ROLL CALL AND DETERMINATION OF QUORUM
MEMBERS PRESENT: Charity Doyle, Chairman; Patri Acevedo Fuentes, Member; and via teleconference Tim Johnson, Vice-Chairman; Gary Brown, Member; and Jason Lambert, Member.

OTHERS PRESENT: Craig Baltzer, Executive Director; Tracy Heitsch, Deputy Director/Finance; Jayne Kraemer, Deputy Director/Events; Priscilla Dominguez, Director of Corporate Sales and Marketing; David Owen, Stage/Production Manager; Teresa Dringman, Accounting Clerk; Chris Catlette, Energy Plant Manager; Joel Landeen, City Attorney; Rod Johnson, Public Works; and via teleconference Kent Bush, Rapid City Journal.

ADOPTION OF AGENDA
Motion to approve agenda was made by Lambert, and second by Brown, motion carried.

APPROVE MINUTES
1) February 22, 2022 – Motion to approve minutes as presented made by Lambert, second by Brown, motion carried.

GENERAL PUBLIC COMMENT
None

FINANCIAL ITEMS REQUIRING BOARD ACTION
2) Bill List – Heitsch highlighted items greater than $5,000. Of note is Ingersoll Rand Industrial for $6,677.00 for the Rushmore mezzanine air compressor that was approved last year. There is also a bill from Skyline Signs & Lighting for $4,438.74 for the light pole that was hit by an uninsured motorist before the Stock Show. We will continue to pursue restitution through the State’s Attorney’s Office but are not holding high hopes of reimbursement. Motion to approve bill list as presented made by Lambert, second Brown, motion carried.

3) Capital Update – Heitsch stated the board approved a capital budget of $700,000 for capital 2022. We have several items on the 2022 list that were actually approved in 2021, but due to COVID procurement issues, we will not receive the items until 2022. We do have a couple of items for the board’s consideration today. We also have a prioritized needs list but have not spent a lot of time on the last couple of years because of FFE, etc. The capital budget is divided into 3 sections. Priority 1 items are from last year as well as additional items identified over the past year. The scissor lifts, portable PA, replacement air compressor, and black curtains for Barnett were approved previously and moved to this year due to procurement times. The ice arena south side compressor overhaul will take place this summer with costs currently projected at $60,000. The Rushmore Hall fire alarm panel was approved previously. We think we are going to get the panel installed in the next couple of weeks. This is a perfect example of procurement issues. When it was ready to install initially, the contractor had to “borrow” parts from that replacement panel to complete the necessary work in the Summit Arena. The chamber space remodel has been budgeted at $60,000. We already spent some monies in our Board room. We also have the LED conversion of parking lot lights. The more we look into this, as the costs continue to rise, we feel we need to tackle this in phases as we know this project has a great return on investment. Since we have an electrician on staff, this will help. The first step will be to evaluate the light poles. A few years ago we had one come down. We have some electrical problems as well. This will be a multiphase process. Next, the south side theatre exterior has been exposed for quite some time. We have been looking for the right product. Rod Johnson with Public Works will explain more in a few minutes. We also have the DSP- digital sound processing replacement on our priority 1 list. This is an issue we have with an aging facility, especially in the upper Rushmore rooms, LaCroix, and theatre. We are trying to use internal resources to handle a
majority of the labor for the install of the equipment. It may be a phased in project which may roll into
next year. We also have Rushmore Hall pneumatic replacement plan which is something we have
been talking about with HVAC and pneumatics. Several years ago we did an overall study to examine
the old fire alarm system, old HVAC, and emergency evac. Skyline did a study, and it was estimated
to cost $4.5 million for an overall facility upgrade to those systems. We would like start by replacing
the controls in Rushmore Hall. That is an area that we can work on without a significant impact to the
remainder of the building. Additionally, we need to crack seal some of our parking lots. We will see
how much can be done with $25,000 to crack seal the worst parts of the parking lots. This is a
city/county wide contract that we will tag onto to get the best available price. The security cameras in
the existing building need to be replaced. The first security cameras were installed in 2008, and now
9 of them do not work. We do not have cameras inside of venues. We also need facility doors to be
repaired, replaced, and/or have electronic controls. Finally, we have miscellaneous Summit expenses
to include painting the orange rail in Barnett fieldhouse, dressing up the connector, building
permanent walls to block off the upper levels of the Barnett fieldhouse and do some updates to
concession stands in the Barnett fieldhouse. We know we have more projects than funds, for this
miscellaneous Summit expense line.

The next list of items we would like to move to FFE include Summit Arena windows and the need to
tint them or add graphics to help concession workers to see without getting blinded by the light
coming in. We need additional ID scanners for the bars since we have gone to machines at bar
locations vs human ID checkers and could use more scanners. We would like to get a portable
market which would be similar to the walk-through market in the Summit. We can operate the
portable market with one person and a stocker. All of these FFE items are dependent on the
outcome of the FFE budget which is still pending some overall project costs. We also need banquet
carts and trash receptacles. Priscilla Dominguez is working with potential sponsors on the trash
receptacles. Lastly, we would like to purchase six sets of mini bleachers for Rushmore Hall and
Barnett.

Some items will be moving to prioritized needs to include enclosed electric shuttles for people
movement from downtown to The Monument via the promenade, new cameras for production, a box
baler for cardboard, additional stage monitors, a DAS Room, additional campus signage, additional
spotlights, a utility pickup, and 15-passenger van. City Parks has been great help with lending us 15-
passenger vans. Our total for this entire list is about $1.1 million; our capital budget is $700,000.

Rod Johnson from Public Works stated a few years ago he had gotten a call from Heitsch who had
noticed that some of the existing insulated panels were coming off the south side of the theatre. They
were pulling away significantly. We had to get them down for safety reasons. There was concrete
block behind them. We discussed what product was best to be used as a replacement. We found a
durable product from Bridger Steel. Johnson showed a picture of the Highway Patrol building east of
Rushmore Crossing which utilized this product. It is a very durable, 24-gauge product. Instead of
trying to match the existing product type and color, we decided to go in a different direction. We got
inspiration from the ice arena exhaust grills to fit in with the trim at this area. That is ultimately how we
arrived at the product. It is versatile. It is virtually maintenance free and durable as far as hail goes.
We will insulate behind and fur it out with some metal Z flashing and get that exterior back to a
presentable situation. We have been having difficulty finding contractors. Last fall, we decided to set it
aside and work on it in the spring. We were able to get one quote and a couple of contractors refused
to quote. The plan was to get it done in May for $57,400. It is probably in line with prices now. Bids at
city hall are 30 to 50% higher than what we are used to seeing. It makes everyone nervous, but that
is where we are. We have a contractor who has done city work and school work. He is a smaller
contractor who teamed up with a person who worked for building inspection a number of years. That
was how we found them. We have a quote today. If we can get it approved, we will start getting
things ordered. Heitsch stated we are also requesting approval to proceed with crack seal for
$25,000. Motion to approve the south side theatre exterior and crack seal projects as presented
made by Lambert, second Johnson, motion carried.

ITEMS NOT REQUIRING BOARD ACTION

DISCUSSION FROM THE PRESIDENT, BOARD MEMBERS, AND STAFF

4) Event Update – Kraemer stated we are coming off one of our busiest weekends of the year with
multiple events. We had our own little city inside the walls. We had an indoor soccer tournament in
Rushmore Hall and Barnett on Friday, Saturday and Sunday; Celebration Talent the theatre on
Saturday; sold out Monster Trucks in the Summit on Saturday; Rush Hockey on Friday, Saturday,
and Sunday; and the Heart Ball in LaCroix on Saturday with a 400-person plated meal. What people
do not see on the back side is that we have a shortage of staff. Baltzer was shoveling snow on Saturday. It is all hands on deck. March is one of our busiest months of the year. Coming up this week we have a job fair with 90 booths, ACT testing, Toby Mac on Thursday in the Summit which is sold out, State AA Girls Basketball Thursday through Saturday, youth basketball in Barnett this weekend, Rapid City Marshals in Summit Arena on Saturday and two Festival of Bands shows on Saturday. It is good for business but tough for staff. Doyle asked about morale. Baltzer says it is difficult. We get to this time of year on a normal year and it is difficult, but with the addition of new facility and shortage of staff, it is even more difficult. We have staff literally living here because it is so busy. This was a year to evaluate how it goes. We wish we had relatively full departments.

5) Executive Director’s Update – Baltzer wanted to welcome our new board member Patri Acevedo Fuentes, who was one of the architects and designers on our new arena. Baltzer issued her a warrant of appointment and stated she sat through every construction meeting and has gotten to know us very well. Baltzer commented on staffing issues. All departments are working hard and figuring out how to find their way. Probably the one area we are really struggling is Operations. The general public sees our security, ticket takers, and bartenders. What they do not see when the event is over is that we have crews that come in to transition from one event to the next. The board might be familiar with the hand rail system and its issues in the Summit Arena, for example. It takes 6 employees 8 to 10 hours each to change the rails in the building. Transitioning a new building takes times. Crews are running 24-7 to transition to the next event and clean. This is where we are shorthanded. We have worked with work release and community services. In the end, we are not filling our existing crews. We have a little bit of a revolving door. We need to take a look at how we are going to adjust in the future. No expert is saying there is an end to the labor crisis. We had a meeting with operations staff and management; we are learning we are going to need additional crew and additional management positions. We have had people who have not had a day off since Stock Show and Rodeo. We do have a challenge when it comes to maintaining high employee morale. They are not unhappy, but they are just putting in a lot of time and effort. We have always been pretty forgiving on move in days so that events can take their time moving their events into the facilities, whereas other facilities have limited time available for move in and move out to ensure the crews have time to transition (convert the space, clean, reset the space) to the next event. We might have to restrict that and spread the calendar out. We really do not want to say no to any events. We would like to use our facilities when we can. This time of year we have every facility going at the same time and then do the same the next week. We could use more bartenders and concession workers as well. If you are seeing lines at concessions, we might be using two points of sale vs four due to staffing limitations. In production, we are making it. It is in the Operations department that we are really struggling the most. We will continue to look for creative ways to increase our crew sizes. Doyle asked how many people from corrections we have. Baltzer stated we have inmates and work release. The work release program is running pretty well. There are six to eight regulars we are getting out of that program. The inmate program is less reliable. They saved us throughout the winter. As we get to the spring, they are starting to get spread out. They figured out the night shift after the big concert is hard work, so that is a little less reliable. We are still getting a few. That might be seasonal. We might lose them to outdoor work. We are learning. Doyle asked about outreach and veteran programs and said she will make a call. Baltzer was handed a new group last week that might work. Any help that we can get would be beneficial. We should be proud of the staff we have here.

Baltzer gave a report to city council last night to update them on the new arena. He stated we opened our building on October 23, 2021, after 22 months of construction and 1-1/2 years of design. The current status is that we are operating events and fully open, but we are still working on a number of things—punch list items, paint, etc. Rod Johnson is deeply involved. We are doing a lot of warranty work, i.e.: perhaps something is not working the way it is supposed to. A perfect example of that are the handrails. We have gotten equipment that we have discovered was broken. Doyle asked about the escalator issue. Baltzer said that will continue to be a problem. Heitsch says it has been faulty components. She has been working on those items. Baltzer said we wanted to build the building that operates very well. As you can see, we designed our food areas as small restaurants instead of just concession stands. We are pushing more variety to the customer, and they are purchasing the premium products. We are selling more food and beverages than we ever have before. You can still buy hotdogs and nachos but food and beverage offerings are much more diverse. Everyone is familiar with the market which is a walkthrough convenience store with prepackaged food. That is a new feature in arenas. We need to invest in a little bit of velvet rope and stanchion to direct the lines. The Coke machines were labor saving devices. Now we sell a cup with a QR code where patrons can fill their own cup and can refill their drinks. We have these stationed throughout the concourses. By providing these self-serve machines we are saving the labor of two employees at each stand. We have three premium spaces with premium offerings. An individual can buy seats in our club for one
event as well. The other two bars are general public socializing areas for anybody. The Bud Light Lounge is packed. We have a problem with people buying a ticket and then going to the bar and never making it to their seats. Baltzer showed photos of the arena in different house settings. He showed the last night of rodeo where we sold every seat in the house. We use the upper deck area curtaining as a means to adjust the house. It shows the flexibility. These photos showed how we can build out the room with all seating, half house with curtaining, and then with telescopic and floor seating. We can use upper deck curtain and half house curtaining. If we did not have curtaining systems, it would look like an unsuccessful event. Since the end of October, we have had 18 events and 34 event days. That is great. With the load in days and rehearsal days, that was 62 days with 34 event days and 28 load-in days. Some of our events are public, but others are private events. We are getting a really good mix of high school sports to concerts and professional sporting. Baltzer then showed the heat map showing where the ticket buyers are coming from relating to ticket sales in the Summit Arena only. We are not just covering local area, we are covering multiple states and the entire north central United States. There are only two states who have not been represented at the Summit Arena in its first few months - Hawaii and Alabama. The map shows how many people are coming from the east side of South Dakota, Nebraska, Minnesota, Iowa, and North Dakota. The mixture of events is attracting people. We have people coming from Denver. Looking forward, we have announced events in March, April and May to include trade shows, sports, and concerts. We will be announcing more things. As the board knows our summers lighten up. We will be announcing more events for June and next fall.

