.8M

$\$2.8\text{M} - \$1.6\text{M} = \$1.2\text{M} / 5 \text{ years} = \245K per year

Current General Fund Debt (Within-levy)

Ordinary/Non-Excluded



Current General Fund Debt (Above Levy)

Debt Exclusions



Other Considerations

- Ongoing maintenance/future capital needs
 - Establish maintenance revolving fund for facility usage/programming fees similar to ones for Senior/Community Center (SCC), City Hall, Emma Andrews Library
- Carry utilities in annual operating budget
 - Based on the usage per square foot at the SCC (\$1.68/sf per year for 15.5K sf), the proposed recreation center (+/-11K sf) would cost approximately \$18K/year for heating, cooling and electricity