

# **CITY COUNCIL PROCEEDINGS**

## **BEMIDJI, MINNESOTA**

### **Special Meeting/Work Session – January 30, 2017**

Pursuant to due call and notice, a special meeting/work session of the City Council of the City of Bemidji, Beltrami County, Minnesota, was held on Monday, January 30, 2017, at 5:30 p.m. in the Conference Room of City Hall, Mayor Albrecht presiding.

Upon roll call, the following Councilmembers were declared present: Albrecht, Meehlhause, Johnson, Hellquist, Erickson Absent: Larson

Staff Present: City Manager Nate Mathews, Finance Director Ron Eischens, City Engineer Craig Gray, City Clerk Kay Murphy

Others Present: Jeff Kossow, VenuWorks Executive Director

Mayor Albrecht stated that the purpose of the special work session was to hear an update from the Sanford Center Work Group and discuss alternative revenue options.

City Manager Mathews stated that the City Council created a Sanford Center Work Group on September 26, 2016. The group included Councilors Larson and Meehlhause as well as city staff. He stated that the group has met several times and have primarily covered the following topics:

- Staffing stability and short term and long term staffing
- Three year look back on co-pros
- Event booking history and expectations
- BSU hockey use dynamic
- Financial impropriety updates - Mathews noted that the state auditor is currently reviewing the financial records at the event center.
- Event Center financial comparisons with other cities
- Identification of new policy and procedure needs
- Advisory Board governance, role and makeup
- VenuWorks contract review
- Hospitality tax/alternative revenue review and planning

Eischens reviewed a power point presentation regarding how the city wants to determine what success is at the event center. He stated that some businesses benefit more from the economic impact generated from the event center than others. Visitors add costs for the City budget, i.e., parks, streets, utilities and infrastructure impact. He stated that the event center provides a number of full-time and part-time jobs in the community, recruitment tool and home to BSU men's and women's hockey programs. Other City assets that benefit residents and tourists, i.e., parks & trails, library, arena, streets. He noted that Bemidji spends \$1.3 million annually on parks and recreation programming which are not expected to make a profit.

Eischens described the following as potential ways the city could define success at the facility:

- Economic impact, estimated at \$24 million last year. Councilor Erickson suggested a clarification on how the economic impact amount was arrived at.
- Quality of life in our community.
- Number of events held on a regular basis.
- Attendance at events.
- Financial results from the event center.

Eischens noted that most event centers are owned by a city, because cities have taxing ability to fund costs. He stated that if event centers were profitable, the private sector would build and own them. He reviewed a handout comparing the City's event center with Duluth, Mankato, Grand Forks and St. Cloud. He noted that the other event centers have larger populations, higher income levels and utilize non-property tax funding.

Eischens then reviewed the current practice utilizing property tax to fund the Sanford Center which includes operational investment, capital replacement fund as well as land and building bonds at a cost of \$903,000 or 17% of the total tax levy.

Mathews stated that representatives from the Chamber and VisitBemidji met with the Work Group to discuss the financial situation and the development of an alternative revenue source to reduce the Sanford Center's reliance on property taxes. A hospitality tax and sales tax were identified and discussed as options for the Council's consideration.

Eischens reviewed the pros and cons of hospitality tax and sales tax. After discussion, it was the Council's consensus to explore alternate funding for the Sanford Center through implementation of a hospitality tax. It was discussed that this option could expand funding to regional visitors and create more of a benefit from the regional visitor spending and help fund tourism related amenities. Council also discussed their desire to have "town" meetings and further discussions with the Chamber and VisitBemidji before bringing to the State for approval.

**ADJOURN**

There being no further business, motion by Hellquist, seconded by Erickson, to adjourn the meeting. Motion carried. Meeting adjourned at 6:50 p.m.

Respectfully submitted,

A handwritten signature in blue ink that reads "Kay M. Murphy". The signature is written in a cursive style.

Kay M. Murphy  
City Clerk