

GRAND JUNCTION CITY COUNCIL WORKSHOP SUMMARY
December 5, 2016 – Noticed Agenda Attached

Meeting Convened: 5:31 p.m. in the City Hall Auditorium

Meeting Adjourned: 8:28 p.m.

City Council Members present: All Councilmembers

Staff present: Caton, Shaver, Rainguet, Hazelhurst, Romero, Valentine, Schoeber, Watkins, and Tuin

Also: Kalie Greenberg (KKCO), Richard Swingle, Amy Hamilton (The Daily Sentinel), Don Dethlefs (Sink Combs Dethlefs), Tom Paquette (Pinnacle Venue Services), Rob Hunden (Hunden Strategic Partners), Barry Strafacci (Pinnacle Venue Services), Diane Schwenke (Grand Junction Area Chamber of Commerce), Mike Anton (EmTech, Inc.), Kristi Pollard (Grand Junction Economic Partnership), Allison Blevins (Downtown Grand Junction Business Improvement District), Brandon Stam (Grand Junction Downtown Development Authority), Steve Reimer, Kevin Reimer, Bruce Lohmiller, Jamie Hamilton (Home Loan Insurance), Harry Griff (Law Offices of Griff, Larson, Laiche, & Wright), Pat Tucker (Conquest Developments, LLC), Kat Rhein (Community Banks of Colorado), and Janet Brink (Habitat for Humanity – Mesa County)

Council President Norris called the meeting to order.

Agenda Topic 1. Feasibility and Impact Analysis of the Arena Market

City Manager Caton introduced the topic and said a Committee comprised of community and staff members had been meeting regularly to review the original Hunden Strategic Partners (HSP) study.

City Manager Caton then introduced HSP President and CEO Rob Hunden who provided detailed information on viability, challenges, and financial and economic impacts of an event center option from the initial study (event center combined with Two Rivers Convention Center (TRCC) that included upgrades/expansion to TRCC) and a new option (stand-alone event center that does not include upgrades/expansion to TRCC) requested by the Committee. Mr. Hunden noted a combined facility would provide better opportunities, efficiencies, and more associated economic activity. He also pointed out some advantages of an event center being located between Denver and Salt Lake City; a prime location for minor level sport teams (a hockey team has committed to locating here), and it is an advantageous route for bands to overnight and play. Mr. Hunden said the final recommendation is to combine a 5,000 seat facility (with suites and loges) with an upgraded and expanded TRCC; recommended upgrades/expansion are to convert the existing ballroom to a “true” ballroom that would include divisibility features for flexibility and to reorient the main entrance to Main Street. Mr. Hunden reviewed the recommended budget for these proposed changes and noted the combined option would likely generate \$500,000 in pre and post event spending in the downtown area that would not be realized with the standalone option. He then pointed out additional ways integrated option would be more economically advantageous: combined resources/efficiencies, multiple event spaces in one

location making it more competitive, close to established restaurants, stores, and hotels, and increased overnight stays (events and conventions). A standalone facility would not be able to take advantage of the previously mentioned combined benefits and therefore not be as profitable in the long run.

Sink Combs Dethlefs Principle Don Dethlefs showed a drawing of the proposed combined facility pointing out the repositioned TRCC main entrance and combined loading area (not to be visible from Main Street) behind the facility, a junior ballroom, the arena, and additional entrances that would take advantage of current parking (Walker Parking Consultants Study found existing parking to be sufficient) which would provide a full service event/convention facility. Mr. Dethlefs also reviewed ways the proposed facility could accommodate music concerts of various sizes and sporting events (boxing, soccer, football, lacrosse, rodeo, big tire, motocross, and equestrian).

Councilmember Chazen asked what staff recommended. City Manager Caton said the Committee reviewed options for locations, funding, governance, and vetted the numbers, they recommend the combined facility and to finance it with a 30 year sales tax increase of .25 percent.

Councilmember McArthur asked if Lodging Tax (currently at 3%) was considered as a funding source. City Manager Caton said they had, but the tax to be increased by 8% and other revenue sources would still need to be included.

Councilmember Kennedy said the updated report recommending a combined facility validates the rehabilitation of TRCC and he feels a .25 percent sales tax increase is reasonable.

City Manager Caton said there was a Committee consensus that a combined facility on the existing site is the best option.

Councilmember Chazen expressed concern regarding increasing exhibition space and competing in this highly competitive market and asked Mr. Hunden if he felt the facility could be competitive enough. Mr. Hunden explained these projects are typically funded with lodging tax by larger municipalities (i.e. San Diego) and charge more for rent; this proposed facility will be more of a state and regional draw (rather than national) and compete with other state municipalities that already are charging higher rates. The City already has TRCC that is located by good hotels and a great downtown; the key question is how can this destination be made as appealing as possible and this investment will help make it viable.

Councilmember Taggart expressed concern that an option to build an arena close to existing sporting facilities (i.e. Lincoln Park and Colorado Mesa University (CMU)) was not proposed. Mr. Hunden said scheduling control is typically sacrificed when partnering with a school or major league team and in this case, the previously mentioned benefits of a combined facility would also be lost. Council President Norris added CMU President Tim Foster has not been interested in partnering with the City on this type of project.

Councilmember Traylor Smith and Council President Norris asked the Committee how to move forward to make this a regional destination again.

