

## OTTUMWA CITY COUNCIL MINUTES

SPECIAL MEETING NO. 14  
Council Chambers, City Hall

April 29, 2020  
5:30 O'Clock P.M.

The meeting convened at 5:31 P.M.

In order to protect the health and safety of our citizens and staff and mitigate the spread of COVID-19, we are following the Proclamation of a State Public Health Disaster Emergency issued at 12:00 P.M. on Tuesday, March 17, 2020, which has been extended through April 30, 2020. Mass Gatherings or events of more than 10 people in attendance are hereby prohibited at all locations and venues. As a result, meeting attendance will be limited to *Elected Officials and Essential Personnel as it relates to items presented on the Council Agenda in Council Chambers*. Comments and/or questions will be accepted in writing at the door on the Fourth St. entrance. Our City Admin. will continue to evaluate the impact of COVID-19 on our community and will follow the guidelines and requirements of Wapello County EMA, the IDPH, and the CDC. The City will continue to record and broadcast meetings of the City Council on the YouTube channel so they are accessible to the public.

During Public Hearings, individuals can call 641-683-4581 to address the Council. During the meeting, Staff will reserve a minimum of 4 minutes for each Public Hearing Item to allow time for individuals to call in for questions/concerns.

Present were Council Member Meyers, Berg, Dalbey, Roe, Stevens and Mayor Lazio.

Roe moved, seconded by Dalbey to approve the agenda as presented. All ayes.

Mayor Lazio inquired if there was anyone from the audience who wished to address an item on the agenda; Steve Peters, Russ Ferguson and Tim Sullivan were on speaker conference call with Scott Hallgren to discuss this item.

Work Session to discuss options and resolutions to cover shortfall associated with Bridge View Center due to lost revenue related to COVID-19; additional funding is requested to continue to pay facility expenses through the end of this fiscal year.

Scott Hallgren would like to open up discussion by giving Steve Peters, President and Owner of VenuWorks, the floor.

Steve Peters with VenuWorks stated the following:

We've been running BVC since 2011; hosted 580 events last yr. and had economic impact for Ottumwa around \$9 Million; outstanding fourth quarter lined up and then March 17 struck with COVID-19 regulations that forced us to close our doors to events; we've rescheduled and negotiated events; events from the spring have moved to the fall and some into 2021; we've been very careful with our employees and have maintained the ability to reopen for whenever the restrictions are lifted; purchased disinfectant foggers that will clean BVC when transitioning from one event to the next; implementing patron surveys – asking what they want to see in place or happen before they feel comfortable coming back in the doors; working on social distancing procedures and also making sure that we can accommodate as many people as possible; serving 45,000 school box lunches through the end of this wk; refunds and receipts are being done; local staff of 9 – reached out collectively with peers in the industry to see how they are dealing with this; trying to guess future relief for municipally owned assemblies; first wave we were able to receive PPP loans for BVC – collection of 21 LLC's;

\$135,700 pays for 8 weeks of staff and 2 months of utilities; we don't know how long we will be closed; nationally surveys show that people are not ready to attend events in banquet halls or come in this type of environment; we will continue to be ready and continue to mitigate through the financial challenges; to help, we are waiving \$26,000 of our fees through the end of June (variable fees normally around \$40,000); continue to waive variable fees – 40% reduction retroactive to last June; we will have to make significant staff furloughs in July with a minimum of 2 staff working in the Ottumwa location with continued assistance from corporate in Ames.

Questions:

The question from last week was could we help with a certain dollar amount – who do you owe? Where are we from that point?

AP – at \$186,000, gap between \$211,000 that is on the cash flow this includes lightbulb maint and painting the theater stage floor; part of the \$211,000 also includes \$26,000 for insurance that is payable in June but effective July 1, 2020.

We have roughly \$100,000 in that fund balance, what options are available to us if this money is given now; going into the next fiscal cycle and this fund is depleted; how do we mend this problem since we are contractually obligated to pay?

- We have an agt. in place with VenuWorks for the City to subsidize up to \$350,000 for BVC; part of this is received from BVC, Inc.; event center levy; state backfill; hotel/motel fees through General Fund. This is revenue coming in and going back out to BVC to help cash flow events. We are looking at a cash flow problem. Model was to have expenses covered by revenue coming in, but events can't be held. Try to set up as a receivable so we can track it and recover as much as possible.

If this is set up as a receivable, what if BVC continues to operate at a loss; will we end up writing this amount off anyway?

- That is a possibility, yes. We are looking for other ways to recover the funds – levy, borrow.

Clearly this money is needed now \$186,000 in payables – what is your payables outstanding right now? How far out is this aged?

