

BEMIDJI CITY COUNCIL

Special Work Session Agenda

Thursday, December 13, 2018

City Hall
Conference Room
6:00 P.M.



1. CALL TO ORDER / ROLL CALL

2. CONSIDER 2019 SANFORD CENTER CAPITAL REQUESTS

4. ADJOURNMENT

NOTE: Please switch all cellphones and pagers to a non-audible function during Council and Committee meetings.

COUNCIL AGENDA ITEM



Meeting Date: December 13, 2018

Action Requested: Consider 2019 Sanford Center Capital Requests

Prepared By: Ron Eischens, Finance Director *Ron*

Reviewed By: Nate Mathews, City Manager *Nate*

Background

Since 2015, the City set aside funding to meet a portion of anticipated future capital needs of the Sanford Center. Funding amount was based on \$1 per square foot, or \$180,000 annually. An additional \$50,000 is set aside to pay for major repairs/maintenance expenditures. These funding levels were not expected to meet all capital needs, but demonstrate recognition of a larger obligation to be met in the future.

Last summer, Venuworks staff prepared a draft capital improvement plan for the Sanford Center. Major assumptions included were building replacement costs of \$36 million spread over a fifty-year life. These assumptions result in \$720,000 of projected annual capital costs over the life of the building and are based on original building construction costs and anticipated life cycles. The measure of the City's challenge is we set aside \$180,000 for capital replacement versus the projected need of \$720,000, an annual shortfall of \$540,000.

Predicting the timing of when capital items need replacement challenging. Reality being, capital items will be replaced when they fail or their performance is not adequate.

Sanford Center capital replacement funding is insufficient to meet long-term building needs. Keeping the building and equipment in excellent condition is key to holding successful conferences, events and games and provide positive customer experiences.

Current

Sanford Center capital requests for 2019 are listed in priority order on the attached, including available funding. The majority of capital needs (\$375,000) relate to computer and electronic equipment, which are now nine years old and outdated in terms of technology. The attached narrative is provided by Venuworks to provide details regarding their analysis and description of capital items. Venuworks and City staff need Council direction on how to proceed with the replacement of these capital requests for 2019.

Future

The City has most of funding for the 2019 capital needs set aside. However, this amount was accumulated over five years and will be depleted in one year. Property tax costs of Sanford Center operating subsidy, capital replacement and South Shore development bonds amount to \$1 million annually. Non-property tax funding of these costs should be discussed as a Community to determine if lodging or hospitality taxes are more equitable. Other cities with event centers do not finance their Event Center costs with property taxes.

Recommendation:

Provide Venuworks and City staff with direction on 2019 capital requests.

In addition, consider the process desired for discussion of alternative funding sources of Sanford Center costs.

Capital Improvement Plan (CIP)

1. Assessment: The core committee of the facility (Directors Level) will continually assess the physical building, its systems, and industry trends to define a timeline that will coincide with life expectancy of equipment and other building assets. Beyond the staff, these timelines will be compared and reviewed by VenuWorks Corporate and other experts in the disciplined areas to use best practices when deciding on importance of each improvement item. On an annual basis, these items will be prioritized at the time of submittal. Being budget sensitive while keeping the best interests of the building owner (City), the users of the building (BSU / Promoters / Etc.) and the safety and experience of all guests, the staff will recommend a budget for annual purchases and repairs to the Board of Directors for approval.

2. Funding: The City, along with VenuWorks, must work together to create a funding mechanism for capital repairs and improvements of the building. With each year that passes, each critical system in the building ages, and failures are imminent. The cost of repairing or replacing major items (HVAC, Roof, Video Systems, Etc.) are very costly. The maintenance of current systems will be of great expense, and unfortunately maintaining does not mean "improvement" and although large costs are associated, many guests and users will see no difference in what the building is offering. The cost to "upgrade" items like video boards will be in addition to maintaining the current pieces, so more funding will be needed to improve the experience of all parties.

