

ENTERTAINMENT AND CONVENTION CENTER AUTHORITY
REGULAR BOARD MEETING
May 29, 2019

A Regular Board Meeting was held Wednesday, May 29, 2019 at 11:30 AM in the Senator Sam Solon Board Room.

Board Members Present: Chair Don Ness, Vice Chair Karen Pionk, Deb Messer, Roz Randorf, Crystal Pelkey, Yvonne Prettner Solon, Bill Nelson, Mary Finnegan-Ongaro, David Ross, Roger Reinert

Board Members Absent: Greg Fox

DECC Staff Members Present: Chelly Townsend, Caty Kaups, Sue Ellen Moore, Renae Matt

CALL TO ORDER and QUORUM: Ness called the meeting to order at 11:37 AM. A quorum of directors was present and the Board reviewed the agenda. Ness requested approval of the agenda. No objections were made and the agenda was approved unanimously.

MOTION: Ness requested a motion to approve the Regular Business Meeting Minutes from the meeting that was held on April 23, 2019. Messer made a motion to approve the minutes as written and the motion was seconded by Prettner Solon.

Communications

Ness and the Board welcomed back Reinert, who was previously deployed in Afghanistan, with an applause and words of praise. The Board took some time to hear about Reinert's plans now that he has returned home.

Pionk arrived at 11:40 AM.

Event Feedback: Townsend reviewed comments received from planners regarding recent events and noted that several of them were returning customers.

Media Mentions: Townsend stated that Seinfeld and Cirque Du Soleil were the top posts on Social Media for the AMSOIL and DECC Facebook pages last month. She mentioned that the DECC Athletic Hall of Fame event was also recognized several times in the media report.

Randorf arrived at 11:42 AM.

Old Business

MN Slip & William A. Irvin Update & Final Bid Proposal: Townsend informed the Board that a small committee of Board Members [Ness, Pionk, Randorf] had met with some members of the DECC, as well as Chase Dewhirst (*AMI Engineering*) and James Farkas (*Fraser Shipyards*) to review and lay out final plans for the Irvin. A final bid proposal form was produced to include movement and preparation of the vessel to/from dry-dock, dry-dock fees, blasting and coating below the waterline, and blasting and coating the hatch crane. The estimated total comes to \$401,530, but there will be an additional charge of \$39,100 if lead paint is present, bringing the grand total to \$440,630. With this bid, Townsend remarked that they were able to stay within the amount received [\$504k] from the Historical Grant. Ness explained that it was decided to paint only below the waterline so the cost would not exceed the allotted grant amount. He also reminded the Board that Dewhirst had explained that the damage to the Irvin was currently focused between the waterline and the bottom of the vessel. The bottom of the vessel appears to be in much better

condition. Ness added that once the vessel is in dry-dock, they will be able to assess the damage and costs and look at the possibility of extending the scope of services. Messer inquired about the cost of returning the vessel to the MN Slip. Ness stated that the City of Duluth had agreed to pay for the return of the ship.

Ness also stated that, due to the timeline and unknowns in this project, it appears that the Irvin will not return in time for the regular tourist season or the Haunted Ship. The Board discussed the fact that, even if the vessel returns before October, there would not be enough time to clean and set up what is needed to have successful haunted tours for the public. It was mentioned to consider doing a short time of regular public tours late in the season as a "Welcome Back" event, but nothing is guaranteed and it will be based on several variables. Pionk added that it's important that this news is relayed to the public so they understand the process of prepping the vessel and that it's not possible to simply open for tours upon return.

Prettner Solon discussed some suggestions for the Irvin that were received through a letter from an anonymous sender. The Board took some time to discuss the options and recommendations. Ness clarified the importance of moving forward with no additional delays so they would be next in line for the dry-dock schedule. The Board continued to discuss their thoughts on the project. Pelkey thanked Townsend and the committee that worked on finalizing plans and bringing the cost of the project down near the budgeted amount. Pelkey stated she was ready to make a motion to accept the final bid up to the grant amount of \$504,000.

