



CITY OF LE SUEUR
REQUEST FOR COUNCIL ACTION

TO: Mayor and City Council
FROM: Jasper Kruggel, City Administrator
SUBJECT: Le Sueur Community Center Operational Update
DATE: For the City Council Meeting of Tuesday, May 26th, 2020

PURPOSE

Consider Le Sueur Community Center Operational Recommendations

SUMMARY

The Le Sueur Community Center was forced to close its doors on March 17, 2020 due to the COVID-19 pandemic and Governor Walz’s order to cease operations. Staff has been closely monitoring budget forecasts for the facility as this unforeseen disruption to normal operations has a major budget impact. All revenue streams ended on March 17 and the facility is solely operating on tax contributions. Working closely with the Personnel and Budget Committee, staff has developed numerous scenarios that project a balanced budget at the end of 2020.

May 1, 2020 Budget Information

As of May 1, 2020, the Le Sueur Community Center had \$178,500.00 in expenses and \$150,000.00 in revenues. Property tax contributions for the year were set during the budget adoption at \$506,000.00. Using this financial data, the current budget net position for 2020 is \$477,500.00. Staff is assuming that there will not be any additional revenues for the facility in 2020 due to the COVID-19 pandemic.

May 1 Operating Revenue		
	Property Tax Contribution	\$506,000.00
	Year to Date Revenues	\$150,000.00
	Year to Date Expenditures	-\$178,500.00
	2020 Net Position	\$477,500.00

Le Sueur Community Center Operations

Staff has evaluated operational cost scenarios for a normally operating facility, a closed facility as established while closed, and a “Pandemic Conditions” projection. Under normal operating conditions, the cost to operate the Le Sueur Community Center (Community Center and Outdoor Pool) on average is \$117,714.91 per month. During closed conditions (March 17 – current), those operating costs are \$72,258.00 per month. The projected operating costs under “Pandemic Conditions”, which includes only having this fitness center open on a scheduled basis with periodic sanitization following best practices as provided by Federal, State, Local, and professional organizations are \$95,403.00 per month.

Monthly Full Open Operational Costs		
	Building Operations	\$61,148.83
	Salaries	\$41,957.50
	Bond Payment	\$14,608.58
		\$117,714.91

Monthly Closed Operational Costs		
	Building Operations	\$35,663.42
	Salaries	\$21,986.00
	Bond Payment	\$14,608.58
		\$72,258.00

Monthly Pandemic Conditions Operational Costs		
	Building Operations	\$46,946.92
	Salaries	\$33,847.50
	Bond Payment	\$14,608.58
		\$95,403.00

Scenario Analysis

Staff has developed, with guidance from the Personnel and Budget Committee, seven (7) scenarios that use the data we have on the Le Sueur Community Center. These scenarios include these assumptions:

- \$0 in membership revenues for the remainder of 2020
- \$0 in Recreation Programming revenues for the remainder of 2020
- \$0 in other revenues sources for the remainder of 2020 (ice rentals, room rentals, pool rentals, etc.)
- \$0 in outside funding (COVID-19 related stimulus funding)

These scenarios provide a picture of how certain inputs will affect the Le Sueur Community Center. The assumptions previously mentioned may change, and if they do, staff will work with the Personnel and Budget Committee to make financially responsible recommendations for the City of Le Sueur.

Scenario 1

- Facility closed through 5/31
- Facility opens under "Pandemic Conditions" on 6/1
- Ice Arena remains closed
- Indoor and Outdoor Pools remain closed
- End of year net position – (\$262,579.03)

<i>Scenario 1 - Closed through 5/1 - 5/31 and Open Pandemic Conditions 6/1 - 12/31</i>		
Assumptions		
*\$0 in membership revenues		
*\$0 in Recreation Programming revenues		
*Ice Arena is closed through the end of the year		
*Indoor and pool is closed through the end of the year		
*No Outside COVID-19 Funding		
	May 1 Revenue Position	\$477,500.00
	Closed Operational Costs (5/1 - 5/31)	-\$72,258.00
	COVID-19 Operational Costs (6/1 - 12/31)	-\$667,821.02
	End of Year Net Position	-\$262,579.03

Scenario 2

- Facility closed through 12/31
- All full-time staff remains employed
- Ice Arena remains closed
- Indoor and Outdoor Pools remain closed
- End of year net position – (\$100,564.03)

<i>Scenario 2 - Closed through 5/1 - 12/31</i>		
Assumptions		
*\$0 in membership revenues		
*\$0 in Recreation Programming revenues		
*Facility is closed to the public		
*Full-Time Staffing at 100%		
*No Outside COVID-19 Funding		
	May 1 Revenue Position	\$477,500.00
	Closed Operational Costs (5/1 - 5/31)	-\$578,064.03
	End of Year Net Position	-\$100,564.03

Scenario 3

- Facility closed through 12/31
- 100% full time staffing through 5/31
- 50% full time staffing from 6/1 – 12/31
- Ice Arena remains closed
- Indoor and Outdoor Pools remain closed
- End of year net position – (\$23,613.03)