3. Implementations: Following the rules / laws of purchasing equipment and services, staff will work to make capital improvements during the summer months when the building is less busy, hence keeping "lost business" to a minimum. Some system repairs will not allow for business to be conducted during the time of service. Dates will be reviewed and scheduling will be worked out to the best of the staff's ability to affect the least amount of business possible.

Sanford Center Capital Improvement Plan Explanation

The following page is the Sanford Center Capital Improvement Plan recommendations based on the City of Bemidji's available funding plan.

- The Electrical/AV/Sound/Technology Systems/Security Systems consists of an upgrade to our Video Control and Production room as well as a security and access system upgrade to the building. These items are past the end of their life cycles and need to be funded.
- The operations equipment consists of equipment from ride on carpet extractors to wide area vacuum cleaners and a Zamboni rebuild to extend the life of existing equipment and furnishings.
- The concessions and catering/kitchen equipment consist of everything from Heat lamps and chafers, to small wares and popcorn machines.
- Signage consists of additional wayfinding signage to direct our patrons where to go and how to get into the proper part of the building for the event they are attending.
- Furniture/Tables/Chairs/etc. is for more tables to boost efficiencies and meet the needs of existing and future events.
- Masonry, Repair/Landscaping is to repair existing benches and to improve the landscaping outside of the Sanford Center to make it a safer environment for Patrons and Faculty of the building.
- Asphalt, Parking lots consists of replacing half of the existing bollards with more cost-effective ones, and we will be using the bollards we replace as back ups for the other half until we run out of replacements at which time, we will need to replace the other half.
- The ADA Upgrades consist of two ramps for the Stage to be used for graduations and other events.
- Admin Computers/Printers consist of computers to replace failing computers. Interior finishes consist of painting the Club level and Convention Center as we are not able to match the original faded paint as it is past its life.
- Dasher boards & Plexiglass is to replace the yellow kickplate on the dasher boards as well as the green soft cap on top of the dasher boards. We would also begin to replace the tempered bench glass with acrylic glass to create a safer environment for patrons, players and staff.

This plan has been formed to fit within the City's Funding plan for Capital Improvement. This does not mean that the items that are not able to be funded at this time are to be forgotten about. They will still need to be funded and if they are not, they will likely completely fail at some point in the future.

**SANFORD CENTER
CAPITAL REQUESTS**

Description - in order of priority	2019	
	Original	Revised
Electrical/AV/Sound/Technology Systems/Security Systems	575,000	375,000
Operations Equipment	100,000	154,445
Concession Equipment	70,000	14,500
Catering/Kitchen Equipment	70,000	35,080
Signage	50,000	10,000
Furniture/Tables/Chairs/Ect.	30,000	31,200
Masonry, Repair/Landscaping	70,000	70,000
Asphalt, Parking Lots	145,000	4,800
ADA Upgrades	40,000	50,000
Admin Computers/Printers	21,000	9,600
Interior Finishes	90,000	75,000
Dashboards & Plexiglas	30,000	30,000
BSU WING/Office/Locker Rooms/Hallways/Green Room	60,000	-
Flooring	164,000	-
TOTAL REQUESTS	1,515,000	859,625

Capital Funding available through City

Through 2018	624,000
2019	180,000
Available Funding	804,000
Capital Requests above	(859,625)
Shortfall	(55,625)