- Current (6%); Over 30 (36%); Over 60 (20%); Over 90 (13%); Over 120 (25%)

I completely understand the concept of cash flowing some events based on what you have currently but it seems like some of this really has nothing to do with COVID-19 and we just have a cash flow problem in general.

- This business is very unique – it is a roller coaster. As soon as events happen, we bill out; we have a constant in/out cash flow. If COVID-19 didn't happen, we would have been sitting closer to our realistic goals and would have made budget.

Who's your largest vendor that you owe money to?

- VenuWorks – corp. office. Part of which they have allowed us to get other bills taken care of first; for this current fiscal year, Corp. has been our banker. We’ve held an interest free loan from corp. around \$80,000.

Almost half is directly due to corporate; how much is due to them directly?

- Of that aged balance – how much is to VenuWorks? It would be nice to have a break out of total amt due to VenuWorks compared to that of all local vendors. The City has not operated under good financial capacity and have cont. over the last decade as status quo. Both BVC and the Beach are quality of life amenities but they still cost the City money; in a community that is already suffering, how can we continue to operate at a loss of \$350,000 every year? We need housing, new business development, increase staffing, quality of life that will draw people here, infrastructure. This model is not sustainable.

Based off of \$80,000 that is due to VenuWorks about 12% is over 30 days; 24% is over 60 days; 13% is over 90 days and 50% is over 120 days.

Steve talked about receiving funds (loan) from the government to cover PPP – are they funding individual events centers labor and utilities or is VenuWorks receiving subsidies from the Federal level?

- Nothing to corporate but to each separate LLC. Only used for payroll, benefits, utilities.

Is there any rumblings from the Fed. Gov about funding to help corp location help offset some of the payables? Any other possible sources of revenue?

- Leads – National Endowment for the Humanities, National Endowment for the Arts – still checking on these. Iowa Arts Council – okay to apply through BVC, Inc. – funds would funnel through them to us.

When talking about setting up AR and looking at next year’s hotel/motel tax will be lower because of occupancy rates, looking at next year’s operating budget, does VenuWorks think there’s a possibility to find more savings in the budget to offset AR and help with backfill?

- The big unknown is we don’t know where we stand with opening back up. Phased in approach; hopefully by Labor Day. This is a tough question to answer. We don’t know what FY21 will look like. Not too promising.

Looking at referenced cash flow issues, is this something that occurs at other VenuWorks facilities?

- My colleges inside and outside VenuWorks have had this same problem. We don’t have a reserve fund to draw from or build up.

Some of the events originally scheduled for the spring have moved to fall, what is the approach for those with profit? Towards metrics for FY21 or contractual in the metrics?

- Asking for cash infusion of \$211,000; we're not going to be at \$561,000 deficit; we've already accrued some expenses that will fall into FY21 because that is when the show will physically happen.

Can we take the profit from the bigger events and apply to cash infusion?

- Yes, possibly. Some of the cash we need now will be cash in/out and reflected on FY20/21 books.

All businesses are having a tough time; what happens when the bottom falls out of our hotel/motel tax? What if this goes on another 12 months and we have no funding? How are we going to close that gap? I'm worried about our fiscal responsibility; I'm not sure what the next step is, I know what our contractual obligations are; I'm okay with setting this up as a receivable.

We are hearing that hotel/motel tax will be down about 30% (equates to approx. \$150,000) but won't know for sure until we receive our quarterly stmt. We are trending just over \$100,000 loss through the end of March, plus the loss from hotel/motel tax. We need to figure out what to do to offset this. We may need to go out for a bond to cover these expenses so we don't deplete our general fund and lobby for the state and federal level to get some relief.

A lot of the decisions you have been asked to make are reactive. My approach to budgeting is more proactive; take a look at revenues and find opportunities for funding.

For the public, what entities receive funding from the hotel/motel tax; what is that used for?

- 35% of hotel/motel tax goes to CVB with the remaining percentage going to the Beach and BVC to fund operating expenses. The money has to be used for tourism and recreation events.

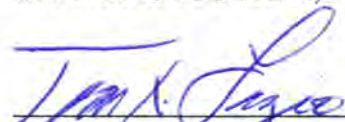
Can staff come back with general recommendations at the next two council mtgs?

If possible to have a recommendation and formal approval on the next mtg. agenda (5/5/2020).


There being no further business, Stevens moved, seconded by Berg that the meeting adjourn. All ayes.

Adjournment was at 6:51 P.M.

CITY OF OTTUMWA, IOWA

  
Tom X. Lazio, Mayor

ATTEST:

  
Christina Reinhard, City Clerk