1. Call to Order. The workshop of the City Council of the City of Rogers was called to order by Mayor Ihli on Monday, April 9, 2024 at 5:30 p.m. at Rogers Community Center, 21201 Memorial Drive, Rogers, MN, 55374

Council present: Rick Ihli, Shannon Klick, Kevin Jullie, and Amy Enga
Council excused: Mark Eiden

Administrator Stahmer opened the workshop with a background of the discussions leading up to this meeting.

1. **Review Previous Discussions – Finance Director Bruska reviewed discussions and outcomes from these meetings:**
   a. **Council Workshop – February 26. 2024**
      i. Fox Advancement came forward and acknowledged that Rogers Youth Hockey Association (RYHA) would not be hitting the full $13 million fundraising amount, possibly more like $7 million.
      ii. RYHA, Council, and staff discussed the possibility of moving forward with engineering design work. Both organizations were to discuss their willingness to participate in those costs.
   b. **Internal Meeting – March 19, 2024**
      i. Two fundraising scenarios were presented at the request of RYHA; one showing a $1. 5 million initial cash contribution by RYHA, and one for $3 million.
      ii. RYHA presented to concepts at this meeting that staff had not been aware of:
         - RYHA plans to use any capital campaign money from the Fox Advancement Study towards their contribution to the project. So rather than funding the total gap, the donations would fundraise what they have already committed to bring to the project. This gives them flexibility in being able to fund any additional changes to numbers in the analysis.
         - Naming rights were not part of the Fox Advancement study and would be the responsibility of the City.
         - Bruska notified Rogers Youth Hockey Association that these two pieces of information were new to the City.
      iii. At the end of the meeting, staff agreed to create a "term sheet" or Memorandum of Agreement outlining each organization's commitments to the project. Rogers Youth Hockey Association was supposed to go back and decide what they can come up with for design costs.

Administrator Stahmer mentioned that there was a concept for moving some dry land training area into the Turf Facility. However, RYHA indicated they were looking for their own space (not wanting to share space with other activities).

2. **Review Financial Analysis**

Bruska shared financing scenarios at 4%, 5%, and 6% interest rates. She reviewed changes in the analysis since it was last presented to the Council in February. She explained that there has been an operating income of $120,000 per year in the fund, which could go to pay towards capital (which equates to 2.4 million over the life of a 20-year bond). We generally would not use operations to pay for capital; however, the Council had expressed a willingness to continue the $475,000 levy for the RAC. If the Council is willing to continue the levy, some funds would be available to pay for capital. However, the trade-off is that the City could potentially reduce the levy if it was only funding operations.

After reviewing the calculations, Council and staff discussed the impact of revenues and expenses, including ice rentals, potential needs for additional staff, and efficiencies gained when operating two sheets of ice. Parks and Recreation Director Bauer added there will occasionally be additional staff, but not on a constant basis. He explained that a conservative approach is being taken regarding revenues. Councilor Enga inquired about the efficiencies of operating two sheets of ice. Bauer explained that is based on a Minnesota Amateur Sports Commission finding indicating that a second sheet of ice will generate twice as much revenue with only 50% additional investment. Stahmer mentioned that revenue would include camps and tournaments which require a second sheet of ice.

Enga asked if the study done by RYHA has been reviewed. Bruska stated that it has been a while since she reviewed it; however, when preparing a term sheet, we would want to include a review of their financial reports and testing assumptions.

3. **Discussion**
    a. **City Commitment**
    b. **Engineering Design Costs**
    c. **Memorandum of Agreement**

Councilor Jullie inquired on the definition of capital replacements, and Bruska stated it would include setting aside money for things such as a roof replacement.

Councilor Klick inquired on the amount that needs to be defined at the meeting tonight, and Bruska replied that would be what the City can commit to in filling the gap. She estimated that if the City can put money down, the interest rate would be somewhere between the 4% and 5% range.

