

**RAPID CITY
ADULT SOCIAL AND RESOURCE CENTER**
125 Waterloo Street
Rapid City, SD 57701



BUSINESS PLAN
By Patrick O'Leary
With Assistance From
Shirley Allen, Patti Martinson, Marcia Murray, Joan Sutton and Lynn Von Wald

The Adult Social and Resource Center, Business Plan

This Business Plan has been prepared by Patrick O'Leary, Shirley Allen, Lynn Von Wald, Patti Martinson and Marcia Murray. This Business Plan is provided solely for the use by the City Council in considering interest in this venture. The information contained herein does not purport to contain all the information that the City Council may require. Interested parties should conduct their own independent evaluation and analysis of the data set forth. Patrick O'Leary, Lynn Von Wald and Marcia Murray have not had any of the information herein independently verified. This Business Plan also contains certain statements, estimates, and projections with respect to future expectations. Such statements may prove to be incorrect. No representations or warranties are made as to the accuracy of any such statements, estimates, or projections.

C O N T E N T S
Rapid City Adult Social & Resource Center

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Section I. Executive Summary:

Why should Rapid City use \$4.5M of taxpayer money to build a one-stop Adult Social and Resource Center when City agencies have numerous other priorities like roads, economic development, water treatment plants, power plants, and parks to consider? What's putting up a building going to get the City in return, other than the need to find more money to keep subsidizing it in the future?

What if there was a new industry, that still in its infancy, generates billions of dollars in sales each year in sales of such things as entertainment; financial services; health care; real estate; utilities and continuing education? What if this was not only the fastest growing market sector but is also the wealthiest market sector in the country. If investing \$4.5M could attract a small portion of a market that currently controls half of the country's discretionary income, wouldn't it be worth it?

We think so, and believe you will to.

The attraction of affluent retirees to a community has started to grow in America today. It is responsible for a massive redistribution of wealth and income. Poised on the brink of an explosion in size, this industry is expected to create new towns, stem and reverse the population declines in many rural counties and communities, and add to the economic woes of major metropolitan areas that are losing their best citizens.¹

As communities understand the net benefits of retiree attraction, more are beginning to recruit these affluent retirees, who bring many benefits to their communities:

- Increase in the retail and property tax base
- Increase in the number of positive taxpayers (As a group, retirees pay more in taxes than they cost in government services.)
- Increase in a community's bank deposit base (This wealth can then be used for commercial and industrial financing.)
- Increase in retail sales
- Increase in local expertise in a variety of ways

¹ <http://www.aces.edu/pubs/docs/C/CRD-0072/>
12/10/2010

- Increase in the number of volunteers and contributors in churches and local philanthropic and service organizations²

According to Dr. Mark Fagan, professor in the Department of Sociology and Social Work at Alabama's Jacksonville State University, members of this 50+ market have 77 percent of the country's personal financial assets; 80 percent of the country's savings account deposits; 68 percent of all money market accounts; 50 percent of all corporate stocks and purchase 48 percent of all new domestic automobiles.

Following retirement, according to Hearst Communications, as many as thirty-six percent of mature adults move to a new residence or community. Of those retirees who move, twenty-two percent move to another house in their city, usually farther from the city center; thirty percent move to another town in their state and forty-eight percent move to another state.

These percentages show that more than 400,000 people annually move to another state upon retirement.

Because retirees relocate to areas with amenities that provide them with the comfortable lifestyle they desire for their retirement, we believe The Adult Social and Resource Center will provide Rapid City a unique and vital tool in attracting members of this emerging new industry and more than pay for itself in economic benefits within the first 10 years of existence, and won't require substantial increases in City subsidy.

Concept:

Section II. Who We Are:

The main participants in the Adult Social and Resource Center of Rapid City are a group of local non-profit adult service organizations, with over 100 years of experience serving 1500 plus residents 55 years and older annually here in Rapid City.

² <http://www.aces.edu/pubs/docs/C/CRD-0072/>
12/10/2010

Minneluzahan Senior Center –

Minneluzahan has been encouraging golden-agers to remain active and involved in a social and recreational setting by providing programs and activities for more than thirty-five years. Incorporated in 1975 as a 501(c)3 corporation Minneluzahan Senior Center as provided services to over 150,000 adults of Rapid City since its inception. Minneluzahan has provided the retirement community of Rapid City with a social gathering place where retirees come together to share stories, participate in over 35 different activities, receive nutritious meals, get advice on available service programs, participate in health services such as blood pressure and foot clinics provided by professionals nurses. Minneluzahan runs a thrift store that provides much needed clothing, household items and bric-a-brac at prices from \$.25 to \$2, provides members with a fully stocked library where they can check out books, DVDs, and videos at no cost. In 2008, Minneluzahan created a computer lab with eight computers and two printers for its membership. This lab has allowed members to keep in touch with families through email, and search the internet at their leisure.

Daisy House (SD Cares, Inc.) –

Daisy House offers dignity, self-worth and respectful day care for older adults going through the natural process of aging (continue with history, etc.). In 2004 a national study of pre-retirees (ages 50-65) was conducted by the Mature Market Institute (MetLife) and AARP's Healthcare Options. Eighty-six percent of those surveyed said aging in their own homes would be their first choice. Daisy House helps to make this choice possible.

Western South Dakota Senior Services Program (the MEALS program) -

The Meals Program will move their administrative office to the Adult Social and Resource Center to stabilize operational costs and lower administrative staffing costs by sharing these expenses with the other participating organizations.

The Meals program provides hot, nutritious meals weekdays in 16 communities throughout western South Dakota in congregate dining rooms or to homebound golden-agers. The Meals Program in Rapid City provides 185 home delivery meals daily or 47,356 annually, and 155 congregate meals daily or 37,729 annually. Overall the Western South Dakota Senior Services Program provides 1,057,135 meals to golden-agers in 16 Area Communities throughout the Black Hills.

Section III. Business Description

The Adult Community Resource Center will centralize community resources for Adults in a single location and provide a stabilizing environment where Adult Service non-profits share maintenance and operational costs; provide adequate space necessary to help relieve the isolation the growing numbers of families and individuals experience, while caring for loved ones or personally going through the natural process of aging; decrease the amount of driving older drivers need to do and the number of stops city transportation needs to make and create a place where boomers continue their path to good health and longer life expectancy.

Additionally, participants at a one-stop center will find trusted sources of help when they try navigating the red tape that often accompanies senior services. The Adult Community Resource Center will be a place where golden-agers develop a relationship with senior center staff who will help them stay abreast of new information that can improve their lives or help their budgets.

The Adult Community Resource Center will be a place for people with visual and hearing impairments, physical and/or mental disability and socio-economic status find security, comfort, assistance and companionship, the provision of food on a daily basis in addition to basic educational and nutritional information and education and recreation classes.

