

# CITY COUNCIL PROCEEDINGS

## BEMIDJI, MINNESOTA

### Special Meeting/Work Session – August 25, 2014

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, August 25, 2014, 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, Olson, Erickson, Thompson

Staff Present: City Manager John Chattin, City Attorney Alan Felix, Finance Director Ron Eischens, City Clerk Kay Murphy

Others: Curtis Webb, Executive Director at Sanford Center  
Via Phone – Steve Peters, VenuWorks

Mayor Albrecht stated that the purpose of the special work session was to discuss the contract with VenuWorks.

Chattin stated that staff has put together an analysis of the Sanford Center which outlines the potential financial impact if the City was to take over operations. He reviewed the proposed amendment to the management agreement with VenuWorks, as follows:

- Base management fee of \$9,500 per month.
- Extend the current agreement for a five-year term.
- 90-day termination notice, without penalty or cause, which gives the City leeway if it wishes to exit the contract.
- Variable management fee of 5% of gross food and beverage sales, net of sales tax.
- Deletion of the 10% of advertising, sponsorship revenues, and pouring rights.
- Deletion of the 5% in possible incentives.

Steve Peters, President of VenuWorks, stated that VenuWorks continues to provide some services with Mankato. He stated that there is a savings by not having a management company; however, they hire third party contractors. He stated that VenuWorks has been working to provide new and improved services through Ticket Master and Live Nation. There is more flexibility with Ticket Master and upgrades are done at no cost. In 2014, events have increased and it is estimated that the event center had a \$20 million economic impact. They anticipate the impact to be higher next year.

Discussion followed comparing the operation of the Mankato and Grand Forks event centers with the Sanford Center. Johnson stated that there has been a lot of turnover of full-time staff and believed that if the City operated the event center we could attract and keep staff. Webb responded that the employees are fairly compensated and that turnover cannot always be attributed to wages. Peters further stated that VenuWorks provides support and training of their employees.

Olson commented that we are saving \$4,000 on the back of the employees, our citizens.

Thompson stated that the vote for building the event center was close and if the City took over and mismanaged it, "we'd all get lynched".

Erickson asked about the accounts that the current contract requires, in particular the money market account. Peters responded that there is no money market account as all the money belongs to the City and recommended that requirement be "struck" from the agreement.

Johnson stated he would like the non-compete requirement for the Executive Director eliminated. Peters responded that it has always been required by VenuWorks and they would not consider removing it from the contract. Peters went on to explain that the Executive Director also has a non-solicitation agreement outside of the contract with VenuWorks. Albrecht stated that it is not unusual for businesses to require certain employees to have a no-compete.

**Motion by Johnson, seconded by Thompson, to approve the amendment with the stipend to remove the "no-compete clause" for the Executive Director. In addition,**

**strike the money market account. Motion failed with the following vote: Ayes: Johnson. Nays: Erickson, Hellquist, Thompson, Olson, Meehlhause, Albrecht.**

**Motion by Thompson, seconded by Olson, to approve Addendum No. 1 to the Management Agreement with VenuWorks. In addition, strike the requirement in the contract for a money market account. Motion carried unanimously.**

**ADJOURN**

There being no further business, motion by Hellquist, seconded by Meehlhause, to adjourn the meeting. Motion carried. Meeting adjourned at 6:35 p.m.

Respectfully submitted,



Kay M. Murphy  
City Clerk