Prettner Solon asked if Townsend would be going back to negotiate a contract. Kaups stated that the contract is already in motion. Fraser is reviewing the contract and they will be discussing the final details such as dates and phasing the project. The timeline was discussed and Reinert asked if a Haunted Tour could be set up somewhere else in the building. Townsend stated that they had explored that possibility, but there would not be a space available in the building due to already scheduled events. Ness told the Board that Steve Rankila (*Director of the William A. Irvin*) wants to make sure that when the Haunted Ship reopens, the tours are creative and well done. Rankila was concerned that if there was not enough time to prep and decorate the vessel [which generally takes several months] the tour would be disappointing to the public. That may be the case if they were rushed to open upon return.

The Board discussed details regarding timing and plans, and decided that it should be added to the contract that if the project is delayed and it becomes too late for the vessel to return to the MN Slip before winter arrives, that there will be no additional charges for docking fees, etc. for the Irvin to stay at Fraser Shipyards until the spring of 2020. Pelkey asked about the process of returning the vessel to the MN Slip. They discussed the procedure and the required weather needed for the move.

MOTION: Ness clarified that the motion the Board was making was to empower Townsend to enter into final negotiations on a contract with Fraser Shipyards based on the provisions laid out in the Final Bid Proposal Form with the scope of the project up to the grant amount of \$504,000 with a hard limit on the docking/storage fees [in the event that the vessel remains at Fraser longer than expected]. Pelkey had made the motion. Messer and Prettner Solon both seconded the motion.

Reinert inquired about the plan for marketing/messaging once the contract has been signed. The Board agreed that it will be important to be upfront with the public. It was noted that the DECC Marketing Coordinator, Chris Johnson, has been doing a great job and that the Board feels she

could help tell the story of what is happening and keep the public in the know on the expectations for the ship.

Nelson asked if a press release would be issued or if the DECC would rely primarily on social media to send the message. Townsend stated they would do both. Ness agreed that it should be done well and suggested that Rankila be a part of it as well. Townsend thanked the Board for their thoughts and work on this project.

Viking Cruise Conversation: Townsend stated that a local group met with the Port Authority and Visit Duluth. Townsend also mentioned that a representative of Viking Cruise gave a presentation last week on their vision for Duluth. Townsend said she and Ness met with Mayor Emily Larson and Noah Schuchman to discuss the best plan to state the DECC's boundaries with this opportunity. Visit Duluth and the Port Authority have been doing the front work by building relationships and connecting with companies, but there hasn't been a strong conversation about how the project would be funded. It was decided to send a letter to Visit Duluth and the Port Authority to let them know that the DECC is in support of the cruising industry by providing the space needed for the Customs Border Protection cruising terminals, but the DECC would not be financially responsible for the buildout or remodel needed for the space.

Prettner Solon suggested the possibility of using Port Development Assistance Funds to apply towards tourism or doing a joint bonding request between the Port Authority, Visit Duluth, and the DECC to acquire the funds with a match by the City of Duluth. It was also mentioned that it could be considered to fund the project through tourism tax.

Reinert stepped out of the room at 12:19 PM.

Finnegan-Ongaro stated that she attended the information session last week with Viking and would like her opinion noted that, as a DECC Board Member, she believes it's an exciting opportunity but she doesn't feel that Duluth will benefit as much as is expected with this only being a one-day stop rather than the point of embarkation/disembarkation. She added that she thinks it's great that the DECC is willing to offer the space to support it, but that the DECC should not be financially responsible for any costs associated with it. Pionk stated she agrees there may not be a financial benefit for the first two years, but that we shouldn't be naïve to believe that couldn't change. If Duluth was positioned to be the destination port and the cruise changed their route, it would bring a higher revenue value to Duluth. Until then, Pionk explained the possibility that, since Thunder Bay is the current embarkation/disembarkation port, cruising passengers may decide to travel to Duluth before or after their cruise to take advantage of things they may not have had time to do on their one-day stop.