Vision

The Adult Community Resource Center will be an all-in-one “place” where the young and old make memories together; where the right type of programming taps into history, creates bonds, and subsequently benefits different generations throughout the community. The Adult Community Resource Center will become a unique and singular landmark in our lives for years to come.

The Adult Social and Resource Center of Rapid City will be a one-stop location for the growing retirement community to exercise, get information and socialize with their friends and neighbors. A one-stop information resource for golden-agers is easily one of the most valuable activities for golden-ager centers in any community. Golden-agers appreciate being able to easily understand and apply for local and federal government benefits, find affordable recreation and even assistance with legal matters and taxes.

Values

Providing one-stop information resources for golden-agers is easily one of the most valued activities for centers in any community. Golden-agers appreciate being able to easily understand and apply for local and federal government benefits, find affordable recreation and even assistance with legal matters and taxes.

Mission

To invest into the physical and emotional wellness of past, present, and future generations through the collaboration and centralization of community resources.

Section IV: Products, Programs or Services:

As golden-agers age, exercise can help them retain physical flexibility and improve coordination.

Core Services

Will include:

1. Physical activities
 - a. Walking Groups
 - b. Cardiovascular equipment workouts
 - c. Strength/weight training equipment workout
 - d. Water aerobics exercise classes (e.g. Water-based fitness Swimming)
 - e. Balance training programs (e.g. yoga, Tai Chi, Pilates)
 - i. Golden-agers who participate in tai chi programs typically have fewer injuries from falls, and according to some research, they sleep better.
 - f. Personal training
 - g. Spinning
2. Health management programs (e.g. blood pressure and vision screenings)
3. Educational classes (e.g. computer classes, home safety, know your numbers)
4. Mental health programming (e.g. depression screening, support groups).
5. Recreational Activities
 - a. Being connected between the Swim Center and Ice Rink, the Adult Social and Resource Center will have access to recreational activities at one location such as walking, cardiovascular equipment workouts, strength/weight training equipment workouts, water aerobics exercise classes, water-based fitness,

swimming, yoga, tai chi, pilates, personal training, and spinning not presently available at either existing Senior Center in the City.

- b. Craft projects and games will not be as appealing as recreational activities that let members draw on and apply life skills in a real-world situation. For these golden-agers, indoor and outdoor activities such as movie nights, current affairs lectures, travel programs, and even day trips to museums and other special attractions cater to many interests. The Adult Social and Resource Center can also take advantage of golden-ager discounts to make outings more affordable.

6. Gardening

- a. The Adult Social and Resource Center will develop gardening programs to let participants use their green thumbs and nurturing skills. This activity not only allows experienced gardeners to share their knowledge with others at the center, but also to contribute to local service agencies that distribute food to the hungry. A gardening area can be a gathering place for all participants to meet and share their best techniques and wisdom.
- b. The Adult Social and Resource Center will provide raised beds so that golden-agers with limited mobility can participate without difficulty.
- c. The Adult Social and Resource Center will help clients who have a passion and talent for gardening to participate in a local Master Gardening certification class.

7. Mental Stimulation Activities for Golden-ager Centers

- a. Most golden-agers are very concerned about staying mentally sharp. The Adult Social and Resource Center will help them keep their brains in shape with activities that require critical thinking, problem solving and memory recall.

8. Brain Training Activities

- a. The Adult Social and Resource Center will assist golden-agers in learning new skills such as playing a musical instrument or practicing a new language help older people keep brain cells alive. Many golden-agers also want to learn about and use computer technology. Computer training courses are beneficial for members of all ages. Even if they are not interested in surfing the Internet, many do enjoy being able to master basic tasks like sending e-mail, downloading family photos and participating in age-related forums.

9. Volunteer Tutoring

- a. Tutoring and mentoring are excellent mental stimulation activities for golden-agers. So, providing opportunities for interaction with other age groups is becoming a popular trend at golden-ager centers.

The Adult Social and Resource Center will match their participants with volunteer tutoring and mentoring activities in their area. These placements can take place at the facility, at a local school, or after school site, depending on the age of the volunteers.

- b. The volunteers benefit from having an outlet for their wisdom and education. The students get homework help and individual attention from a caring adult. Volunteers and students develop bonds that may last beyond the volunteer placement period.

All programming can be offered directly by the Adult Social and Resource Center (using staff, volunteers, or consultants) or can be provided via linkages with community partners.

Provide Help and Relief for Home Care Givers

Through services provided by Daisy House the Adult Social and Resource Center will be able to meet the ever increasing needs and lack of space available to caregivers of people with Alzheimer's and other dementias, by doubling the present space from 1200 sq/ft to approximately 3000 sq/ft. This will make it possible for Daisy House to meet the every increasing need home caregivers have to relieve stress and diminish the isolation they experience by having to place where they can trust their loved one is receiving the best care while they meet with friends, work out, take a class, etc.

Seventy percent of people with Alzheimer's and other dementias live at home, where they are cared for by family and friends. Even when care is provided in the home, most families must also seek other sources of help, particularly as the disease progresses. People with Alzheimer's disease and other dementias are high users of health care, residential care and home and community services.³

- Almost one-quarter of caregivers of people with Alzheimer's and other dementias report that caring for their family member is very stressful, compared to 15 percent of other caregivers who reported that high a level of stress.
- Two-thirds of working caregivers of people with Alzheimer's and other dementias report that they missed work because of care giving responsibilities, compared with 57 percent of other caregivers.

³ Alzheimer's Disease Facts and Figures 2007 – Alzheimer's Association
http://www.alz.org/national/documents/Report_2007FactsAndFigures.pdf

- Eight percent of working caregivers of people with Alzheimer's and other dementia turned down a promotion (4 percent of other caregivers), and 7 percent lost job benefits (3 percent for other caregivers).
- Almost a third of caregivers of people with Alzheimer's and other dementias got less exercise than they did before they began their care giving, compared with about a quarter of other caregivers.⁴

Nursing home Alzheimer's Special Care Units had about 91,000 beds in December 2006. Although the number of these units has grown since the 1980s, less than 13 percent of all residents with dementia had access to them in 2006.⁵

Fifty percent of the 11,532 nursing home residents in South Dakota were suffering from moderate to severe cognitive disability (dementia, Alzheimer's) in 2005⁶.

Generally, family members are the majority care providers for disabled or impaired adults. This care permits these adults to stay at home versus placement in a nursing home. Adult day care enables caregivers to:

- Retain a job outside of their home.
- Have help with the physical part of caring for a loved one.
- The time away may be a rejuvenator for your relationship.
- Avoid the guilt of putting a parent in a "home."
- Obtain respite from what can be a 24 hour responsibility.

