

# Duluth Athletic Venue Reinvestment Initiative

Duluth City Council

Committee of the Whole Presentation

September 11, 2023



# Initiative Funding: The “Half-and-Half” Tourism Tax

- The Half-and-Half tax refers to two existing tourism taxes:
  - A 0.5% increment in Duluth’s food and beverage tax
  - A 0.5% increment in Duluth’s lodging tax
- Per state law, food and beverage taxes and lodging taxes must meaningfully support tourism.
- Current tax authorized in 2014 to fund \$18 million in improvements to tourism-supporting public outdoor recreation facilities in western Duluth.
- How Half-and-Half project financing works:
  - The City borrows to pay for authorized tourism supporting improvements
  - Annual Half-and-Half tax revenues are used to make debt payments



# Reauthorization of the Half-and-Half Tax for Sports Tourism

## **Duluth City Council Resolution 23-0095R**

RESOLUTION SUPPORTING EXTENSION OF AN EXISTING ONE-HALF-OF-ONE-PERCENT INCREMENT IN THE CITY OF DULUTH FOOD AND BEVERAGE TAX AND THE CITY OF DULUTH LODGING TAX FOR THE PURPOSE OF FUNDING UP TO \$36 MILLION IN CAPITAL IMPROVEMENTS TO PARKS-BASED PUBLIC ATHLETIC FACILITIES IN SUPPORT OF SPORTS TOURISM AND QUALITY OF LIFE IN NORTHEAST MINNESOTA.

Unanimously Approved, January 23, 2023

## **2023 State of Minnesota Omnibus Tax Bill**

INCLUDING A PROVISION AUTHORIZING FINANCING FOR THE DULUTH ATHLETIC VENUE REINVESTMENT INITIATIVE

Signed by Governor Walz, May 24, 2023



## **Additional Council Authorizations Required**

### **Legal Requirements**

- Resolution accepting the new state law
- Ordinance authorizing continuation of the tax for a new purpose

### **Practical Requirement**

- A resolution of intent charting the direction of the initiative in order to guide staff work on project planning and inform future Council judgments about individual projects.



# Council/State Authorization of the Initiative

Legislative Action	Status
Duluth City Council resolution requesting state authorization of the tax	Approved January 23, 2023
State of Minnesota law authorizing the tax	Approved May 24, 2023
Duluth City Council resolution accepting the state law	Pending September 25, 2023 vote
Duluth City Council resolution of intent approving investment framework	Pending September 25, 2023 vote
Duluth City Council ordinance authorizing continuation of tax	Pending October 9, 2023 vote