The Board took some time to discuss more thoughts on the matter and agreed that it was a good plan to show support by giving up the space but to make it clear that the project would not be funded by the DECC.

Reinert returned to the room at 12:21 PM.

New Business

Sign on DECC Parking Ramp: The Board reviewed images of potential signage off I-35 and on the DECC Parking Ramp to advertise "waterfront parking". Townsend explained that she was approached by a group that is trying to resolve parking problems in Canal Park by asking the Board to consider adding this signage to help direct tourists to DECC parking. Townsend added that merchants would like us to offer Canal Park businesses a trial parking rate for employees in an effort to keep Canal Park employees from parking in residential areas on Park Point and to

create more parking space for visitors. Prettner Solon suggested looking into shuttle services and Ness asked about the trolley. Townsend said it is something that could be explored and she would look into it. Reinert agreed that parking has been an issue in Canal Park and that if there is enough parking available at the DECC, the signage could be a benefit to Canal Park and also the DECC. Townsend said she would move forward to get approvals and research the City's sign ordinances. It was stated that it was not clear who would be responsible for the expense of the signs.

Bentleyville Agreement: Townsend stated that the Bentleyville agreement has been updated again this year. There were no questions.

Hotel Inquiries: Townsend said two different groups expressed interest in putting a hotel on DECC property. She stated that they have been informed that the DECC is not interested at this time. Townsend said she was sharing the information with the Board so they were aware of the interest.

Committee Reports

Personnel: No report.

Governance: No report.

Finance: Pelkey said the Finance Committee met on May 14th with Krista Duncan from the State Auditor's Office in lieu of a Board Meeting presentation. Pelkey said the audit went well and an official report will go out to all Board Members soon. Pelkey added that the City of Duluth is transitioning from Wells Fargo to US Bank. Therefore, the DECC account will be moving to US Bank within the next couple of weeks. She added that the City is currently the third signature needed on DECC checks, but once the transition is made to US Bank, only two signatures will be required. The City will no longer be signing checks after the switch.

Staff Reports

Event Recap: Townsend stated that Cirque Du Soleil had a great turnout.

Attractions: No report.

Finance Report: Kaups stated that April was a good month which is beneficial going into the summer since she hadn't originally budgeted for the Irvin to miss another full season. As highlights, Kaups gave the following updates: Catering, Concessions, Ticket Office, and Parking revenues were over budget while Bayfront was under budget. For expenses, Building Services, Property Maintenance, Engineering, and Marketing were under budget, while Concessions and the Ticket Office were over budget. Kaups added that she is able to run the balance sheets in her computer program again so they will be returning to the board packets moving forward.

MOTION: Messer made a motion to approve the Finance Reports and the Operating Fund Check Registers for April and Reinert seconded the motion.

Staff Reports, continued

Sales & Marketing Report: Moore said she has had positive reviews during recent encounters with event planners and during tours. Moore stated that Hannah Peterson is the new Sales Manager. Peterson has worked at the DECC for about 7 months as a Manager on Duty in the Catering department and will be a great benefit to the Sales department. Moore also mentioned that the DECC was nominated as a runner-up finalist last month for the Minnesota Meetings & Events Best of Minnesota Convention Center Award.

Operations & Upcoming Events: No report.

Ness asked about the status of new hires. Townsend stated that the summer is usually quieter in the building so they will not be looking at a hiring push until the fall. Townsend added that several

DECC supervisors and staff will be working with the Security team at the larger Bayfront events this summer for additional support and safety.

MOTION: Ness requested a motion to adjourn the meeting. Ross made the motion and Messer seconded the motion. The meeting was adjourned at 12:44 PM.

Upcoming Meetings

The next regular meeting is scheduled for Wednesday, June 26, 2019 from 11:30 AM to 1:00 PM in Room 202 in the Harbor Side Convention Center.

Minutes reported by Renae Matt, Executive Assistant.

Submitted by:


Don Ness, Chair


Crystal Pelkey, Secretary