Adult day care and adult day health care offers golden agers:

- The chance to live with family and not be a 24 hour burden
- Opportunities for social interaction with peers and mental stimulation
- A program of stimulating activities

⁴ Alzheimer's Disease Facts and Figures 2007 - http://www.alz.org/national/documents/Report_2007FactsAndFigures.pdf

⁵ Alzheimer's Disease Facts and Figures 2007 – Alzheimer's Association http://www.alz.org/national/documents/Report_2007FactsAndFigures.pdf

⁶ *These figures include all individuals who spent any time in a nursing home in 2005.*

Source: U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services. *Nursing Home Data Compendium 2005 Edition.*

- Meals and snacks with provisions for special dietary needs
- Physical, occupational or speech therapy in a non-medical environment
- Help with activities of daily living with dignity
- Transportation for daily needs

Through services provided by Daisy House the Adult Social and Resource Center will monitor medications, offer meals and some physical therapy, a chance to socialize with other seniors, and allow those that require chronic care to stay at home and in their community, relieve quilt, stress and help families save money.

Offer Nutritional Support (Meals)

Adequate nutrition is a major concern for older adults. Given this, food should be available for every center attendee who wants to eat at the center. The Adult Social and Resource Center will have flexibility in how meals are served and, for example, be able to provide traditional hot congregate meals as well as soup and salad bars and will be able to choose whether they cook on site or provide food from a caterer. Recommended daily meals will be provided to guide interested golden-agers in selecting dishes that together maximize nutrition.

In addition to providing a hot meal, the congregate sites provide seniors with social interaction and stimulation, and the chance to get involved in the community.

Provide a link to public services and benefits (Benefits)

Helping golden-agers to access services is one of a center's most crucial functions. The Adult Social and Resource Center will need to use any technology available when providing services to golden-agers.

The Adult Social and Resource Center will provide access to community resources in order to provide golden-agers with a comprehensive experience in areas such as health, the arts, and activities in the community. This access will include: Healthcare facilities (physical and mental health), Recreation facilities, Education providers, Arts and Culture facilities, Social Services, Community-based activities and resources (e.g., farmers markets, community meetings), and volunteer opportunities.

Promote health and healthy behaviors (Health Promotions)

As people age, they develop new and more severe health problems, and existing chronic health conditions often become more difficult to manage. Data indicate a high need for community based prevention services for older adults. Prevention will be a central goal for The Adult Social and Resource Center: to prevent falls, avoidable visits to the emergency room, health crises, hunger, elder abuse, eviction, social isolation and financial abuse for all golden-agers regardless of ethnicity, income, or level of education.

Concern for the overall health of golden-agers is at the heart of the work of the Adult Social and Resource Center will undertake. The Adult Social and Resource Center provide Health Promotion activities including, but not limited to: walking club, Stay Well, yoga, tai chi, blood pressure monitoring, Chronic Disease Self Management Program, nutrition education, health education classes, mental health screenings, vision, dental and hearing screenings, and diabetes screening.

Provide opportunities for social engagement (Socialization)

More than 60% of those aged 60 and above in Rapid City live alone according to a survey done by Minneluzahan and Canyon Lake in 2009. The problem of social isolation is one that many golden-agers have to deal with regularly. If they have lived through the death of their spouse and don't have other family members who live nearby, they may be spending a significant amount of time alone. Getting out and having an active social life may help to lower the risk of depression in golden-agers. Being able to go to the Adult Social and Resource Center will help members establish new friendships and give them something to look forward to.

The Adult Social and Resource Center will be a place of safety and security, and many of Rapid City's older adults will rely on it to mitigate the effects of social isolation. Given this, The Adult Social and Resource Centers must provide an assortment of activities that engage and inspire golden-agers in multiple ways - socially, intellectually, artistically, and spiritually.

When organizations respond to the procurement for Adult Social and Resource Center, they will need to explain how the services and programming they plan to provide will address critical issues in senior services including poverty, diversity, education, health conditions, and underserved populations.

Section V Marketing Plan:

It will be key for Adult Social and Resource Center to provide outreach to center members and to the larger community to publicize the benefits and services available at the center.

The Adult Social and Resource Center will provide a rich variety of linkages to community resources (Linkages). Golden-ager centers serve as a link to community resources – including resources outside of public benefits and services and outside of the centers themselves.

Situational Analysis

In our professional opinion, The Adult Social and Resource Center sits in a unique marketing position. Research indicates a “green field opportunity” for providing one-stop services to the adult retirement community. The Adult Social and Resource Center services should be “first to market” with this concept in The Black Hills to capture sizable audiences and market share.

Market summary

The Black Hills is listed as one of the Top Ten Places to Retire in America. A “place” like the Adult Social and Resource Center will make the area even more attractive to the 51% of “Boomers” across the country who will be looking to relocate upon retirement.

As an active adult community with and abundance of outdoor resources, Rapid City is in a unique place and time.

According to a Dell Webb survey taken of Baby Boomers in 2004⁷:

- 36 percent of Boomers will move or plan to move when they become Empty Nesters. When they retire, 55 percent say they will move.
- Of the Boomers who moved or will consider moving once becoming Empty Nesters, roughly one-third (36 percent) will move more than three hours away. Upon retirement that number climbs to 51 percent.
- 26 percent of Baby Boomers will consider purchasing a home in an age-qualified Active Adult Community. Roughly one-half (51 percent) are not sure whether or not they would make this purchase and 24 percent would not consider buying in an active adult community.

⁷ <http://seniorjournal.com/NEWS/Housing/4-06-29Survey.htm>
12/10/2010

- Boomers are more than twice as likely as those aged 59-70 to prefer an Active Adult Community that is part of a multi-generational neighborhood.

Retiree Attraction and Tourism

Tourism areas generally evolve into retirement areas, and the 50+ market has both the time and resources to travel. This link is seen in several factors:

- *Tourism and retirement industries* are especially suited for the infrastructures of those rural areas that are located within easy driving distance of a major city.
- *Tourism and retirement industries* can bring money to the rural areas that can positively influence further economic development.
- Job creation and retention have shown fast growth in rural areas because of *tourism and retirement industries*.
- Population and employment growth in rural areas with strong *tourism and retirement industries* has outdistanced the growth in those rural areas that depend on manufacturing, mining, and agriculture.⁸

Market Geographies

The Adult Social and Resource Center has the ability to reach large percentages of its target using a combination of old and new marketing strategies that include billboard-print-magazine ads, strong internet visibility, public service announcements, social networks, a monthly newspaper and partnering with the Rapid City Chamber of Commerce, the Rapid City Convention and Visitors Bureau, as well as the Rapid City Office of Economic Development. For the first three seasons, we will focus on (in order of importance):

Primary Adult Resource and Social Center market:

- The Drive Markets (30 miles)
 - Black Hawk
 - Box Elder
 - Hill City
 - Keystone

