

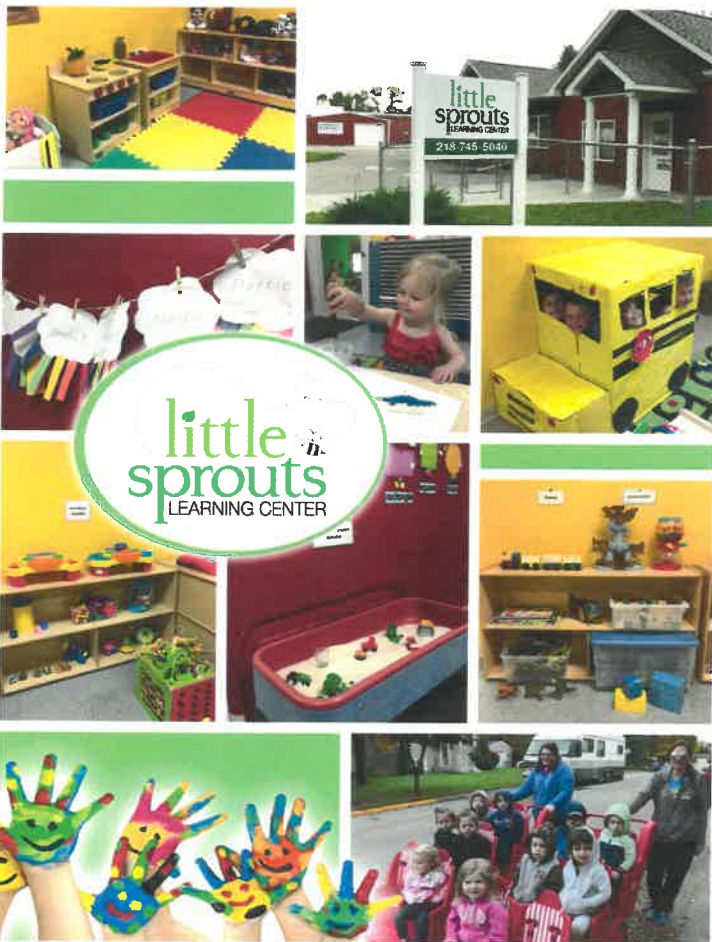
LOCAL SALES TAX OPTION HF3873 SF3935

Warren Child Care Center

WARREN
Your New Hometown

- ◆ Propose a .5% sales tax to build a new 10,000 square foot facility to be licensed for 110 children ages birth to 5 years old
- ◆ Tax proposed to raise \$80,000 annually; city will bond for \$1.6M
- ◆ Sales tax revenues would be for debt service on the building not operation of the child care center
- ◆ Building owned by the City of Warren and leased by Little Sprouts Learning Center (a not for profit)
- ◆ Currently, 50% of the families at Little Sprouts work 30 miles from Warren
- ◆ 33% of the families at Little Sprouts commute to Warren for work at a distance greater than 20 miles
- ◆ DigiKey in Thief River Falls (30 miles from Warren) is expanding workforce by 1,000 people in the next 10 years
- ◆ MN DEED supports the need for 1,000 workers in next 10 years in the Northwest region
- ◆ There is a work force shortage in all job sectors in the area
- ◆ Doubling the size of the child care center would be of great regional significance

- ◆ 784 people employed in Warren; 66% travel to work in the city
- ◆ 464 residents commute out of the city to their jobs which are at least 30 miles from Warren
- ◆ 187 needed slots for child care within a 20 mile radius of Warren (according to First Children's Finance)
- ◆ Little Sprouts Learning Center currently is providing care to 47 children
- ◆ There are three home daycares in Warren; one is phasing out for retirement. They fill 29 slots
- ◆ Warren is participating in First Children's Finance "Rural Child Care Innovation Program". Ten Core Team members are volunteering to find solutions
- ◆ A Town Hall was held to gather input for a strategic plan on child care in Warren. With 80 people in attendance, one of the goals created is to build a new child care center by 2021
- ◆ Not increasing child care availability in Warren would be catastrophic





March 6, 2020

Dear House Tax Committee Members,

Thank you for this opportunity to testify. The City of Warren has a desperate situation related to childcare. We are asking that you support a .5% city sales tax to help solve this issue. I'd like to thank Representative Fabian for understanding how important this is to our city and authoring this bill.

My own story is different from today's parents in our area. Seventeen years ago, when I was pregnant with my first baby, daycare was available in Warren. I remember talking with three home providers and being able to choose the best option for my son. They all had a spot for an infant. I was not forced into a choice of whether to work or not work due to lack of daycare. I was not forced into thinking about not even having a second child. I was not forced to drive 20-30 miles to find a spot for my infant.

As Mayor, I'm saddened and gravely concerned at how many young adults in my community say, "One of us will not be able to work. We can't even consider fostering a child again here, there just is no daycare. We have decided to just have one child, for now, because we won't find daycare close by." After hearing these statements, I am worried about retaining our young residents! It has become apparent that if we don't have childcare, people will not move to the region to work.