# Required Future City Council Authorizations – 2023 to 2033

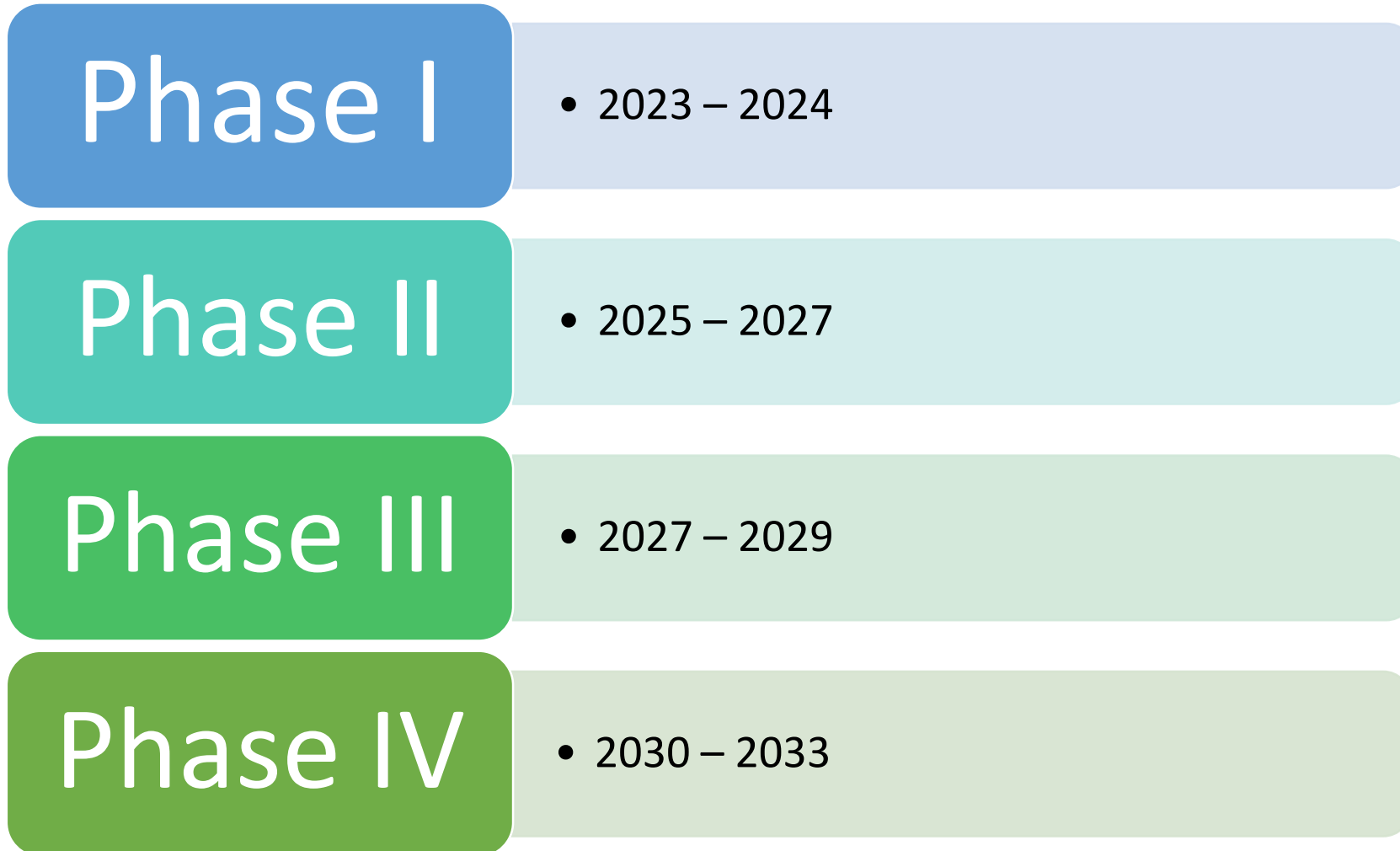
Approval of bond sales to finance the initiative

Approval of contracts for planning, design, and/or construction for each project

Approval of plans for athletic venues that lack them



# Anticipated Project Phasing



## **Project Selection: The Sports Tourism Support Test**

Does an athletic venue currently host – or could an improved venue in the future host – athletic competitions, activities, and events that will regularly attract numerous participants from outside the Duluth region?







## Most Sports Tourism is Concentrated at a Few Sites

- Wade Stadium
- Wheeler Athletic Complex
- Lake Park Athletic Complex (Jean Duluth Baseball & Soccer Fields)
- Fryberger Arena
- Arlington Sports Complex





## Venues with Potential for Increased Tourism

- Indoor sports arena(s)
- Enger Park Golf Course (when renewed)
- Spirit Mountain Nordic Center (when complete)
- Gary-New Duluth Skate Park (when complete)







## Other Likely Investment Sites

### Multi-Sport/Hockey/Community Center Complexes

- Duluth Heights
- Morgan Park
- Piedmont Park
- Portman Park
- Woodland Community Recreation Center
- Como Park (Glen Avon)

### Miscellaneous Sports Venues

- Irving Park
- Longview Tennis Courts
- Enger Park Golf Clubhouse

## Project Sequencing Determinants

1. *Readiness for construction – Is the project fully planned, designed, and funded and has construction begun?*
2. *Urgency of deferred maintenance issues*
3. *Importance of facility for youth sports and the community as a whole*
4. *The necessity for major fundraising and grant seeking*