	Total	2018-2027	2028-2037	2038-2047	2048-2057	2058-2067
Administrative Offices	2018 to 2067					
File Cabinets	49,128	-	24,564	-	-	24,564
Modular Office Furniture	241,634	-	120,817	-	-	120,817
Payroll System, Time Management	45,000	5,000	10,000	10,000	10,000	10,000
Personal Computers	340,000	60,000	80,000	60,000	60,000	80,000
Printers	12,750	2,250	3,000	2,250	2,250	3,000
Administrative Offices Subtotal	688,512	67,250	238,381	72,250	72,250	238,381
Basketball						
Basketball Floor	108,000	21,600	21,600	21,600	21,600	21,600
Basketball Goals	60,000	20,000	-	20,000	20,000	-
Basketball Subtotal	168,000	41,600	21,600	41,600	41,600	21,600
BUILDING, EXTERIOR						
Doors and Hardware	600,000	200,000	-	200,000	-	200,000
Masonry, Repair	600,000	-	300,000	-	-	300,000
Overhead Doors	1,212,676	40,000	40,000	1,052,676	40,000	40,000
Roof Flat	2,025,352	1,012,676	-	-	1,012,676	-
Signage	225,405	45,081	45,081	45,081	45,081	45,081
Windows	210,000	-	105,000	-	-	105,000
Building, Exterior Subtotal	4,873,433	1,297,757	490,081	1,297,757	1,097,757	690,081
BUILDING, INTERIOR						
Carpet	1,078,000	308,000	154,000	154,000	308,000	154,000
Custom Casework	60,000	-	20,000	20,000	-	20,000
Doors and Hardware	600,000	200,000	-	200,000	-	200,000
Expansion Joints, Main Floor	250,000	50,000	50,000	50,000	50,000	50,000
Finish Carpentry	250,000	50,000	50,000	50,000	50,000	50,000
Finishes, Ceilings	50,000	10,000	10,000	10,000	10,000	10,000
Finishes, Floors	50,000	10,000	10,000	10,000	10,000	10,000
Terazzo Floor	105,000	15,000	15,000	30,000	15,000	30,000
Finishes, Walls	75,000	15,000	15,000	15,000	15,000	15,000
Hand Rails	100,000	20,000	20,000	20,000	20,000	20,000
Meeting Rooms	600,000	150,000	75,000	150,000	75,000	150,000
Painting	150,000	30,000	30,000	30,000	30,000	30,000
Waterproofing	18,000	3,000	4,500	3,000	4,500	3,000
Building, Interior Subtotal	3,386,000	861,000	453,500	742,000	587,500	742,000

	Total	2018-2027	2028-2037	2038-2047	2048-2057	2058-2067
Coach Rooms						
Chairs	5,000	-	-	2,500	-	2,500
Desks	42,000	-	-	21,000	-	21,000
Coach Rooms Subtotal	47,000	-	-	23,500	-	23,500
Dressing room						
Furniture	56,000	16,000	8,000	16,000	8,000	8,000
Dressing Room Subtotal	56,000	16,000	8,000	16,000	8,000	8,000
Electrical						
Audio/Visual Sound System	5,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Ballasts	51,000	12,000	9,000	9,000	12,000	9,000
Computers, Non-administrative	85,000	15,000	20,000	15,000	15,000	20,000
Concert Needs	240,000	60,000	-	60,000	60,000	60,000
Environmental Control systems	60,000	15,000	-	15,000	15,000	15,000
Fire Alarm System	40,000	-	20,000	-	20,000	-
Portable Radio/Headsets	50,000	10,000	10,000	10,000	10,000	10,000
Power Towers	50,000	10,000	10,000	10,000	10,000	10,000
Replace Batteries,generators, Carts	50,000	10,000	10,000	10,000	10,000	10,000
Spotlights	80,000	-	-	80,000	-	-
Telephones	40,000	-	20,000	-	20,000	-
Electrical Subtotal	5,746,000	1,132,000	1,099,000	1,209,000	1,172,000	1,134,000
Employee Lounge						
Lockers	7,500	1,500	1,500	1,500	1,500	1,500
Furnishings	30,000	6,000	6,000	6,000	6,000	6,000
Employee Lounge Subtotal	37,500	7,500	7,500	7,500	7,500	7,500