⁸ <http://www.aces.edu/pubs/docs/C/CRD-0072/>
12/10/2010

- New Underwood
- Rapid City
- Sturgis
- Summerset

Secondary Adult Resource and Social Center market:

- Relocating Retiring Baby Boomers
- Returning Ellsworth Retired Personnel
- Outdoor Activity Public
- Corporations
- Military families

Demographics

Baby Boomer Impact on Population Number of People in Rapid City Ages 60 to 64⁹

Year	U.S. Numbers (in millions)	% change since 2000	Five-year birth intervals		Rapid City corresponding #'s	% of Rapid City Population
2000	10.8	N/A	1936-1940		7,868 persons 65+ (13.2% of Pop.)	13.2%
2005	12.8	19	1941-1945		19% increase = 9,360	14.7%
2010	16.3	51	1946-1950	baby boomers	51% increase = 11,880	18.1%
2015	18.5	71	1951-1955		71% increase = 13,450	19.6%

⁹ Population Reference Board
<http://www.prb.org/Articles/2002/BoomersRetirementWaveLikelytoBegininJust6Years.aspx>

2020	20.7	92	1956-1960		92% increase = 15,100	21%
2025	20.8	93	1961-1965*		93% increase = 15,185	21.2%

More than 11,000 people, or 16.9% of Rapid City’s inhabitants, are currently 60 years of age or older. It is expected that by 2025, this age group will increase by nearly 4,000 to 15.2 thousand people.

A U.S. Census Survey of the Baby Boomer Population, as a percentage of population by county, in 2010 shows Pennington County with a Boomer population of 26 percent¹⁰. According to an estimated U.S. Census calculation in 2009, the population of Pennington County was 100,850¹¹. This translates to 26,221 residents of Pennington County who can take advantage of the Adult Social and Resource Center.

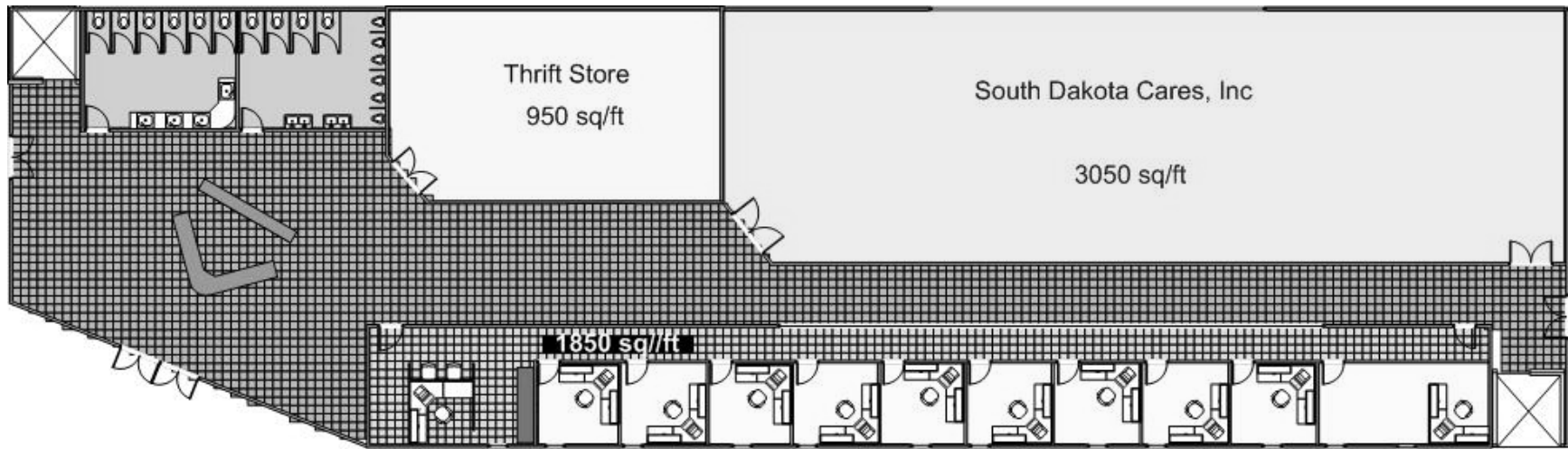
Section VII: Operational Plan:

The Adult Social and Resource Center will be located at 125 Waterloo Street, Rapid City, SD between the existing Swim Center and Ice Rink and in front of the proposed Field House. The facility will hold the business offices of the Meals Program and the complete operations of the Daisy House and Minneluzahan Senior Center in a proposed 27,000 sq/ft building.

¹⁰ <http://content.usatoday.com/dist/custom/gci/InsidePage.aspx?cId=newsleader&sParam=41125058.story>