## Project Design Guidelines

1. Sustain and increase sports tourism
2. Address deferred maintenance
3. Reduce routine maintenance burdens
4. Maximize multiple use
5. Invest equitably across west, central, and east Duluth
6. Lower barriers to athletic participation
7. Decrease City carbon emissions



*Drawn from state law and prior City Council action, including Council-approved Essential Spaces: Duluth Parks, Recreation, Open Space & Trails Plan.*

## Phase I

- 2023 – 2024, \$4.8 M
- Time-sensitive projects in progress

## Phase II

- 2025 – 2027, \$14.2 M
- Primary outdoor sports venues

## Phase III

- 2027 – 2029, \$32 M (\$8 M Half-and-Half)
- Indoor sports venue(s)

## Phase IV

- 2030 – 2033, \$9 M
- Outdoor sports venues

# Phase I

- 2023 – 2024, \$4.8 M
- Fully planned and designed, time-sensitive projects with construction in progress

## Time-Sensitive Projects

Enger Park Golf Course	Complete irrigation system	\$1.7 M
Spirit Mountain Nordic Center	Complete snowmaking and lighting	\$1.2 M
Wade Stadium	Main building – roof, walls, windows	\$1.2 M
Gary-New Duluth Skatepark	Complete work-in-progress	\$0.3 M
Pre-design for sports tourism Phases II & III		\$0.4 M

## Phase II

- 2025 – 2027, \$14.2 M
- Priority outdoor sports venues

### Primary Outdoor Sports Venues

Lake Park Athletic Complex	Modernize facilities and access	\$4.0 M
Wade Stadium & Wheeler Athletic Complex	Complete renewal in progress	\$4.0 M
Arlington Sports Complex	Modernize facilities and access	\$2.2 M
Multi-sport hockey/community center complex - Portman		\$2.0 M
Multi-sport hockey/community center complex – Duluth Heights		\$2.0 M



## Duluth City Council Resolution 22-0666R

RESOLUTION OF INTENT FOR GEOGRAPHICALLY EQUITABLE EXPENDITURE OF PARK FUND LEVY PROCEEDS ACROSS WEST, CENTRAL, AND EAST DULUTH.

### Proposed Phase I and II Investments by Duluth Geography

West Duluth	Central Duluth	East Duluth
\$6,700,000	\$6,100,000	\$6,200,000



## Phase III

- 2027 – 2029, \$8M
- Indoor sports venue(s)

### Indoor Sports Venue(s)

- New indoor athletic venue(s) considerations:
  - Prioritize renovation or replacement of Fryberger Arena for hockey
  - Consider needs for indoor multi-purpose sport courts and artificial turf fields
- Additional venue(s) to be determined
  - Site, design, budget, public/private partnership model
- To be guided by Mayoral Indoor Sports Venue Task Force
- Final project plan proposed as top City priority for 2026 bonding session

# Phase III

- 2027 – 2029, \$8M City
- Indoor sports venue

## Potential Public-Private Project Financing Packages

<b>Private</b>	\$0 M	\$2 M	\$4 M	\$6 M	\$8 M
<b>City</b>	\$8 M	\$8 M	\$8 M	\$8 M	\$8 M
<b>State</b>	\$8 M	\$10 M	\$12 M	\$14 M	\$16 M
<b>TOTAL</b>	<b>\$16 M</b>	<b>\$20 M</b>	<b>\$24 M</b>	<b>\$28 M</b>	<b>\$32 M</b>

## Phase IV

- 2030 – 2034, \$9 M
- Outdoor Sports Venue(s) (TBD)

### Outdoor Sports Venues

- Specific projects to be determined pending further public engagement
- Performance of tourism tax funds will inform when Phase IV may proceed

## Next Steps

- 9/11 – Committee of the Whole presentation to City Council
- 9/13 – Parks & Recreation Commission presentation
- 9/25
  - City Council resolution accepting state law
  - City Council resolution to approve investment framework
  - Mayor to announce Indoor Sports Venue Task Force
- Future – City Council project-specific authorizations





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