	Total	2018-2027	2028-2037	2038-2047	2048-2057	2058-2067
Exterior Areas						
Asphalt, Parking Lots	5,276,070	507,000	1,940,910	380,250	2,067,660	380,250
Bullards & Fencing	27,000	5,400	5,400	5,400	5,400	5,400
Flagpoles (3)	52,500	15,000	7,500	7,500	7,500	15,000
Outside Marquee	375,000	75,000	75,000	75,000	75,000	75,000
Plants, Trees, Shrubs	250,000	50,000	50,000	50,000	50,000	50,000
Exterior Areas Subtotal	5,980,570	652,400	2,078,810	518,150	2,205,560	525,650
Exterior Equipment						
Irrigation Sprinkler System	80,000	-	40,000	-	40,000	-
Landscape Equipment	50,000	10,000	10,000	10,000	10,000	10,000
Pickup	100,000	20,000	20,000	20,000	20,000	20,000
Exterior Equipment Subtotal	230,000	30,000	70,000	30,000	70,000	30,000
Hockey Equipment						
Condenser & Chillers	170,000	25,000	25,000	40,000	40,000	40,000
Dashboards & Plexiglas	1,148,928	382,976	-	382,976	382,976	-
ProDeck Cover	499,500	-	249,750	-	-	249,750
Ice Floor	100,000	-	50,000	-	50,000	-
Zamboni	200,000	-	100,000	-	-	100,000
Ice Resurface Equipment	30,000	10,000	-	10,000	10,000	-
Hockey Equipment Subtotal	2,148,428	417,976	424,750	432,976	482,976	389,750

	Total	2018-2027	2028-2037	2038-2047	2048-2057	2058-2067
Interior Equipment	2018 to 2067	2018-2027	2028-2037	2038-2047	2048-2057	2058-2067
POS System	800,000	160,000	160,000	160,000	160,000	160,000
ADA Door	20,000	-	5,000	5,000	5,000	5,000
ADA Ramp/Platform/Barricade	140,000	35,000	35,000	-	35,000	35,000
Air compressor	2,500	500	500	500	500	500
Barricades, Bike	30,000	10,000	-	10,000	10,000	-
Barricade, 100 ft	60,000	-	30,000	-	30,000	-
Cameras	500,000	100,000	100,000	100,000	100,000	100,000
carts	39,000	9,000	6,000	9,000	6,000	9,000
Concessions Equipment	2,000,000	400,000	400,000	400,000	400,000	400,000
Curtain Motors	72,000	-	36,000	-	-	36,000
Elevators, Freight & Passenger	200,000	-	100,000	-	-	100,000
Emergency Generator	50,000	-	-	50,000	-	-
Exhaust Fan	30,000	10,000	-	10,000	10,000	-
Exhibit Booth Drapes	50,000	12,500	12,500	12,500	12,500	-
Forklifts	120,000	-	60,000	-	-	60,000
Half House Curtain	200,000	40,000	40,000	40,000	40,000	40,000
Hand Tools	170,000	30,000	40,000	30,000	30,000	40,000
Ice Equipment Maintenance	180,000	45,000	30,000	45,000	30,000	30,000
Industrial Tools, ladders	98,000	28,000	14,000	14,000	14,000	28,000
Green Cushion Chairs	900,000	-	450,000	-	450,000	-
Rope & Stanchion	80,000	20,000	10,000	20,000	10,000	20,000
Scissors Lift, 26 ft.	40,000	-	20,000	-	-	20,000
Seating	250,000	50,000	50,000	50,000	50,000	50,000
ToolCat	80,000	50,000	-	15,000	15,000	-
Star Dressing Rooms	168,000	48,000	24,000	24,000	48,000	24,000
Suite Improvements	250,000	50,000	50,000	50,000	50,000	50,000
Tables, 18 in. by 96 in.	60,000	-	30,000	-	30,000	-
Tables, 18 in. by 72 in.	50,000	-	25,000	-	25,000	-
tables, 30 in. by 96 in.	35,000	-	17,500	-	17,500	-
tables, 30 in. by 72 in.	60,000	-	30,000	-	30,000	-
Tables, 5 ft. Round	90,000	-	45,000	-	45,000	-
Ticket Office speakers	50,000	10,000	10,000	10,000	10,000	10,000
Trash Compactor	40,000	-	20,000	-	-	20,000
Uniforms	170,000	30,000	40,000	30,000	30,000	40,000
Interior Equipment Subtotal	7,084,500	1,138,000	1,890,500	1,085,000	1,693,500	1,277,500