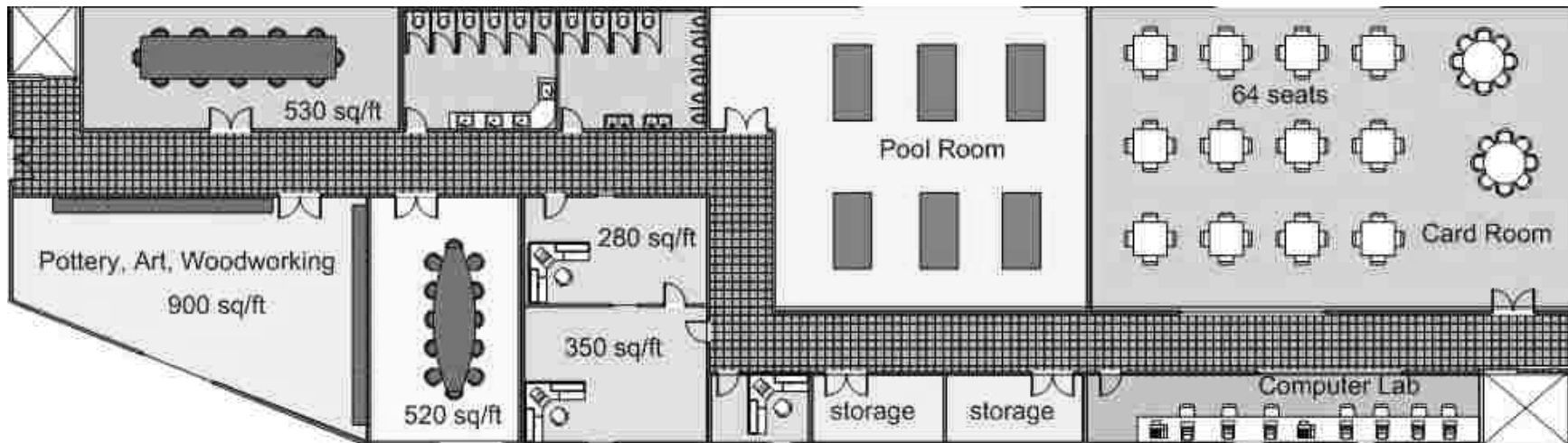
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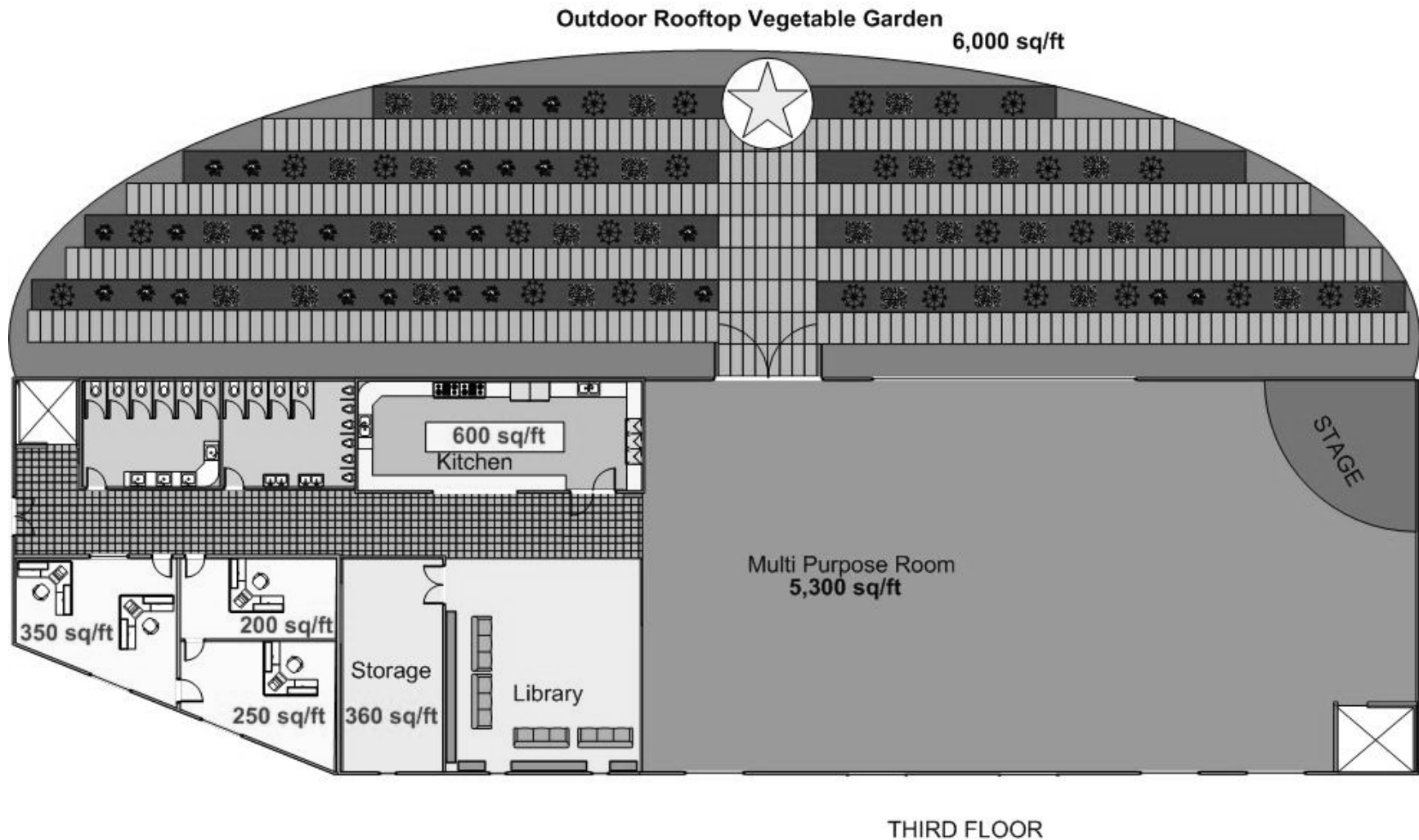
http://factfinder.census.gov/servlet/SAFFPopulation?_event=Search&geo_id=01000US&geoContext=01000US&street=&county=Pennington+County&cityTown=Pennington+County&state=04000US46&zip=&lang=en&sse=on&ActiveGeoDiv=geoSelect&useEV=&pctxt=fph&pgsl=010&submenuId=population_0&ds_name=null&ci_nbr=null&qtr_name=null®=null%3Anull&keyword=&industry=



Ground Floor

2nd Floor





The Adult Social and Resource Center will serve as the catalyst for alleviating the east/west rivalry that permeates the City's culture by creating one location for Golden-agers to socialize, exercise, learn and share. Bringing these three organizations together, along with providing low-cost office space to other service organizations like AARP, Experience Works, Senior Health Information & Insurance Education (SHIINE), the Senior Companion Program and the Retired Senior Volunteer Program in a one-stop adult service location will decrease the amount of driving

Golden-agers have to do and the number stops public transportation have to make when shuttling Golden-agers to and from various service locations.

