

Y Expansion Has Some Taxpayers Asking “Why?”

It's a model increasingly used to fund and build a network of YMCA facilities throughout the Twin Cities in partnership with local government. The venerable non-profit collaborates with a host city, whose taxpayers kick in a significant percentage of the cost of a new or expanded Y in their community. In return, residents receive increased access to recreational facilities and some schools districts contract for pool time for their swim teams and other activities.

Elk River residents paid two-thirds or \$8 million of the new \$12 million YMCA that opened in 2008, approved by voters in a referendum. Lino Lakes taxpayers reportedly contributed over \$2.3 million and land valued at about \$1 million for the new \$10.2 million Chain of Lakes YMCA that opened in 2007.

“As a 501(c)(3) not-for-profit, the life-changing work the YMCA does with children, teens, adults and families would not be possible without your donations,” according to the websites for the YMCA of Greater Saint Paul and the YMCA of Metropolitan Minneapolis. Yet many taxpayers might not realize their tax dollars make up some of the biggest “donations” to the YMCA of Greater Saint Paul and the YMCA of Metropolitan Minneapolis.

The latest multi-million dollar Y expansion project on the drawing board in White Bear Lake, however, has raised new concerns about whether cities already reeling from revenue shortfalls can afford to do business with the nonprofit. And it's not only the city's bottom line that has critics questioning another hefty taxpayer subsidy and calling for a voter referendum.

The YMCA of Greater St. Paul and YMCA of Metropolitan Minneapolis reported a combined \$154 million in net assets and \$9.5 million in revenue above operating expenses for 2008, according to audit statements filed at www.ymcatwincities.org. Individually, the YMCA of Greater St. Paul reported earning \$1,044,322 above operating expenses and \$52,360,576 in net assets, while the YMCA of Metropolitan Minneapolis reported earning \$8,912,328 in revenue above operating expenses and \$101,862,216 in net assets on the books. The two YMCAs listed a combined \$16.3 million in revenue above operating expenses in 2007.

Financial disclosure 990 forms also posted on line reveal executive compensation packages in 2007 totaling more than \$300,000 each for Greater St. Paul YMCA President and CEO Thomas Brinsko (\$306,000) and YMCA Metropolitan Minneapolis President and CEO Harold Mezille (\$333,000). In addition, sixteen staff members earned more than \$100,000 in total compensation in 2007 at the Greater St. Paul and Metropolitan Minneapolis Ys.

Despite a relatively healthy bottom line, the YMCA of Greater St. Paul has proposed that taxpayers cover the lion's share--\$5 million of the \$6 million construction costs for the expansion of its White Bear Lake facility, while offering to raise \$1 million in contributions to make up the difference.

The White Bear Lake City Council has already voted to pay up to \$3 million from White Bear Lake residents. Yet critics like former White Bear City Council member Tony Feffer believe the Y can afford to foot the bill far more than taxpayers. “I think it's bad public policy for

government to be providing financial assistance to a private organization that clearly doesn't need it," Feffer said. "We pay our taxes to plow our streets, redo our roads, sewer and water. I didn't pay my taxes over the last number of years thinking that it was going to the YMCA."

The Y has also asked other members of the Northeast Community Partners Project for significant sums: \$412,000 from Mahtomedi, \$225,000 from White Bear Lake Township, \$56,000 from Hugo, while also banking on contracting with the White Bear Lake School District for about \$1.4 million and the Mahtomedi school district for at least \$220,000 in long term leases for using the facility.

On July 20th the Hugo city council tabled the issue of whether to participate in the expansion project until August 18th. Council member Becky Petryk has raised doubts to whether the city of Hugo can afford to kick in taxpayer dollars, particularly for a facility that's a half hour drive away.

On July 21st, the City of Mahtomedi will hold a public hearing on the project at city hall to consider whether taxpayers should put down \$412,000 for the project.

The next big splash on the Y's pool and facilities proposal will come when the Mahtomedi School Board will vote on whether to sign a ten year lease for \$220,000 on August 13th. Superintendent Mark Wolak says he's still negotiating the terms for other potential uses of the pool, but says the Y's initial proposal needed considerable revamping.

By September, it should be clear whether the White Bear Lake YMCA expansion project will sink or swim, along with a development model that relies heavily on taxpayer "donations" in spite of the non-profits' healthy bottom line.

Sources:

Interviews with Tony Feffer and Dr. Mark Wolak

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