Jullie clarified that these scenarios are asking Council to extend the levy which would otherwise expire in 2029, plus add the ice plant, and taking on naming rights. Bruska explained that to demonstrate the City's efforts toward this project, she has started a list of City investments, including land and site prep (significant), plus $1.5 million toward the ice plant (with an additional amount requiring bonding). Bruska noted that the question for Council is if they are willing to continue the levy, which amounts to $120,000 per year ($2.4 million). As for naming rights, a consultant would need to come in, so only the net could go to the project.

Mayor Ihli inquired about the feasibility of funding through naming rights. Bauer explained that he has started preparing a Request for Proposal based on a project done in Elk River, which is mostly ready to go. There would be several months of retainage paid before work is underway. All the numbers are what we're netting at the end of the day.

Klick asked why naming rights wouldn't be part of the Fox Advancement process, and Bruska replied the fact that it wouldn't be included was news to the City.

Ihli asked about any potential for grants, and Bauer stated that grant options could be explored, including Hennepin County Youth Sports Grant and the Mighty Ducks Grant.

Bruska summarized that it seems Council is good with contributing land and site prep as planned, as well as the ice plant, which has to be done anyway. She inquired if Council is willing continue the $475,000 levy, the trade-off is that it could always be reduced and used for something else.

Enga asked just to reiterate, this levy would include covering staff, and Bruska replied yes, based on this levy.

Jullie commented that it's not clear if design or the ice plant were included in the $11 million number, and Bauer replied that the ice plant would be included.

Bruska stated that staff would be looking to prepare a term sheet stating exactly what the City will contribute, and anything beyond that would be the responsibility of RYHA.

Jullie commented that in looking out for the City, there needs to be a limit; adding that we do not want to be on the hook for any increases, given the arbitrary nature of the numbers.

Enga noted that RYHA had initially predicted contributions of $10 million, then went down $8 million, then $7 million. She asked where they were thinking that money would come from, if now they're thinking it would be in the range of $1.5 - $3 million. Bruska replied that she thinks they were talking about fundraising $7 million, which at the time was thought to be separate. If they truly did get $3 - $5 million in fundraising, and still did their contribution, we would have a project. However now they are saying it goes to their bottom line.

Bruska asked if there is a consensus on continuing the $475,000 levy. Enga asked when they want an answer, as budget talks will begin in June. Bruska replied that she thinks they wanted an answer last year. Enga stated that initially she was ok with extending the levy, however now that RYHA is not coming forward with more to cover the gap, she is on the fence.

Klick stated that she would be ok with extending the levy, however this needs to be a final answer, and not continue doing this and being pressured. If we say we will extend the levy and do the naming rights, you come to the table with $3 million, this is our final answer; and we're not negotiating anymore. Bruska added that this is why staff would like to prepare a term sheet - so there is something in writing, specifying what Council has agreed to do.

Bruska asked if Council would be willing to put tower and billboard lease revenue toward it if the naming rights don't come in. The consensus from Council was no.

Bruska stated that staff will work on a term sheet, including design standards, access to their financials and fundraising reports, and other factors.

Jullie asked if it can be conditioned that the City is not on the hook if naming rights don't come through. Enga asked if it would be best to have RYHA handle it so the City isn't at risk. Stahmer replied that the City will also be looking at naming rights on the turf facility. Enga asked if it makes sense to have them sell it as a package. Stahmer replied that it may be better for them to market it that way, however there is a risk of having to come up with additional funds.

Bruska summarized the proposed City contributions, including land, site prep, parking lot, ice plant, operating income/levy and possibly naming rights. She added that it can be communicated that getting to this point is a stretch, so going any further is non-negotiable. Staff will come up with a bullet-point term sheet for them to review before coming back to Council. Jullie added that the term sheet needs to make crystal clear what the City will do.

Bruska asked what the Council’s willingness to share in the engineering design costs was. Enga noted that if this project had a more diverse base using it, or the opportunity for other sports to use the space, this would be a different conversation. This is essentially a special interest project. Bruska added that people may imply that if the City doesn’t help with design, it doesn’t want the project to go through. She will move forward with preparation of a bullet-point term sheet based on this discussion, and staff will plan to meet with RYHA to review it prior to coming back to Council.

3. Adjourn
Mayor Ihli adjourned the workshop at 6:36 p.m.

Respectfully Submitted,
Stacie Brown, City Clerk