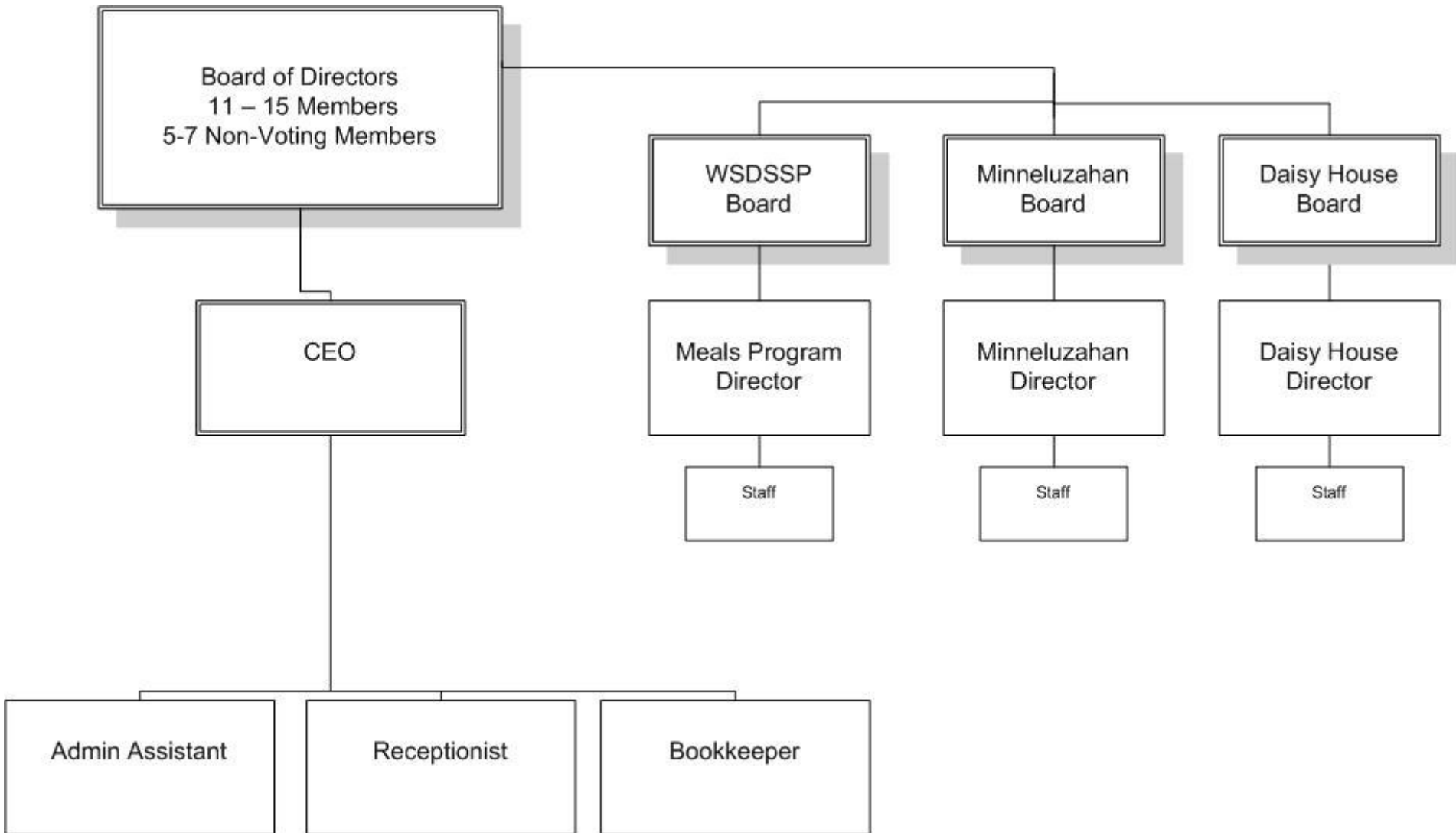
This centralization of services will make it possible for resident organizations to share expenses on building operations and maintenance and administrative costs thus lowering their present expenses and being able to pass those savings on to program participants and the City of Rapid City.

Section VIII: Management and Organizational Team

The three organizations have strong and experienced management and boards in place. The Adult Social and Resource Center will form an eleven to fifteen member board of directors. This new board will consist of one to two representatives from the boards of each resident organization depending on space occupied, three members-at-large from the local business community, one to two members appointed by the Mayor, one to two members from the Parks Department Board, one non voting member from the City Council appointed by the Council President, one non-voting representative from each office rental organization.

The Board will hire a CEO who reports to the Board of Directors. The CEO will hire and oversee a full-time administrative assistant, bookkeeper, activities coordinator and receptionist. These full-time employees will hire and supervise a part-time activities coordinator, part-time receptionist and two to three drivers.

The first hires will be the CEO and administrative assistant with all other positions being phased in as the budget allows over the first five years of operation.



Section IX. Major Milestones:

- December 2010 Receive Vision 2012 funding from City Council
- February 2011 Begin forming Board of Directors
- August 2011 Develop Request for Proposals from design firms for programmatic study
- October 2011 Get approval from City Council to contract with design firm for program study
- April 2012 Get approval from City Council to begin preliminary designs for building
- April 2013 Present design to City Council
- June 2013 Begin fundraising to cover additional costs above vision 2012 funding
- May 2015 Break ground on new facility
- November 2015 Grand opening of new facility

Section X. Financial Plan

Capitalization:

Timothy J. Roach, AIA, Senior Project Architect for TSP in Rapid City has confirmed that the estimated cost of building the 27K sq/ft Adult Social and Resource Center will cost between \$150 and \$175 per sq/ft, or between \$4,050,000 and \$ 4,725,000. The majority of funding (\$4M) will come from Vision 2012 funds provided by the City of Rapid City. Additional funding will be raised from local foundations and federal funds available for ADA compliance.



To: State, To: Board, To: Justice,

April 26, 2010

600 Kansas City Street
Rapid City, SD
57702
phone: 605.397.3403 ext. 102
fax: 605.397.3425 ext. 1100

www.kcmetro.com

Architecture
Engineering
Construction

Patrick O'Leary
Director
Minnehazakhan Senior Citizen's Center
315 N 4th Street
Rapid City, SD 57701

Attn: Patrick

I had some time to work with David Hought of our construction group in review of your project. David has not only a good understanding of the costs associated with this project type (as TSP has done quite a few.) He has a good knowledge of current and projected construction costs. Here is where we are at on our initial review of your conceptual budget:

Your project budget of \$4.5 million dollars should cover the construction of a quality building, and equipment and limited site work, the necessary design fees (roughly 7.5% - 9% of construction costs), additional consulting costs, and a reasonable contingency. Should you add furniture costs and associated AV and equipment, perhaps another \$200,000-\$300,000 should be considered, however, some of this may be achieved within the budget as well as costs associated with meeting some specific sustainable goals. Concerning meeting overall sustainability goals for the project, this would be dependant upon the level of the goals set and it is probable that for a higher goal overall, an additional investment may be needed. Finally, please note that this budget would have enough room in it for a stand alone mechanical system (& power) should the shared capacity issue with the existing facilities not be feasible.

As I indicated to you Patrick, TSP is very supportive of your program and purpuse, and sees this project as being imperative for the community, so please let us know if we can provide any additional support for you.

Sincerely,

Timothy J. Roach, AIA
Senior Project Architect

Wentworth, in
Marshall, MN
Fergus Falls, MN
Florence, MN
Orville, NE
Rapid City, SD
Sioux Falls, SD
Silver Spring, MD
Los Mochis, IL

Operating Budgets as of 2010

**ADULT SOCIAL RESOURCE CENTER
Individual Organizations - Simple Line Item Budgets for 2010**

Line	Revenue	Meals Program (Western South Dakota Senior Services Program)	Daisy House/Loving Hands (South Dakota Cares, Inc.)	Minneluzahan Senior Citizens Center, Inc.	Total 2010 Income for 3 Organizations
1	Grants				
	Federal	\$ 444,111.00	\$ -	\$ -	\$ 444,111.00
	State	\$ 152,983.00	\$ -	\$ -	\$ 152,983.00
	Other	\$ 88,800.00	\$ 20,000.00	\$ 4,700.00	\$ 113,500.00
	United Way	\$ 42,697.00	\$ -	\$ 12,000.00	\$ 54,697.00
	City of Rapid City	\$ 5,500.00	\$ -	\$ 21,500.00	\$ 27,000.00
2	Contracts	\$ -	\$ -	\$ -	\$ -
3	Corporate contributions	\$ 6,680.00	\$ -	\$ 1,000.00	\$ 7,680.00
4	Membership	\$ -	\$ -	\$ 14,000.00	\$ 14,000.00
5	Individuals	\$ 55,539.00	\$ 432,836.00	\$ 2,125.00	\$ 490,500.00
6	Fees for services	\$ 355,673.00	\$ -	\$ -	\$ 355,673.00
7	Fundraisers, events, sales	\$ 56,000.00	\$ -	\$ 57,843.00	\$ 113,843.00
8	Endowment	\$ -	\$ -	\$ -	\$ -
9	Interest income	\$ -	\$ -	\$ 60.00	\$ 60.00
10	Miscellaneous	\$ 3,800.00	\$ -	\$ 19,485.00	\$ 23,285.00
11	Total	\$ 1,211,783.00	\$ 452,836.00	\$ 132,713.00	\$ 1,797,332.00
13	In-kind	\$ -	\$ 31,200.00	\$ -	\$ 31,200.00
14	Total Revenue	\$ 1,211,783.00	\$ 484,036.00	\$ 132,713.00	\$ 1,828,532.00