We have a bustling retail sector with three boutiques, two hardware stores, a pharmacy, agriculture specific retail and so much more. We have valued medical services in our North Valley Clinic/Hospital, Warren Eye Care, and Lone Oak Family Dentistry. We are the Marshall County seat and the location of the Northwest Regional Development Commission's office. Our school district Warren/Alvarado/Oslo is showing increased classroom size of 30% in the last few years. The last newsletter for our clinic/hospital in Warren proclaims, "Baby boom!" related to their young staff and the joy of new infants for those families. A young mother in my office needs to split up her two children with one in daycare 30 miles away while she waits for a spot for the two of them to be together. A strong candidate for a job at our nursing home could not take the position due to no childcare openings in Warren. Story upon story related to a growth in number of children and a shortage of care.

The City of Warren is thankful that the Minnesota Legislature has provided cities with the ability to propose a city sales tax. The handout prepared documents a pressing need for a new facility.

Thank you for consideration of the .5% sales tax to support building of a daycare center in Warren. We would like to promote this concept to our residents and ask for their support on the ballot in November 2020.

Sincerely,

Mayor Mara Hanel

PHIL THOMPSON AND ASSOCIATES

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March 9, 2020

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To Whom it May Concern:

Subject: Daycare shortage in Warren, MN

I operate a crop insurance agency and an accounting firm in Warren, MN . I employ 20 people in our Warren office. Half of them have small children and constantly have day care issues or cannot find consistent daycare at all. I have had several potential employees in the last two years that I have wanted to hire, but they could not find local daycare so could not take the job. I have noticed that the problem is getting worse each year, as more home day cares close and the day care center cannot increase its size. Probably 25% of the time at least one employee cannot come to work due to day care issues and no "drop ins" are available.

We are very lucky that we have a "day care center" in Warren, so we have been able to provide at least some day care coverage to families as our home day cares have decreased from about ten to the current three, in the last three years.

The problem with the day care center is that due to strict regulations causing higher costs, it cannot financially cash flow. The center has come very close to closing at least two or three times in the last five years. I have personally contributed \$50,000 to the center and have raised another \$50,000 from other local business owners, plus I contribute payroll and accounting services to the non-profit, to try to keep it going, because it is an essential part of our community.

The center is willing to increase (double) it's size but needs a larger building to do so. We have no vacant buildings in Warren, so it will require a new building to double the size of the facility. The Center cannot afford to pay rent for the building, so it must be furnished to them by the City, at no cost to them. The ½% sales tax, along with some grants and local fund raising, appears to be a great way for the City to pay for the larger building to allow this vital service to remain viable and expand in our growing community.

Thank you for your support.

Philip Thompson, Managing Partner
Phil Thompson and Associates, LLP



Good morning,

My name is Tyler Golden, and I am a small business owner in Warren, MN. I was raised in Warren and had a great experience growing up in the small community. After college I moved back home to work with our family business and now have ownership in two companies in town. When my wife Laura found out she was pregnant she instantly started to look for daycare. I thought this was a little early but after hearing about the shortage of spots I also joined the search. We loved the fact that we had a learning center in town, so we targeted Little Sprouts as our top choice. We were one of the lucky few and put a deposit down to hold our spot for our unborn child.

I currently have two daughters, Ellie (2) and Harlee (4 months), who both are enrolled at Little Sprouts Learning Center. On a daily basis I was so impressed with our daughter's growth in motor skills and social awareness. Ellie is now quite the talker, singer, and a pretty good dancer but I'd have to give the dancing credit to her mom. I couldn't imagine where she would be without the Center. Many of my friends and neighbors are not as fortunate and do not have adequate childcare. A larger facility is needed for those parents who desire to work and be strong members of our community. I believe that the growth and stability of Warren hinges on childcare availability and a larger facility would fill the need. I support the City and the action it takes to find solutions for childcare challenges.

Thank you,

Tyler Golden
Vice President
Northern Plains Track



WARREN

Your New Hometown



REGIONAL SIGNIFICANCE CHILD CARE FACILITY WARREN, MN

The regional significance of a child care facility in Warren can be quantified with a number of statistics. The first statistic of significance to analyze was derived from a Housing Study completed for the city in 2018. According to the Center of Economic Studies, 520 people commute into Warren every day to go to work. With 784 people employed in the city, 66% of those employed in Warren travel to work here. That means people from outside of city limits need child care to continue working. The same source showed 464 residents commute to their jobs which are located at least 30 miles from Warren. The regional significance of providing child care in Warren is quite evident. The same study shows population growth has been occurring in Warren in the last decade. That is also verified with the school district census that continues to grow from birth – school age. Young families are moving to Warren to raise their families and work in the region.

According to the MN DEED 2019 Northwest Regional Profile, the labor force projections for 2020-2030 show a labor force need of about 1,000 workers. Another DEED employment projection from 2016-2026 showed a 4.2% growth or a gain of 10,961 new jobs. The statistics from the same source show that the population of the NW region cannot support filling those positions. People must move to the region; child care is usually the number one service needed for people to relocate to a region. With the statistics for people commuting to and from Warren and future work force need, there is a huge regional significance for Warren to provide a large child care facility.

