

COUNCIL WORK SESSION MINUTES

**February 8, 2021 – 4:00 p.m.
City Hall via video conferencing**

A Council work session was held to discuss the Krug Park amphitheater project.

Attending: Mayor Bill McMurray and Councilmembers Brenda Blessing, Madison Davis, PJ Kovac, Russell Moore, Brian Meyers, Marty Novak, Kent O'Dell and Gary Roach.

Bryan Carter, Interim City Manager/City Attorney; Andy Clements, Public Works & Transportation Director; Chuck Kempf, Parks, Recreation & Civic Facilities Director; Tom Mahoney, Interim Administrative Services Director; Clint Thompson, Planning & Community Development Director; Mary Robertson, Asst. to the City Manager/Communications & Public Relation Manager; Rick Spriggs, Sr. Project Manager/Engineering Division; Paul Flury, Network Administrator; Ed Schilling, Multimedia Planner; and Paula Heyde, City Clerk.

Mayor Bill McMurray called the meeting to order.

A memorandum from Bryan Carter, Interim City Manager/City Attorney, in re: Krug Park Amphitheater Project” dated February 2, 2021, was previously distributed.

Al Purcell, Team Krug member, reviewed the Vision and Mission of Team Krug and said the City Councilmembers are going to be asked to look at spending money and asked them to consider the impact that this project has on revenue and investing in the future.

Using a power point (copy attached), Mr. Carter reviewed the impact of timing and project costs. He said the first decision the City Council would need to make is what if anything the City is willing to invest in the project.

After discussion on when to take a general obligation bond issue to the voters, whether the City Council is willing to invest significant costs out of existing funds before voters approve a bond to fund the project, and what funds should be utilized for the expenses, Mayor McMurray suggested entering into a contract with payments contingent upon passage of the general obligation bonds.

Mayor McMurray asked Mr. Carter to check to see how much ASM Global will charge the City to develop revenue projections that will help determine how everything will be paid for and then the City Council will reconvene to look at those numbers.

Rusty Summers, 612 Filmore St., said she knows a lot of people are concerned with the original contract from Henry Krug where he says he does not want liquor to be sold in Krug Park or the park reverts back to his heirs. She asked how the City is going to sell liquor in the park without losing it. She doesn't like the aspect of this project. Mr. Carter said the City Council will have to consider the original intent of Mr. Krug. On the legal side--the deed restrictions, the Krug Trust is the heir to the original grantor and there is a strong indication from Jeremiah Reeves that they would be willing to release that deed restriction. One of the decisions the City Council will have to make is if it is willing to start investing money before that is released and that will have to be taken up rather quickly. Ms. Summers asked what

the excess revenue will be spent on. Mr. Carter said City staff has discussed using any excess revenue for other parks facilities and parks programs to make sure that tie remains; but it would certainly be another revenue source but not one that would offset all sewer bills.

Mayor McMurray said, due to the upcoming Council meeting, this meeting will have to be ended but future meetings will be scheduled to further address this issue.

Mr. Carter said he would contact ASM Global and Populous to see if they are comfortable with the concept of entering into agreements now contingent upon bond approval and will prepare a memorandum updating what the process will be moving forward and get that to City Council.

The meeting adjourned at 5:14 p.m.

A handwritten signature in blue ink that reads "Paula Heyde". The signature is written in a cursive, flowing style.

Minutes transcribed by Paula Heyde, CMC, City Clerk.

Team Krug Vision and Mission

Vision: The Vision is to create an aesthetically pleasing amphitheater appropriately designed to attract top tier talent, provide an exceptional experience for the patrons, create a significant revenue stream for the City in order to make St. Joseph the destination for outdoor entertainment in the Midwest.

Mission: The Mission is to create a pathway to completion of the improvements to Krug Park on a time frame agreeable to the stakeholders. The people within organizations, consultants, political subdivisions and the public need to have a common focus to accomplish the vision understanding that time is of the essence. The end result is to create a destination City, provide a significant revenue stream to the City for decades, to provide funding to revitalize Krug Park, the Parkway and enhance all aspects of the community's park system to the grandeur as originally intended thereby improving the spirit of the citizens and the regional reputation of the City.