ADULT SOCIAL RESOURCE CENTER
Individual Organizations - Simple Line Item Budgets for 2010

Line	Expenses	Meals Program (Western South Dakota Senior Services Program)	Daisy House and Loving Hands (South Dakota Cares, Inc.)	Minneluzahan Senior Citizens Center, Inc.	Total 2010 Expenses for 3 Organizations
15	Staff salaries and wages	\$ 453,335.00	\$ 294,164.00	\$ 50,320.00	\$ 797,819.00
16	Payroll Taxes	\$ 38,426.00	\$ 23,533.12	\$ 4,025.60	\$ 65,984.72
17	Benefits	\$ 93,077.00	\$ 40,527.00	\$ -	\$ 133,604.00
18	Rapid City Bldg & Maintenance	\$ 43,785.00	\$ 49,834.00	\$ 36,862.00	\$ 130,481.00
19	Other City Bldg & Maintenance	\$ 29,351.00	\$ -	\$ -	\$ 29,351.00
20	Equipment	\$ -	\$ -	\$ 325.00	\$ 325.00
21	Supplies and materials	\$ 355,453.00	\$ 5,500.00	\$ 1,185.00	\$ 362,138.00
22	Printing and copying	\$ 12,000.00	\$ -	\$ 1,449.00	\$ 13,449.00
23	Telecommunications	\$ 15,082.00	\$ 3,552.00	\$ 1,741.00	\$ 20,375.00
24	Travel and meetings	\$ 7,151.00	\$ 5,265.00	\$ 180.00	\$ 12,596.00
25	Marketing and advertising	11,000	\$ 2,000.00	\$ 536.00	\$ 13,536.00
26	Staff and volunteer training	\$ 1,900.00	\$ 3,000.00	\$ 6,510.00	\$ 11,410.00
27	Contract services	\$ 109,223.00	\$ -	\$ 23,663.00	\$ 132,886.00
28	Miscellaneous	\$ 42,000.00	\$ 1,000.00	\$ 6,096.00	\$ 49,096.00
29	Subtotal	\$ 1,211,783.00	\$ 428,375.12	\$ 132,892.60	\$ 1,773,050.72
30	General operating (indirect) - 8%		0		0
31	Total	\$1,211,783	\$428,375	\$132,893	\$1,773,051
32	In-kind				
33	Transportation	\$ -	\$ -	\$ -	\$ -
34	Volunteers	\$ -	\$ -	\$ -	\$ -
35	Supplies	\$ -	\$ -	\$ -	\$ -
36	Total In-kind	\$0	\$0	\$0	\$0
37	Total Expenses	\$1,211,783	\$428,375	\$132,893	\$1,773,051
38	Revenue over Expenses	\$0	\$55,661	-\$180	\$55,481

Operating Budget Projections 2015 - 2019

**RAPID CITY
ADULT SOCIAL AND RESOURCE CENTER - 5 YEAR BUDGET PROJECTION**

Line	Revenue	Total 2010 Income Adult Social & Resource Center Partners	Projected % of Growth by Year				
			10.08% (Over 6 Yrs)	4%	4%	4%	4%
			ASRC 2015 Income	ASRC 2016 Income	ASRC 2017 Income	ASRC 2018 Income	ASRC 2019 Income
1	Grants						
	Federal	\$ 444,111.00	\$ 484,080.99	\$ 488,921.80	\$ 493,811.02	\$ 498,749.13	\$ 503,736.62
	State	\$ 152,983.00	\$ 166,751.47	\$ 168,418.98	\$ 170,103.17	\$ 171,804.21	\$ 173,522.25
	Other	\$ 113,500.00	\$ 123,715.00	\$ 124,952.15	\$ 126,201.67	\$ 127,463.69	\$ 128,738.33
	United Way	\$ 54,697.00	\$ 59,619.73	\$ 60,215.93	\$ 60,818.09	\$ 61,426.27	\$ 62,040.53
	City of Rapid City	\$ 27,000.00	\$ 29,430.00	\$ 29,724.30	\$ 30,021.54	\$ 30,321.76	\$ 30,624.98
2	Contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	Corporate contributions	\$ 7,680.00	\$ 8,371.20	\$ 8,454.91	\$ 8,539.46	\$ 8,624.86	\$ 8,711.10
4	Membership	\$ 14,000.00	\$ 45,500.00	\$ 54,600.00	\$ 62,790.00	\$ 72,208.50	\$ 83,039.78
5	Individuals	\$ 490,500.00	\$ 539,550.00	\$ 566,527.50	\$ 594,853.88	\$ 624,596.57	\$ 655,826.40
6	Fees for services	\$ 355,673.00	\$ 391,240.30	\$ 410,802.32	\$ 431,342.43	\$ 452,909.55	\$ 475,555.03
7	Fundraisers, events, sales	\$ 113,843.00	\$ 130,919.45	\$ 147,938.98	\$ 167,171.05	\$ 188,903.28	\$ 213,460.71
8	Endowment	\$ -					
9	Interest income	\$ 60.00	\$ 78.00	\$ 101.40	\$ 131.82	\$ 171.37	\$ 222.78
10	Miscellaneous	\$ 23,285.00	\$ 25,613.50	\$ 28,174.85	\$ 30,992.34	\$ 34,091.57	\$ 37,500.73
11	Total	\$ 1,797,332.00	\$ 2,004,869.64	\$ 2,088,833.12	\$ 2,176,776.46	\$ 2,271,270.74	\$ 2,372,979.21
13	In-kind	\$ 31,200.00	\$ 34,320.00	\$ 41,184.00	\$ 47,361.60	\$ 54,465.84	\$ 62,635.72
14	Total Revenue	\$ 1,828,532.00	\$ 2,039,189.64	\$ 2,130,017.12	\$ 2,224,138.06	\$ 2,325,736.58	\$ 2,435,614.93