Scenario 3 - Closed through 5/1 - 5/31 - 100% Staffing and 6/1 - 12/31 - 50% Staffing		
Assumptions		
*\$0 in membership revenues		
*\$0 in Recreation Programming revenues		
*Facility is closed to the public		
*Full-Time Staffing at 50%		
*No Outside COVID-19 Funding		
	May 1 Revenue Position	\$477,500.00
	Closed Operational Costs (5/1 - 5/31)	-\$72,258.00
	Closed Operational Costs (6/1 - 12/31)	-\$428,855.02
	End of Year Net Position	-\$23,613.03

Scenario 4

- Facility closed through 12/31
- 100% full time staffing through 5/31
- 33% full time staffing from 6/1 – 12/31
- Ice Arena remains closed
- Indoor and Outdoor Pools remain closed
- End of year net position - \$1,934.70

Scenario 4 - Closed through 5/1 - 5/31 - 100% Staffing and 6/1 - 12/31 - 33% Staffing		
Assumptions		
*\$0 in membership revenues		
*\$0 in Recreation Programming revenues		
*Facility is closed to the public		
*No Outside COVID-19 Funding		
	May 1 Revenue Position	\$477,500.00
	Closed Operational Costs (5/1 - 5/31)	-\$72,258.00
	Closed Operational Costs (6/1 - 12/31)	-\$403,307.29
	End of Year Net Position	\$1,934.70

Scenario 5

- Facility closed through 12/31
- Two full time employees furloughed starting 7/1 with health insurance through 12/31
- One full time employee 100%
- Ice Arena remains closed
- Indoor and Outdoor Pools remain closed
- End of year net position – (\$8,031.03)

Scenario 5 - Closed through 5/1 - 5/31 and 6/1 - 12/31 - Manager Only Staffing		
Assumptions		
*\$0 in membership revenues		
*\$0 in Recreation Programming revenues		
*Facility is closed to the public		
*Full-Time Staffing is Manager Only		
*No Outside COVID-19 Funding		
	May 1 Revenue Position	\$477,500.00
	Closed Operational Costs (5/1 - 5/31)	-\$72,258.00
	Closed Operational Costs (6/1 - 12/31)	-\$413,273.02
	End of Year Net Position	-\$8,031.03

Scenario 6

- Facility closed through 12/31
- All full-time employees furloughed starting 7/1 with health insurance through 12/31
- Ice Arena remains closed
- Indoor and Outdoor Pools remain closed
- End of year net position - \$17,047.01

Scenario 6 - Closed through 5/1 - 6/30 and all staff furloughed from 7/1 - 12/31 w/Health		
Assumptions		
*\$0 in membership revenues		
*\$0 in Recreation Programming revenues		
*Facility is closed to the public		
*Full-Time Staffing is Manager Only		
*No Outside COVID-19 Funding		
	May 1 Revenue Position	\$477,500.00
	Closed Operational Costs (5/1 - 6/30)	-\$144,516.01
	Closed Operational Costs (7/1 - 12/31)	-\$315,936.98
	End of Year Net Position	\$17,047.01

Scenario 7

- Facility closed through 12/31
- Two full time employees furloughed starting 7/1 with health insurance through 12/31
- One full time employee 40%
- Indoor and Outdoor Pools remain closed
- End of year net position – (\$443.59)

<i>Scenario 7 - Supervisor and Technician furloughed 7/1 w/Health and Manager at 40% time</i>		
Assumptions		
*\$0 in membership revenues		
*\$0 in Recreation Programming revenues		
*Facility is closed to the public		
*Full-Time Staffing is Manager Only		
*No Outside COVID-19 Funding		
	May 1 Revenue Position	\$477,500.00
	Closed Operational Costs (5/1 - 6/30)	-\$144,516.01
	Closed Operational Costs (7/1 - 12/31)	-\$333,427.58
	End of Year Net Position	-\$443.59

Ice Arena Considerations

Staff has been in communications with the School District and the Bulldog Youth Hockey Association regarding our financial situation with the Le Sueur Community Center and the challenges associated with its closure due to the COVID-19 pandemic. Staff will continue to communicate with our major ice arena users and work with them to answer any questions. If there is a hockey season in the fall, it is important we work and try to find a solution that allows the City to remain fiscally responsible and the hockey groups to participate in hockey at their home rink. I have invited members of these groups to engage at the meeting on May 26th, and also invited them to participate in the 2021 budget formation process as we will have to overcome some major challenges to continue to provide the same level of service.

ACTION REQUESTED

Staff is soliciting action from City Council providing clear direction to the public and staff on how to proceed with Le Sueur Community Center operations. The Personnel and Budget Committee has evaluated this information and has made a recommendation for City Council to direct staff to proceed with scenario 7 and to come back to the Personnel and Budget Committee if any of the assumptions change, in particular stimulus funding to help offset the financial hardship caused by the COVID-19 pandemic.