Note: The impact of timing. Representatives at ASM Global and Populous have stated that opening the venue in mid-2022 will provide a perfect opportunity to meet a pent-up demand for live entertainment that has developed during the COVID-19 pandemic. Opening in mid-2022 is an aggressive timeline and comes with significant risks (as discussed below).

Although a mid-2022 opening may be ideal, ASM Global has stated that a later opening would not jeopardize the feasibility of the project.

For reference, a traditional, yet aggressive, timeline for project approval has been developed by Public Works and is attached.

Note: Project costs. The Krug Park Amphitheater project is estimated to cost \$52,000,000.00. That amount is comprised of the following costs:

\$25,000,000.00 Amphitheater construction

\$5,000,000.00 design and other related “soft” costs

\$22,000,000.00 highway and related infrastructure costs (includes Cook Road extension and I-229 interchange; other routes can be evaluated)

Decision #1: Is the City willing to accrue significant costs out of existing funds before voters approve a bond that will be required to fund the project?

The project will require voter-approved bond financing (as discussed in more detail below). The soonest the financing can be approved is August 2021. If the project begins immediately, Populous has estimated their fees to be \$1,975,000 through August and ASM Global has estimated their fees at \$15,000.00-\$20,000.00 per month (fees were \$25,000.00-\$30,000.00 per month in the contract proposed by ASM Global on February 4), meaning that the City would need to appropriate and spend at least \$2,080,000.00. If voters do not approve the bond, the contracts would be terminated, and all fees paid would be forfeited.

ASM Global has indicated they are reviewing Populous' proposal. If ASM Global has suggestions for reducing the initial costs, those suggestions can be presented to Populous and negotiated.

Staff Recommendation: As an alternative to initiating work immediately, the agreements could be signed now, but all work could be delayed until a bond election could be held. (Note: At the time the City began discussing a mid-2022 opening, the magnitude of the costs that would be required before the issuance of bonds was not yet known.)

Decision #2: When should the bond issuance be presented to voters for approval?

A bond election could be held as early as August 2021, but an election on that date would require approval of 66.7% of voters. Following are other dates a bond election could be held and the voter approval percentage that would be required:

August 3, 2021	66.7%
November 2, 2021	66.7%
February 8, 2022	66.7%
April 5, 2022	57.2%
August 2, 2022	57.2%
November 8, 2022	57.2%

The possibility of opening the venue in mid-2022 will likely be lost if the vote is delayed until after August 2021; however, conducting the vote in August 2021 limits the amount of time to present the issue to the voters, collect citizen input, and incorporate that input into design.

Staff Recommendation: Hold the bond election in April 2022 when 57.2% approval will be sufficient, and a full year will be available to obtain citizen input.

Decision #3: When must the alcohol restriction be removed?

The deed transferring the Krug Park land to the City contains provisions that prohibit serving alcohol in the park; the alcohol restriction would have to be released to make the proposed use of the amphitheater viable.

The Krug Trust has authority to release that restriction and has indicated a willingness to release the restriction; however, the release of the restriction has not yet been negotiated. The City will need to decide when the restriction must be released for the project to proceed. If the restriction remains, the City will risk investing in the project without the necessary release to use it for its designed purpose.

Staff Recommendation: Require release of the restriction before City funds are contributed to the project.

Decision #4: What funds should be utilized for expenses incurred prior to the issuance of voter-approved bonds? (Note: these funds cannot be recovered if voters do not approve the issuance of bonds.)