Looking at current child care statistics, Warren has 187 slots to be filled in a 20-mile radius. There is currently a center and four family licensed childcare which fills close to 80 slots. The city of Warren is proposing building a 10,000 square foot facility that would either be a center that doubles the capacity of the existing one or creates pods for more family licensed people to operate out of. Coupled with the statistics of employees needed in the region, the impact to the region will be huge and the success can be quantified in any given year.

The city of Warren is proposing a .5% local sales tax to raise \$80,000 per year for 20 years. This amount will pay the debt service on a \$1.6 million dollar facility. The facility will double the amount of child care slots available for Warren and surrounding area. As presented statistically, this facility will benefit the region, not just Warren.



**CITY OF WARREN,
MINNESOTA RESOLUTION
#1282020-01**

Resolution to impose a local sales tax to fund specific capital improvements providing regional benefit, to establish the duration of the tax and the revenue to be raised by the tax, and to authorize the city to issue bonds supported by the sales tax revenue.

WHEREAS, the city has engaged community residents and businesses and identified the need to build a child care facility;

WHEREAS, the project will result in benefits to both the residents and businesses of the city of Warren and to non-resident visitors and businesses; and,

WHEREAS, funding the project with a local sales tax will more closely distribute the cost of the project to the users of the facilities; and,

WHEREAS, the project is estimated to cost approximately \$1.6 Million; and,

WHEREAS, the city estimates that a local sales tax of .5% would generate \$1,600,000 over 20 years; and,

WHEREAS, the city has provided documentation of the regional significance for the project, including the share of the economic benefit to or use of each project by persons residing, or businesses located, outside of the jurisdiction; and,

WHEREAS, the estimated local sales tax revenue and estimated time needed to raise that amount of revenue for each project is as follows:

- For 10,000 square foot child care facility: The city will collect \$1.6 Million over 20 years.

WHEREAS, Minn. Stat. § 297A.99 authorizes the imposition of a general sales tax if permitted by special law of the Minnesota Legislature; and,

WHEREAS, Minn. Stat. § 297A.99 requires the City to pass a resolution authorizing such a local tax and to obtain Legislative approval prior to approval by the local voters to enact the local tax;

THEREFORE, BE IT RESOLVED the following:

1. The city council supports the authority to impose a general local sales tax of .5% for a period of 20 years to fund the aforementioned project;
2. Upon approval of this resolution, the city will submit the adopted resolution and documentation of regional significance to the chairs and ranking minority members of the House and Senate Taxes committees for approval and passage of a special law authorizing

the tax, by January 31 of the year that it is seeking the special law.

3. Upon Legislative approval and passage of the special law authorizing the tax, the city will adopt a resolution accepting the new law, which will be filed with a local approval certificate to the Office of the Secretary of State before the following Legislative session.
4. The city will put a detailed ballot question, which includes separate questions for each project, on a general election ballot for local voter approval. This will be done within two years of receiving legislative authority.
5. If one or more ballot questions pass, the city will also pass an ordinance imposing the tax and notify the commissioner of Revenue at least 90 days before the first day of the calendar quarter that the tax will be imposed.
6. Upon completion of the aforementioned requirements, the local sales tax will commence and run until 20 years thereafter or until a sum sufficient to fund the voter approved project, including related debt costs, is raised, whichever comes first.

Adoption by the City Council of the City of Warren this 28th day of Jan, 2020.



Mara Hanel, Mayor

ATTEST:



Shannon R. Mortenson
City Administrator/Clerk-Treasurer

**WARREN ECONOMIC
DEVELOPMENT AUTHORITY
RESOLUTION 1162020-01**

Resolution to support the City of Warren to impose a local sales tax to fund specific capital improvements providing regional benefit, to establish the duration of the tax and the revenue to be raised by the tax, and to authorize the city to issue bonds supported by the sales tax revenue.

WHEREAS, the city has engaged community residents and businesses and identified the need to build a day care learning center;

WHEREAS, the project will result in benefits to both the residents and businesses of the city of Warren and to non-resident visitors and businesses; and,

WHEREAS, funding the project with a local sales tax will more closely distribute the cost of the project to the users of the facilities; and,

WHEREAS, the project is estimated to cost approximately \$1.6 Million; and,

WHEREAS, the city estimates that a local sales tax of ~~10~~5% would generate \$1,600,000 over 20 years; and,

WHEREAS, the city has provided documentation of the regional significance for the project, including the share of the economic benefit to or use of each project by persons residing, or businesses located, outside of the jurisdiction; and,

WHEREAS, the estimated local sales tax revenue and estimated time needed to raise that amount of revenue for each project is as follows:

- For Day Care Center: The city will collect \$1.6 Million over 20 years.

THEREFORE, BE IT RESOLVED that the authority supports the city council to impose a general local sales tax of ~~10~~5% for a period of 20 years to fund the aforementioned project;

Adoption by the Warren Economic Development Authority this 16th day of January, 2020.

ATTEST:

