

PROCEEDINGS OF THE CITY COUNCIL
Rapid City, South Dakota

June 28, 2017

Pursuant to due call and notice thereof, a special meeting of the City Council of the City of Rapid City was held at the City/School Administration Center in Rapid City, South Dakota on Monday, June 28, 2017 at 6:30 P.M.

The following members were present: Mayor Steve Allender and the following Alderpersons: Darla Drew, Jason Salamun, Charity Doyle, Jerry Wright, Lisa Modrick and John Roberts and the following Alderpersons arrived during the course of the meeting: NONE; and the following were absent: Ritchie Nordstrom, Brad Estes, Amanda Scott and Steve Laurenti

Staff members present included: Finance Officer Pauline Sumption, Civic Center Executive Director Craig Baltzer and Administrative Coordinator Heidi Weaver-Norris.

Doyle read in item (No CC062817-01) Presentation on Barnett Arena by Mayor Allender. He stated the results and findings have been compiled with the help of the Civic Center Task Force and the efforts put in over the last year. He named the following individuals as part of the Civic Center Task Force: Kevin Andreson, Everett Hoyt, Matthew Huether, Mark Joneson, John Spangler, Rick Kahler, Rodney Pettigrew, David Ploof, Tim Raben, Robert Weyrich, and Dallas Dietrich.

Mayor indicated that he formed this presentation himself. He said no action will be taken by Council. He stated there are two options; one option is to remodel, the other option is to build new. He stated he would give the presentation as many times as needed and as long as the demand is there for it to be heard. He said there are strong feelings on both sides regarding the remodel and the rebuild.

The history of the Civic Center was presented. On April 11, 1972 the citizens voted to add ½ cent sales tax (which is now known as the Vision Fund) to construct the new Civic Center. They also voted to add the 1% tax on lodging, restaurants and alcoholic beverages. The Civic Center opened in 1977. In 1986 the Rushmore Hall Expansion was done for \$10.2 million. In 1997 the food court and Rushmore Hall Expansion was done for \$4.8 million. In 2008 the Ice Arena Expansion was done for \$25.7 million. In 2009 the Fine Arts Theatre Remodel was done for \$2 million. In 2011 the LaCroix Hall Renovation was done for \$1.2 million.

Mayor believes the Civic Center's current location is the best location and it should not be moved. It is located off of I-90. It has traffic flow on all four sides of the campus. He said there is room for expansion to the north of the Civic Center.

The annual attendance was presented with two major peaks, one in 1993-1995 the other in 2009. The Thriller basketball team was in Rapid City from 1987 to 1995. He said the downfall could have to do with the Thrillers leaving Rapid City. The other peak in 2009, the Corporate Harley Davidson Organization spent 20 years on this campus and left in 2009. From 2009 to 2015 there has been a 25% decrease in attendance, campus wide, not just the Barnett Arena.

Mayor indicated the event days and number of events, are going up, but the attendance is going down. He made the observation that there are declining sales / occupancy over the years. There is a reduction of large events which makes it necessary to schedule smaller events. He said attendance is still falling. We are not in a crisis but we are on a downfall which needs attention.

Mayor explained economic impact. People bring their money from out of town and come to Rapid City. They spend their money in one of these categories: Lodging, restaurant, retail, transportation, recreation/entertainment. The money goes into the accounts of the owners, managers and employees. All employers spend their money on transportation, housing, groceries and discretionary. And the cycle continues. Each sale of a good or service generates tax.

Visitor spending, according to the Destination Management Association International, shows each out of town event attendee spends \$239 per day, per adult. This is based on data received by local communities. Each student, spends \$50 per day for their events. For example, Miranda Lambert drew people from 35 states; Elton John drew people from 27 states and Eric Church drew people from 33 states.

We don't just service an area of 70,000 people. We serve a greater economic service area. Within 200 miles we serve approximately 638,379 people. Our competitive market consists of Billings, Casper, Bismarck, Fargo, Sioux Falls, and Omaha. They have arenas that service between 9,700 people to 27,000 people. The oldest competitive arena is located in Bismarck, built in 1969. The newest competitive arena was built in 2014 in Sioux Falls.

There are many competitive challenges of the Barnett Arena. The first being the entertainment industry has evolved. The Barnett Arena is no longer compatible with industry ceiling height and floor plan demands. We can't get professional bull riders, monster trucks, certain concerts and other traveling entertainment shows.