Councilmember Boeschstein said this project should be done as a partnership - with the County, State, or the Colorado Avalanche Hockey team. He then asked who partnered with the City of Boise to fund their event center. Mr. Hunden said each area is different, but most centers are funded from various sources and agreed that all funding options should be explored and encouraged Council to be creative.

Councilmember McArthur suggested CDOT (Colorado Department of Transportation) be contacted to find out how much space they will need at the corner of 1st Street and Ute Avenue when it is flattened. City Manager Caton said CDOT has been contacted and they will need to acquire some property for it, but project design adjustments can be made to accommodate CDOT's requirements.

City Manager Caton added he spoke with Mr. Foster regarding the proposed facility and it is larger than he was interested in and noted two CMU representatives participated in almost every Committee meeting and only expressed interest in a facility close to Lincoln Park. He also mentioned the Hunden off site analysis can be translated to include other off site locations and that a combined facility would have more market appeal due to what the increased square footage would offer.

Councilmember Traylor Smith said the Avalon Theatre also was projected to make a profit and expressed concern regarding the estimated income for this project. Mr. Hunden said there is a lot of potential for this scenario to support the estimated income, but for budget purposes, it should only be expected to break even.

City Manager Caton agreed there is some risk, but said the estimated economic income and associated impact is very conservative and he respected their findings.

Concern was expressed regarding possible bond interest rate increases, how best to present a ballot question for this project, and how to balance this request for an increase in sales tax with other financial requests to voters (road maintenance, communication center, lodging tax, and School District #51).

Councilmember Chazen said he had reservations regarding the financial assumptions in the report and asked if the numbers had been vetted. Mr. Hunden said the numbers are legitimate and he offered to review the information with him. He then noted the report examples are for standalone facilities run by municipalities; it was difficult to find a parallel facility.

City Manager Caton said Mr. Hunden was hired for his expertise and there are assumptions that no one can predict, however with the proper financial cushion this facility should be successful and he felt comfortable moving forward.

Mr. Hunden said the question for tonight is, does Council want to move forward and if so, more information is needed and having a cushion is smart. He also reminded Council the window of opportunity for the hockey team is limited.

City Manager Caton reviewed the Downtown Events Center Bond Scenarios chart and explained how it could generate the needed funding.

Council agreed to pursue placing the sales tax increase question on the April 2017 ballot.

BREAK

Agenda Topic 2. Two Rivers Convention Center (TRCC) Request for Proposal (RFP) Update

City Manager Caton introduced Pinnacle Venue Services (PVS) Managing Partner Tom Paquette and Senior Vice President Barry Strafacci and said this discussion is in response to direction from City Council for staff to issue an RFP in order to explore different ways to manage and operate TRCC.

Mr. Paquette and Mr. Strafacci provided background on themselves, how PVS was formed, and PVS's business model. Mr. Paquette then explained their vision for partnerships encompasses working toward shared goals (increased room nights and event activity including working with community events) and providing financial transparency through communication and monthly reports. Mr. Strafacci then reviewed PVS's marketing, sales, pricing, and event report and tracking strategies. Mr. Paquette further explained they would staff a primary sales person and that ticket sales would be a focus, but that PEAK (people, experience, action, and knowledge) customer service is paramount and they seek feedback for each event. Mr. Strafacci said they are ready to start at the beginning of 2017 and listed what could be expected from PVS the first 100 days: review and ongoing evaluation of staff, staff assignments, operations, review food and beverage offerings, presentations, and pricing, sales and marketing performance by staff, increase Avalon national touring events, and create synergy with the multiple venues.

Councilmember McArthur asked if they would consider adding the Las Colonias Amphitheater to their contract. Mr. Paquette said he would like more information, but that it would fit perfectly in with their specialty of marketing and booking entertainment events.

Council President Norris said she is impressed with PVS's principles.

Councilmember Chazen asked how rates will be structured. City Manager Caton said for the short term PVS would work with current rates, but later to provide more flexibility by providing a price range for them to work within. Mr. Paquette said the first 100 days will provide needed information for future rates. Mr. Strafacci recommended using rate packages that use food minimums and yield management strategies.

Councilmember Kennedy asked if the addition of an event center would be a positive change for PVS. Mr. Paquette said it would provide more assets for more events, but the RFP is only for the current facilities. Mr. Strafacci added they have experience providing services during construction and working with architects; they would be glad to help during this process.

Details of the RFP were discussed: initial management fee, improvement/repair reimbursement, employee transitions, evaluations, and benefit package, anticipated City savings and reduced subsidy, and the transition timeline.

Council agreed for staff to move forward with this contract.

Agenda Topic 3. Next Workshop Topics

Not discussed.

Agenda Topic 4. Other Business

There was none.

With no further business the meeting was adjourned.

GRAND JUNCTION CITY COUNCIL
MONDAY, DECEMBER 5, 2016

PRE-MEETING (DINNER) 5:00 P.M. ADMINISTRATION CONFERENCE ROOM
WORKSHOP, 5:30 P.M.
CITY HALL AUDITORIUM
250 N. 5TH STREET

To become the most livable community west of the Rockies by 2025

1. [Feasibility and Impact Analysis of the Arena Market](#)
2. [Two Rivers Convention Center \(TRCC\) Request for Proposal \(RFP\) Update](#)
3. Next Workshop Topics
4. Other Business