**RAPID CITY
ADULT SOCIAL AND RESOURCE CENTER - 5 YEAR BUDGET PROJECTION**

Line	Expenses	Total 2009 Expenses Adult Social & Resource Center Partners	ASRC 2015 Expense	ASRC 2016 Expense	ASRC 2017 Expense	ASRC 2018 Expense	ASRC 2019 Expense
15	Staff salaries and wages	\$ 797,819.00	\$ 957,382.80	\$ 986,104.28	\$ 1,015,687.41	\$ 1,046,158.03	\$ 1,093,235.15
16	Payroll Taxes	\$ 65,984.72	\$ 76,590.62	\$ 78,888.34	\$ 81,254.99	\$ 83,692.64	\$ 87,458.81
17	Benefits	\$ 133,604.00	\$ 153,644.60	\$ 161,326.83	\$ 169,393.17	\$ 177,862.83	\$ 186,755.97
18	Rapid City Bldg & Maintenance	\$ 130,481.00	\$ 142,224.29	\$ 146,491.02	\$ 150,885.75	\$ 155,412.32	\$ 160,074.69
19	Other City Bldg & Maintenance	\$ 29,351.00	\$ 30,231.53	\$ 31,138.48	\$ 32,072.63	\$ 33,034.81	\$ 34,025.85
20	Equipment	\$ 325.00	\$ 4,875.00	\$ 7,312.50	\$ 10,968.75	\$ 11,297.81	\$ 11,636.75
21	Supplies and materials	\$ 362,138.00	\$ 394,730.42	\$ 406,572.33	\$ 418,769.50	\$ 431,332.59	\$ 444,272.57
22	Printing and copying	\$ 13,449.00	\$ 15,466.35	\$ 16,239.67	\$ 17,786.30	\$ 18,675.62	\$ 20,454.25
23	Telecommunications	\$ 20,375.00	\$ 22,208.75	\$ 23,319.19	\$ 26,817.07	\$ 28,157.92	\$ 29,565.81
24	Travel and meetings	\$ 12,596.00	\$ 13,729.64	\$ 15,102.60	\$ 16,612.86	\$ 18,274.15	\$ 20,101.57
25	Marketing and advertising	\$ 13,536.00	\$ 16,243.20	\$ 17,867.52	\$ 21,441.02	\$ 25,729.23	\$ 33,448.00
26	Staff and volunteer training	\$ 11,410.00	\$ 12,436.90	\$ 13,680.59	\$ 15,048.65	\$ 19,563.24	\$ 21,519.57
27	Contract services	\$ 132,886.00	\$ 144,845.74	\$ 152,088.03	\$ 164,255.07	\$ 172,467.82	\$ 181,091.21
28	Miscellaneous	\$ 49,096.00	\$ 53,514.64	\$ 55,120.08	\$ 56,773.68	\$ 58,476.89	\$ 60,231.20
29	Subtotal	\$ 1,773,050.72	\$ 2,038,124.48	\$ 2,111,251.46	\$ 2,197,766.87	\$ 2,280,135.91	\$ 2,383,871.39
30	General operating (indirect) - 8%	0					
31	Total	\$1,773,051	\$ 2,038,124.48	\$ 2,111,251.46	\$ 2,197,766.87	\$ 2,280,135.91	\$ 2,383,871.39
32	In-kind		\$ -	\$ -			
33	Transportation	\$ -		\$ 18,000.00	\$ 25,000.00	\$ 45,000.00	\$ 49,500.00
34	Volunteers	\$ -					
35	Supplies	\$ -					
36	Total In-kind	\$0					
37	Total Expenses	\$1,773,051	\$ 2,038,124.48	\$ 2,129,251.46	\$ 2,222,766.87	\$ 2,325,135.91	\$ 2,433,371.39
38	Revenue over Expenses	\$55,481	\$ 1,065.16	\$ 765.66	\$ 1,371.20	\$ 600.67	\$ 2,243.54

Section XI. Assessment of Benefits

The second highest annual expense non-profit organizations have in overall operation is building operation and maintenance. Every year non-profit organizations around the country discontinue services because they can no longer afford to meet the expenses tied to occupying a building on their own. For years foundations and other funding organizations have sighted stabilization as their number one priority. The single most effective step non-profit organizations can take, in securing long-term stability, is to join with other organizations in sharing operational and maintenance expenses. The three organizations that have come together in this proposal are looking to do just this.

The Daisy House is looking at making a move to another location to meet the demand for their services. While this is good for what it says about the need and quality of their service, it's terrible for the impact it will have on their budget. They predict their rent will double, if not triple in the next year just to find a space that provides half again as much space.

The Meals Program also rents their office space on the open market. While their present landlord has given them a great deal over the past 10 years, there is a growing potential that this will not continue given the age of the property owners and they anticipate their rent will double, if not triple within the next 5 years.

Minneluzahan Senior Center spends one-fourth of their annual budget on maintaining the thirty-five year old city-owned building they occupy. As HVAC, electrical and plumbing systems have aged the impact on the organizations budget has been almost insurmountable. With these costs increasing every year, it's likely that within five years they will consume one-third of the organizations annual budget.

The Adult Social and Resource Center will provide these three organizations with the ability to share not only building operational expenses, but to also share administrative expenses as well. In the long run, this new facility will save these valued community service organizations up to ten percent in operation and maintenance and stabilize them for years to come.

The one-stop Adult Social and Resource Center will centralize in one location where golden-agers congregate for socialization, meals, services and activities. The building of this one-stop center will lower the number of

accidents golden-agers experience as they drive from location to location to obtain the same resources they will receive at the Adult Social and Resource Center.

Building the Adult Social and Resource Center will be a catalyst for Economic Development the City can use to attract retirees to the region and bring with them all the advantages stated in previous sections of this plan.

Section XII. Assessment of Disadvantages:

As with all other forms of economic development, retiree attraction has its disadvantages. The primary disadvantage may be the lack of support by retirees for increased taxes to support local schools. Some retirees may outlive their health coverage and place health care demands on the local community. Retirees will also bring their ideas on how things should be done in the local community, and current local residents may be resentful of these new ideas. However, with careful planning, most disadvantages can be minimized, and the advantages often far outdistance the disadvantages.¹²

With only one of the two Senior Centers in Rapid City presently on board to become part of this one-stop center, there could be continued disconnect of the golden-age population based on geography. A loss of membership and income at Canyon Lake Senior Center could lead to a greater divide in the golden-age community. The history of two centers serving a singular population will have to be addressed and steps taken by the City Council to avoid this ongoing separation.

Section XIII. Recommendation:

Based on the above, we strongly feel the City Council of Rapid City South Dakota should approve funding the Adult Social and Resource Center.

¹² <http://www.aces.edu/pubs/docs/C/CRD-0072/>
12/10/2010