Following are sources of funds that are available for expenditure on the Krug Park Amphitheater Project before the issuance of Bonds:

Remaining 2013 CIP Funds: Approximately \$275,000.00

Current CIP Funds:

\$50,000.00 available in FY2022 (dedicated to improvements to the Children's Amphitheater adjacent to the castle)

\$450,000.00 available in FY2023 (dedicated to utility extensions to Krug Park)

General fund (not recommended at this time)

Potential private donor funds (none have been offered to date)

In the event voters approve the issuance of bonds, the funds listed above can likely be replenished with bond proceeds. However, **if voters do not approve the issuance of bonds, these funds will be lost.** In the case of the Current CIP Funds, if the funds are lost, there will not be a source of funds available to pay for the voter-approved projects.

Staff Recommendation: Staff recommends **not entering into agreements to incur costs** before the issuance of bonds.

Decision #5: Should contracts be awarded to ASM Global and Populous without following the ordinary procurement policy?

Chapter 2 of the Code of Ordinance ordinarily requires bidding processes for the services being offered by ASM Global and Populous. The City Council already passed a resolution to waive the requirement as it applies to ASM Global (Resolution 45301, passed June 15, 2020). Another firm (Spectra) has expressed interest in management of a venue at Krug Park; however, but ASM Global is an industry-leading venue and event management company and—as described to City staff members—can offer a higher level of talent that will contribute to the success of the venue.

Populous has previously evaluated the project and performed some preliminary work. The firm is also often recognized as a leader in the field of event venue design.

Staff Recommendation: If the bond election is conducted in April 2022, an RFQ for venue design and for civil design could be issued to minimize costs.

Decision #6: How should the project be financed?

After consultation with the City's financial advisor, general obligation bonds are the only feasible method of financing the project. A \$52,000,000.00 bond issuance would add \$82.65 per year onto property taxes for a \$150,000.00 home for 20 years.

After project revenue estimates are developed, the City will be able to develop a proposed economic development incentive package. Those incentives could be used to increase venue revenue and retire the debt early or reduce the debt service charged to property taxes each year.

Staff Recommendation: General obligation bonds are the only feasible option. The contract with ASM Global will allow ASM Global to assist with revenue projections. Those projections will then be used to develop an economic development incentive package to pay a portion of project costs. (Staff members are evaluating the possibility of a Parks Property Tax if general obligation bonds are not desirable.)

Decision #7: Is eminent domain available for the acquisition of property to accommodate roadway and other infrastructure improvements?

The project will require the connection of Cook Road to I-229. Completing the project and connecting it to Krug Park will likely require property acquisition. Public Works estimates right of way will need to be acquired from 17 property owners and would require acquisition of 7 homes. The connection of Cook Road to Krug Park may also affect the Police Department's gun range.

If eminent domain is unavailable, construction of the connection will likely be impossible based upon an analysis conducted by Public Works. (Staff members have begun evaluating the possibility of constructing the infrastructure on Krug Park property in a manner that will limit the need to acquire property from private property owners.)

Staff Recommendation: The availability of eminent domain as a method of property acquisition will enable the City to minimize infrastructure and project costs.

Decision #8: What features and amenities of Krug Park must be preserved?

Staff members have compiled a list of features and amenities of Krug Park that should be preserved. That list is attached as “Exhibit A”. City staff members plan to utilize the City’s website, social media, and public forums to seek public input.

Staff Recommendation: See attached list (“Exhibit A”). Holding a bond election at a later date will have the added benefit of allowing time to collect public input.

Decision #9: Should a bond election for the Krug Park Amphitheater project be coordinated with an election seeking approval of bond authority for Civic Arena and aquatics improvements?

Civic Arena needs various repairs and improvements to meet modern standards and allow the facility to remain viable. Certain improvements need to be made before the arena hosts the 2023/24 NCAA Division II Women's Basketball Championships. Those improvements would cost approximately \$1,000,000.00 and address the basketball-specific uses. Other necessary improvements are anticipated to cost \$25,000,000.00 (\$18,000,000.00-\$20,000,000.00 would remedy immediate needs such as plumbing and electrical systems repairs, HVAC and boiler repairs, roof repairs, seating replacement, and lighting replacement). An additional \$31,000,000.00 to \$32,000,000.00 would allow for parking improvements to accommodate Civic Arena.

