

MINUTES

Monday, October 3, 2011

\* 5:00 PM

Fiscal Committee Carnegie Town Hall

235 West 10th Street

Members Present: Council Member Sue Aguilar, Council Member Dean Karsky, Council Member Vernon Brown, and Council Member Greg Jamison

Members Absent: Council Member Rex Rolwing

Staff Present: Jamie L. Palmer, CMC, Assistant City Clerk

Guests: Cheryl Rath, Steven Munk, Jeff Barth, Michelle Erpenbach, Ken McFarland, Dick Kelly, Jim Entenman, Sue Roust, Jeff Schmitt, Dave Pfeifle, Robert Wilson, I.L. Wiederman, Tim Stanga, Bob O'Connell, Tracy Turbak, Jonathan Ellis, David Bixler

1. Call To Order

Committee Chair Brown called the meeting to order at 5:00 p.m.

2. Approval of Minutes

A Tuesday, September 6, 2011

A motion was made by Council Member Sue Aguilar and seconded by Council Member Dean Karsky to approve the minutes of Tuesday, September 6, 2011.

Vote to approve: Roll Call: Yeses, Sue Aguilar, Dean Karsky, Vernon Brown, Greg Jamison, 4. Noes, 0.

Motion Passed.

3. Reports and Updates

A. Discussion regarding city sales tax collection at W. H. Lyon Fairgrounds

Brown stated that this topic is for discussion purposes only so no action will be taken today. He invited Steven Munk, Sioux Empire Fair Association (SEFA) Board Chair, to speak on this topic. Munk gave a brief overview of the types of activities besides the fair that are held at the grounds. He said that this discussion arose during budget discussions to find alternative ways to provide resources to assure that the buildings and facilities are maintained for public use.

Munk said that one benefit to collecting sales tax would be that those dollars could be levied against bonds to bring in larger dollar amounts for capital improvement projects. He stated that the money would be put toward capital improvement projects, not operational expenses.

Karsky asked what type of dollar revenues, on an annual basis, would be subject to the 2% sales tax. Munk said approximately \$30,000-50,000 dollars would qualify for sales tax collection. He said that revenue generated by activities that occur at the fairgrounds is approximately \$18-20 million dollars according

to information provided by the Convention and Visitor's Bureau.

Brown asked how the city would collect sales tax if the grounds are not within city limits. Ken McFarland, County Commissioner's Office, said that the property was annexed into the city in the early to mid 70's. He said that when the property was annexed the Lyon's heirs were concerned that the county would lose control of the grounds so an ordinance was adopted stating that city ordinances would not apply to that property but that it would remain annexed.

Brown asked if all buildings meet city code requirements. McFarland said that approximately one year ago the Sioux Falls Fire Department conducted an inspection and gave to the SEFA Board a list of issues to be fixed and those corrections have been completed.

Brown asked for an approximate amount that the county gives to the Sioux Empire Fair each year. Commissioner Dick Kelly said that the amount has varied from \$250,000 down to \$100,000. He said that originally the money was to be used for infrastructure but it is now being used as part of their operating budget. He said that this should not be considered a rush item but feels that this discussion should continue after some legal research has been completed.

Karsky asked about what departments respond to police and fire issues. Kelly said that the Minnehaha County Sheriff responds to police issues and the Sioux Falls Fire Department responds to fire issues. Karsky asked about the water, water reclamation and streets. Jo Beal, Interim Fair Manager, said that funds were raised to pay for streets and the work was completed at their expense. Water and water reclamation is billed to the fair from the city.

Jeff Schmitt, Chief Planning & Zoning Official, said that in May he was asked to act as a liaison between the city and the SEFA Board. He said that an agreement is currently being drafted so that every exchange between the city and

the board is in written format (i.e., street sweeping, spraying for mosquitoes).

Brown asked if money is exchanged between the city and the fair and the answer was no. He asked for an approximate dollar value for the services that go between the two entities. Schmitt explained that type of information will be listed within the agreement (cost versus benefits). He said that leadership has the draft of the agreement and that a final copy could be available in a couple of weeks. Aguilar asked if the agreement could be ready for presentation at the next Fiscal Committee meeting on November 3, 2011 and the answer was yes.

Brown asked about the economic impact of the Sioux Empire Fair. Munk explained that they factor in fuel, trailers, food, lodging, vehicle sales, etc., when they figure the economic impact.

Dave Pfeifle, City Attorney, spoke about the research that he completed on this topic. He read excerpts from the legal documents regarding this property. It is his opinion that imposing a city sales tax would not be a good option because it would have to occur by city ordinance and city ordinances do not apply to the fair grounds.

Kelly spoke about how the city helped the fair previously with ice hockey in 1996 and said that might be an option for the future. He urged the committee to keep this discussion on the table so that more research could be completed.

Jamison asked how much money the county has made or spent over the life of the fair. McFarland stated the previous County Auditor compiled a list of the contributions that the county has given to the fair which amount to several million dollars. He said that the spreadsheet could be provided to the committee

if necessary. Jamison said that it would be helpful for this discussion. McFarland said that the county does not receive any direct money back from the fair operations.

Jamison asked why the county continues with the fair each year if it is a financial strain. McFarland replied that the land was a very important gift and the county takes their obligation very seriously. He said that there are many venues that use the fairgrounds because they cannot be held in other facilities (i.e., stock shows). He feels that the fairgrounds continue to be a huge community asset.

Jamison said that he liked the idea of the city paying rent for use of the property (i.e., leaf and tree drop off) but not the idea of imposing the city sales tax.

Commissioner Barth said that Minnehaha County is the number three county in South Dakota for agriculture revenue. He said that it is important to the county to continue with the fair and other agricultural events that are held on the grounds.

Aguilar said that it is important to keep this dialog going. She would like to review the draft agreement at the next scheduled committee meeting. Brown said that this item will be placed on the Fiscal Committee agenda next month so discussions can continue.

#### 4. Open Discussion

Jamison asked for an updated list of all the funding that the city receives from state agencies and federal grants. Tracy Turbak, Finance Director, said that federal and state funding is outlined in the annual budget but that department specific information could be updated and resent to the council members.

#### 5. Adjournment

A motion was made by Council Member Greg Jamison and seconded by Council Member Sue Aguilar to adjourn at 5:45 p.m.

Vote to adjourn: Roll Call: Yeses, Sue Aguilar, Dean Karsky, Vernon Brown, Greg Jamison, 4. Noes, 0.

Motion Passed.

Jamie L. Palmer, CMC

Assistant City Clerk