There are safety concerns which include emergency evacuation issues, lighting/fire alarms, trip/fall hazard, air quality/refresh rate. Mayor explained the Barnett was built for basketball games not for a stock show. There has been an evacuation study done in the past few months and there are hazards that need to be addressed. Mayor stated there are event set-up limitations. The Barnett doesn't have a loading dock. Traveling shows bring all production equipment and support. There is limited seating in the Barnett. Most concerts require "end stage" configuration. When the Barnett is set up this way, it seats 6,844 people. This is the fewest seats in the competitive market. Mayor pointed out the ice arena holds 5,400 seats for a concert. All traveling shows hang lighting and sound equipment. The Barnett has limited capacity at 53' vs the typical requirement of 75'-80'. Plus the hanging weight in the Barnett is inadequate.

The future growth and use is limited. The Barnett Arena is a 1960s building built for a 1975 market. The Barnett can't be reasonably expanded to become competitive for traveling entertainment and trade shows. The building is getting old. It has a tired appearance, dated and inefficient architecture, and the concourse is limited. There is a lack of adequate dressing rooms and lack of staging space for event equipment.

Regarding the Americans with Disabilities Act, the Barnett doesn't comply with current ADA standards. We have an agreement with the Department of Justice to become ADA compliant which was signed in March of 2015. There is a 30-month compliance expectation for September 2017. Mayor said all issues will not be fixed by then. There was not enough time to do the research and find the right solution within that time frame. There has been significant overall progress made toward compliance excluding the Barnett Arena.

Compliance can be achieved by two options which are to remodel or build a new arena. If the Barnett is remodeled the City will look at ADA, Life Safety and Functional enhancements. The engineer's estimate was shown for ADA improvements totaling \$8,093,448. The engineer's estimate for life safety for items such as roof reinforcement, stairs, HVAC is \$8,061,900.

Functional enhancements such as seating, loading dock, and sound totals \$7,722,000. The total engineer's estimate is \$24,832,441 to remodel.

Mayor said the committee has met with two national architects who specialize in arenas. Those architects are Crawford Architects and Sink Combs Dethlefs Architects. The general price estimates were from \$100 million to \$130 million. The committee thinks a round configuration would be best with a minimum of 10,000 seats in the 180 degree end stage set-up. This would make the Barnett Arena competitive in the entertainment market. Mayor listed the pro's and con's for both the remodel option and the new arena option. He stated the proposed funding for either option would be to use 50% of the annual available Vision Fund collections, which is around \$13 million dollars. So the City would use up to \$6.5 million dollars of that.

The City has paid around \$700,000 since 2012 for economic impact studies. Mayor said there was good information in those studies. One study was predicting within one year of opening, the economic impact of the Civic Center would go from \$60 million per year to \$113 million per year. He stated that people don't like paying for consultants. They see it as a waste of money. And when we do pay for the consultant, no everyone wants to believe them. Yet, people want absolute facts and evidence but there seems to be no acceptable method of achieving them.

Mayor stated the financing costs over 30 years will be around \$182 million (P&I). He believes it will be an expense to fix the Barnett and an investment to build new. Funding is available through half of the Vision Funds and will not increase taxes or take from road and infrastructure projects. Mayor said there will be a community survey conducted to get feedback. City Council will consider the information and make the final decision.

In response to a question from Salamun, there was no business or marketing plan done yet. If they took that path, Mayor suggested hiring an owner's representative to help get relevant data and facts to make this work. Regarding new tenants for concessions, Mayor said the figures don't factor in anything new with concessions. Mayor indicated there is not much to be gained with remodeling regarding tenants or shows. Wright stated the presentation was well done and he would vote in favor of a new build. In response to a question from Drew, Mayor stated a new location is off the table because the Barnett Arena is not only for entertainment but also for trade shows and conventions. The floor space is extremely valuable. There would be no advantage to moving the location, unless they remodeled the Barnett and built a new facility as well. Drew said we live in a community that resists walking and would like to see a transportation plan built into the new civic center. Motion was made by Wright, second by Roberts and carried to acknowledge.

There being no further business to come before the Council at this time, motion was made by Wright, second by Salamun and carried to adjourn the meeting at 8:00 p.m.

Dated this 28th day of June, 2017.

ATTEST:

Finance Officer
(SEAL)

CITY OF RAPID CITY

Mayor