



Regional Significance, Impact and Economic Considerations

Overview/Request to Amend Existing Sales Tax Authorization

In 2019, following a referendum vote by local voters in 2018, the City of Rogers received final legislative approval to implement a 0.25% local option sales tax to fund multiple park and recreation facilities and trail projects in Rogers beginning 4th quarter of 2019. With the uncertainties surrounding Covid stay-at-home orders, the economy, and the effect on retail sales in 2020 and 2021, the City paused its capital planning in order to responsibly gauge our risk and our ability to move ahead with projects. Significant construction cost increases over the past two years, due to inflation and supply chain issues, have put many of the approved projects out of reach financially. Fortunately, sales tax receipts have continued to increase, demonstrating the ability to bridge that funding gap with higher than expected revenues over roughly the same period of time.

It is for these reasons that the City of Rogers is respectfully requesting legislative consideration to modify the existing sales tax authorization language to expire the later of 1) 20 years or 2) when \$25.0 million plus an amount sufficient to pay interest on and the costs of issuing the bonds has been received.

Rogers as a Hub for Schools and Recreation

Of the 1,750 students at Rogers High School, only 41% are residents of Rogers, with the other 59% living primarily in surrounding cities (these splits are nearly identical for youth baseball/hockey participation). Moreover, while Rogers is entirely within Hennepin County, 55% of Rogers High School students come from outside of the County. Rogers is the primary hub for activities and recreation for youth in the school system.

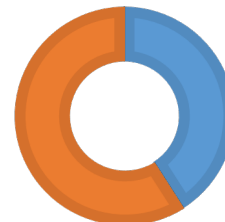
The City has previously undertaken the funding, construction, and operation of important recreational facilities such as our Rogers Activity Center and Ice Arena, without participation by neighboring cities or broader school district funding, despite the fact that Rogers accounts for a minority of the facilities' users. The local option sales tax was designed to more fairly spread the cost share of new park and recreational facilities and trails across the benefiting region.

Rogers as a Center for Jobs and Commerce

The youth residency numbers above (41% Rogers, 59% non-Rogers) track very closely with the economic impact study the City obtained from the University of Minnesota Extension Office in 2018 prior to the approval and implementation of the City's existing ¼ cent sales tax in 2019. That study found that – across all merchandise categories - ***40.6 percent of all taxable retail and service sales would be made by permanent city residents, and the remaining 59.4 percent of taxable sales would be by non-***

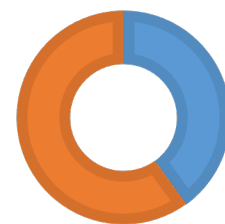
ROGERS HIGH SCHOOL - STUDENT RESIDENCY

■ City of Rogers ■ Other Area Cities



SALES TAX REVENUE ESTIMATES

■ Rogers Residents/Businesses ■ Non-Resident Shoppers/Businesses



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residents. This regional cost share is nearly identical to the youth participation by residency numbers above.

Rogers is a City of 14,000 population, but is home to nearly 11,000 jobs (Quarterly Census of Employment and Wages, Minnesota Department of Employment and Economic Development). The vast majority of employees commute to Rogers from outside of the City. Thus, with more jobs than working-age adults, Rogers is a regional center for employment and commerce, as well as education and recreation. We are proud of Rogers' vibrancy, but it brings with it a cost burden that was not previously shared within the region.

Cost Increases and Funding

This request by the City of Rogers is to amend existing authority, as opposed to establishing a new tax. The Rogers Local Option Sales tax is currently the only 0.25% city sales tax in the State of Minnesota.

All other city taxes are at least 0.50%. The City of Rogers has attempted to meet the regional park and recreational needs in as fiscally responsible manner as possible, while being sensitive to impacts on local sales and property taxpayers, as well as our valued businesses. Unprecedented construction cost increases as well as interest cost increases have made previous funding assumptions obsolete and unattainable.

Current cost estimates for previously approved projects, as well as sales tax revenue estimates:

Capital Category	Original Estimate	Current Estimate
Trail & Pedestrian Crossing Facilities	\$ 5,250,000	\$ 5,500,000
Aquatics	\$ 3,000,000	\$ 1,500,000
Athletic Facilities (Indoor Turf/Park Facility)	\$ 8,250,000	\$ 18,000,000
Total	\$ 16,500,000	\$ 25,000,000

Sales Tax Revenue:

- Estimated time to raise \$25,000,000 principal = 16 Years
- Estimated total project funding necessary, principal + interest/issuance = \$35,000,000
- Estimated time to collect necessary principal + interest/issuance = 20 years/\$35,000,000

The existing Rogers local option sales tax, as approved by the Minnesota Legislature and implemented in 2019, is set to expire the earlier of (1) 20 years, or (2) when the city council determines that \$16,500,000 plus an amount sufficient to pay interest on and the costs of issuing the bonds has been received from the taxes to pay for the cost of the projects. Current projections indicated that receipts will reach \$16.5 million by Year 12/13 and could produce approximately \$35 million at the end of Year 20. That \$35 million will be necessary to fund capital projects totaling \$25 million in principal, plus interest and issuance costs.

Given the massive increases in estimated project costs, additional sales tax revenue will be required beyond expiration trigger #2 above.

Requested Amendment to Existing Sales Tax Authority

The City of Rogers respectfully requests ***consideration to amend the Rogers local option sales tax authorization to expire the later of 1) 20 years or 2) when \$25.0 million plus an amount sufficient to pay interest on and the costs of issuing the bonds has been received.*** This amendment will allow the City to capture the full 20 years of revenues sufficient to deliver the projects for our residents.

Project Summaries (Previously Approved by the Legislature)

Trail & Pedestrian Crossing Facilities

Trail and pedestrian facilities consisting of any or all of an I-94 pedestrian crossing and/or a County Road 144 pedestrian tunnel and/or other new trails and trail connections.



I- 94 Pedestrian Bridge: connects Industrial Blvd to Lynch Park. Provides safe passage from residential neighborhoods to schools and parks.

County Road 144 Pedestrian Tunnel: provides safe crossing from Rogers High School to Rogers Middle School



Aquatics

Aquatics facilities consisting of either or both of a splash pad and any contribution toward the community portion of a school pool.

Potential Projects: Aquatic Facilities

Splash Pad



This new addition to Triangle Park would have spray features for all members of the community to enjoy

Indoor Pool



Contribution toward the community portion of a school pool.

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Community Athletic Facilities

Community athletic facilities consisting of any or all of South Community Park, site improvements for future recreation facilities, and/or a multi-purpose indoor turf facility.



Potential amenities to South Community Park including ball diamonds, boarded ice rinks, fitness course and multi-purpose fields



Site Improvements For Future Recreational Facilities:
Includes stormwater, parking and site preparation



Multi-purpose indoor turf facility