	Total	2018 to 2067	2018-2027	2028-2037	2038-2047	2048-2057	2058-2067
Janitorial Equipment							
Carpet Cleaner (Machine)	150,000	30,000	30,000	30,000	30,000	30,000	30,000
High Pressure Washer	60,000	12,000	12,000	12,000	12,000	12,000	12,000
Riding Floor Scrubber	150,000	30,000	30,000	30,000	30,000	30,000	30,000
Trash Cans	80,000	20,000	20,000	20,000	-	20,000	20,000
Walk Behind Floor scrubber	16,000	16,000	-	-	-	-	-
Janitorial Equipment Subtotal	456,000	108,000	92,000	72,000	92,000	92,000	92,000
Laundry Room							
Canvas Hampers	4,550	1,000	1,000	1,000	1,000	1,000	550
Dryer	10,000	2,000	2,000	2,000	2,000	2,000	2,000
Washing Machine	10,000	2,000	2,000	2,000	2,000	2,000	2,000
Laundry Room Subtotal	24,550	5,000	5,000	5,000	5,000	5,000	4,550
Mechanical systems							
Air Handlers	1,050,000	-	500,000	500,000	-	50,000	500,000
Boilers	100,000	-	50,000	50,000	-	50,000	-
Chilled Water Pumps	225,000	75,000	-	-	75,000	75,000	-
Chillers	500,000	-	250,000	-	-	-	250,000
Condensate Pumps	195,000	65,000	-	-	65,000	65,000	-
Condenser Water Pumps	195,000	65,000	-	-	65,000	65,000	-
Condensers	300,000	100,000	-	-	100,000	100,000	-
Cooling Towers	1,000,000	-	500,000	500,000	-	500,000	-
Exhaust Fans	120,000	-	60,000	60,000	-	60,000	-
Glycol/ Water Pumps	105,000	35,000	-	-	35,000	35,000	-
Heating Water Pumps	120,000	-	60,000	60,000	-	60,000	-
Mechanical Systems Subtotal	3,910,000	340,000	1,420,000	340,000	1,060,000	750,000	-
Medical Area							
First Aid Cabinet	30,000	10,000	-	-	10,000	10,000	-
Medical Area Subtotal	30,000	10,000	-	-	10,000	10,000	-
Meeting Rooms							
Chairs	300,000	-	150,000	150,000	-	150,000	-
Recess Projection Screen	40,000	-	20,000	20,000	-	-	20,000
Stage 32 ft. by 24 ft.	108,000	36,000	-	-	36,000	-	36,000
Meeting Rooms Subtotal	448,000	36,000	170,000	36,000	150,000	56,000	-

	Total	2018-2027	2028-2037	2038-2047	2048-2057	2058-2067
Plumbing Systems	2018 to 2067					
Water Heaters	70,000	-	35,000	-	35,000	-
<i>Plumbing Systems Subtotal</i>	<i>70,000</i>	<i>-</i>	<i>35,000</i>	<i>-</i>	<i>35,000</i>	<i>-</i>
Rest Rooms						
All Partitions	75,000	-	-	-	75,000	-
<i>Rest Rooms Subtotal</i>	<i>75,000</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>75,000</i>	<i>-</i>
Security/ Receiving						
Photo ID Machine	50,000	10,000	10,000	10,000	10,000	10,000
Security/Cameras	200,000	40,000	40,000	40,000	40,000	40,000
Door Access System	160,000	40,000	20,000	40,000	20,000	40,000
<i>Security/Receiving Subtotal</i>	<i>410,000</i>	<i>90,000</i>	<i>70,000</i>	<i>90,000</i>	<i>70,000</i>	<i>90,000</i>
Visiting Team Locker Room						
Bathrooms	80,000	20,000	-	20,000	20,000	20,000
Lockers	41,600	-	-	41,600	-	-
<i>Visiting Team Locker Room Subtotal</i>	<i>121,600</i>	<i>20,000</i>	<i>-</i>	<i>61,600</i>	<i>20,000</i>	<i>20,000</i>
Grand Total	35,991,093	6,270,483	8,574,122	6,090,333	8,955,643	6,100,512
TOTAL	36,000,000					
# of Years	50					
Annual Funding Amount	720,000					
Current Funding	(180,000)					
Additional Funding needed	540,000					