The City's aquatics facilities also need various repairs and improvements. If these improvements are not made, the Krug Park swimming pool will eventually face closure and portions of the Aquatic Park will have to be closed. Proposed options will be presented during a later work session. Options are anticipated to start at \$9,200,000.00, up to \$27,200,000.00.

A decision will need to be made to join all projects (Krug Park Amphitheater Project, Civic Arena Improvements Project, and Aquatics Improvements Project) in a single "recreational facilities" bond issuance, run separate bonds at the same time, or run separate bonds at separate times. Any bond for more than one project risks jeopardizing all projects because citizens disapprove of any one particular project; separation of bonds risks voter fatigue with multiple bond questions.

Despite a proposal to address the Krug Park Amphitheater, Civic Arena, and aquatics facilities, there remain other increasingly critical needs in the Parks system. Missouri Theater, Wyeth-Tootle Mansion, the Horace Mann building, Bode Ice Arena, the JRP 50+ Activities Center, and various outdoor facilities and parks, will need an estimated \$50,000,000.00 to \$60,000,000.00 that will need to be made in the coming years. Despite the investment in Krug Park, Civic Arena, and the aquatics facilities, other parks facilities will need to remain a focus, particularly if the Krug Park Amphitheater project proves successful and creates a new revenue stream.

Staff Recommendation: Delaying the bond election for all projects until April 2022 will allow for all projects to be included in one bond question seeking approval for "Park Facilities Improvements" and would only require 57.2%. In the event the question failed, the Civic Arena Improvements could be presented in August 2022 and allow for enough time to make the improvements before the 2023/24 NCAA Division II Women's Basketball Championships.

Civic Arena Estimated Improvement Costs:

1. Basketball ready/\$1M
2. Needed improvement/\$18M-\$20M
3. Needed improvements + Aesthetics/\$25M
4. Needed Improvements + Aesthetics + Parking improvements/\$56M

Features and amenities of Krug Park that should be preserved:

Lagoon: Impacting the size or nature of the lagoon should be avoided.

Castle: The Castle should not be impacted negatively. If there is any way to make the structure more useful in relation to the entertainment venue, it would be a welcome improvement, but altering the outside of the structure in any way that would affect the historic nature of the building and should be avoided.

Children's Circus Area (Children's Amphitheater): The area will benefit from CIP funding for renovations in 2 years and should not be negatively impacted.

Picnic Area: Minor changes or alterations could be made, but the service the area provides should be maintained at the same level or above of the current level.

Amphitheater: Improvements to serve the entertainment needs are welcome. Even with added amenities and structures to serve the entertainment needs, it should be performed in a way to avoid disruption of the natural beauty of the amphitheater, including the view from the entrance of the park. One previous proposal included covered dock behind the stage and larger stage backdrop which would both have dramatic impact on the view from the park entrance and lagoon area. If done properly, it would not impact that view or the overall aesthetics of the park dramatically.

Rose Garden. The rose garden is used fairly heavily for photo opportunities and weddings. The current location is of minimal historical importance, but the element needs to remain in some form even if it is relocated somewhere else in the park. The area where the rose garden is currently located seems to be of utmost importance to the renovations and operational needs of the entertainment venue.

Roadways: Impact of existing roadways needs to be minimal. Significant modifications could have other impacts. Parks staff has some suggestions for changes in roadway on north side of the park that might benefit everyone using the park.

Forest: The forest has many primitive trails that have been developed over time, primarily by volunteers. There is a small waterfall area that is a significant location in the forested area of the park. Development of a roadway through the forest should create as little impact as possible. A parkway-type roadway would be welcome to maintain the natural beauty of the area. Many hikers, bikers, and others use the area regularly, but with the development of the river bluff trails, that use may lighten. Parks staff has suggestions for this aspect of the project that might increase use of the natural area and make it more attractive to park users.

General Topography: Renovations should be performed in such a way to minimize impact on the natural topography of the park. There are probably some areas where the impact would be minimal and might even improve certain aspects within the park.