6) Financial Summary – Heitsch apologized that it is March, but she was presenting January financials. We are hoping to get these reports from city finance in a more timely manner. We got this report at the end of February. We are in our first full year of the Summit. Every month that we present financial summary it is a snapshot in time. January is really influenced by the Stock Show and Rodeo. Due to timing, we do not have anything from the Stock Show this year. Revenues are solid. Total revenues were highest in the last five years. Even if we adjust for the Summit Arena, it is still across the board the most sizable January in recent history. The biggest difference is we are still in the pandemic recovery. In December 2020, LNI did not take place. Obviously when we did LNI in 2021, it was a different event with every corner of the building and all three “arenas” in action. Kraemer is very involved with the LNI board. We can definitely see the impact. The Summit Arena is the venue in our footprint that is built to sell food and beverage. We are definitely seeing the impact. Our prices are higher than in the years prior. Price increases are 14-18%, but the number of transactions is also up. The BBB continues to stay very strong. The January revenues are reflective of business through November. We are excited to see what February and March will reflect with LNI in December. Through the first 4 payments of the year, it is up about 15% compared to the previous year. As we look over time, those numbers are strong. Revenues reflect 100% of the BBB; our expenses reflect 25% through to VRC. Food and beverage revenue is the second strongest history in last five years. The expenses are up as well. Total expenses for January were $1.3 million and that is sizable. There are a couple of main contributors to these large numbers. All major insurance for the facility came out in January. They were all deducted this month. It was $443,000 in total insurance. The majority of the increase was in overall property insurance. In the past it was $145,000, but this year $344,000. Heitsch has been working with Pauline Sumption at City Finance because she wants to do some analytics to evaluate coverage. Wages are up about 35%. Baltzer talked about labor, and the pay increase have helped attract some new staff. We are concerned with our 2022 wages budgets, however, as these budgets were created before the 35% increase in wages was implemented. We are tracking our wages budget on a payroll by payroll basis. For the first month we are still okay. We expect our wages budget to be over budget throughout the year. We will likely have to raise prices. Based on analytics, historically we have averaged 135,000 part-time hours annually but we’re expecting to need 175,000 part-time hours this year. Supplies expenses will continue to increase. We continue to make the 2008 bond payment of $414,000 annually. That was a $5 million bond to include parking lots for the construction of the ice arena, ADA compliance issues, HVAC system, roofing, security cameras, and gates. That bond will be paid for in 2028. Additionally, in March of 2022 the first of 10 payments of $112,000 per year will be paid to the City for the $1.1 million loan on the center hung and ribbon board for the Summit Arena. Our 2022 interdepartmental charges budget is $465,000. We have had one month of those come through. We budgeted $152,000 for PILT. We had the first half of that come out in January and the next half will be in July. Overall, we budgeted $617,000 for PILT and interdepartmental charges. For January we are in a strong cash position. Challenges for this year is labor (securing and paying). We are very conscientious about food & beverage product costs. We are trying to buy as smart as possible. We used to have a half dozen supply warehouses. They have consolidated to 3 or 4. We are doing everything we can and making the smartest business decisions possible. We continue to watch utilities. March is our busiest time of year. It is also the time to put together the 2023 budget but its challenging during this busy time. We
will present the budget at the first meeting in April and give time for you to evaluate, discuss and adjust, then return for a budget 2023 decision at the second board meeting in April.

7) **Transportation Natural Gas Bid** – Chris Catlette, energy plant manager, stated we buy transportation natural gas, and it is a little cheaper if we go out to bid. Doyle stated we do this every year. Catlette advised there are no changes to the bid process. He asked for the board’s permission to go out to bid and set a date. Historically, we receive a 30 cent discount thru this process. Once we open the bids, we will report back. Motion to **approve going out to bid for transportation natural gas made by Johnson and seconded by Lambert, motion carried.**

**ADJOURNMENT**
Doyle adjourned the meeting at 9:24 a.m.

Respectfully submitted,

Teresa Dringman
Accounting Clerk
The Monument