

**Item 24-1356: Request to approve obligating the remaining Local Economic Recovery ARPA funds (\$985,000) to the Parks & Recreation Department's Fox Cities Exhibition Center (FCEC) Repositioning & Tourism Recovery Project**

Finance Committee

Mon, Oct 21, 2024 5:30PM

**Alderson Brad Firkus (District 3) 00:46**

24-1356 [audio glitched] dollars to the Parks and Rec departments, Fox Cities, Exhibition Center, repositioning and tourism Recovery Project.

**Alderson Chris Croatt (District 14) 00:55**

Move to approve.

**Alderson Denise Fenton (District 6) 00:56**

Second.

**Alderson Brad Firkus (District 3) 00:56**

All right, we have a motion and a second. Director Gazza, you got mic 12 12. All right, go ahead.

**Director Dean Gazza (Parks, Recreation, and Facilities) 01:05**

Thank you, Chair. City staff, we work collaboratively together to look at some of the needs that are looking, you know, staring at us at the Fox Cities Exhibition Center. As we know, shortly after it opened, not that long after COVID hit us, and COVID really hurt the tourism industry, definitely the conference industry and the events industry and made it very challenging. We rebounded out of that, started holding events, people started scheduling them, and over that time—it's been six years now—we started to identify some needs that also would make some great improvements to the Exhibition Center, and we have identified things like carpet and noise reduction as some significant enhancements that would make the facility function even better than it is today.

**Director Dean Gazza (Parks, Recreation, and Facilities) 02:02**

So, what we—as we're working together, we know we have these economic recovery ARPA funds and there's a balance remaining, and we believe this is the best use of those funds to not only help out our business community but the community as a whole, to make sure that this facility is continually to be the vibrant and, you know, for the long term can operate sustainably. So, I'll take questions from there.

**Alderson Brad Firkus (District 3) 02:37**

All right. I saw director—or sorry, giving people promotions. Alder Croatt.

**Alderson Chris Croatt (District 14) 02:43**

If I may address Director Gazza. This is nearly a million dollars. The consultant part of it, how much do we estimate that to be?

**Director Kara Homan (Community And Economic Development) 03:02**

Somewhere between 50 and 100,000. We're hoping on the lower end.

**Aldersperson Chris Croatt (District 14) 03:07**

Okay, and then the facilities upgrades, obviously, will be a large portion of the 985?

**Director Kara Homan (Community And Economic Development) 03:13**

Correct. A portion of it would be design and engineering, and then the biggest portion would be installation.

**Aldersperson Chris Croatt (District 14) 03:20**

Actual improvements. Okay. All right, thank you.

**Aldersperson Brad Firkus (District 3) 03:25**

Alder Fenton.

**Aldersperson Denise Fenton (District 6) 03:26**

Thank you, Chair. And I'm going to direct this to anybody on the staff who chooses to answer it. So, we had, we had allocated these funds for local economic recovery or tourism recovery. So, I just want to confirm that we as a city, while we own the facility, we've earmarked these for economic and tourism recovery—just want to—maybe somebody talk to me about how we've worked with our partners in the tourism industry, the Convention and Visitors Bureau, those folks, to determine that this is the best use of these funds for recovery city wide.

**Director Kara Homan (Community And Economic Development) 04:11**

Sure. So, as we all know, pretty much every industry was impacted during the pandemic, but the hospitality and tourism was most greatly impacted. We have been working with the executive director of the Convention and Visitors Bureau as we've been scoping this out. She's been part of the team that's put this concept together, and we will be working with her directly, and she'll be advising us almost as if she's part of the city team.

**Aldersperson Denise Fenton (District 6) 04:36**

Thank you.

**Aldersperson Brad Firkus (District 3) 04:39**

Alder Hartzheim.

**Aldersperson Sheri Hartzheim (District 13) 04:40**

Thank you. Alder Fenton stole my question, but also, I did want to make a statement, just because this is such a large amount of money and it is ARPA funds, and all along, I've been very strongly opposed to using ARPA funds for things other than street infrastructure, etc. I'm going to vote for this today, but I have some trepidation just due to the amount, and just due to the fact that these could be used elsewhere, but those are questions from the past. Thank you.

**Aldersperson Brad Firkus (District 3) 05:19**

Thank you. Alder Croatt.

**Aldersperson Chris Croatt (District 14) 05:22**

Thank you, Chair. You know, based on the kind of the reasoning for ARPA funds, I think this is a good use of the money that we have for this, potentially for this. I will—and I know the memo states this, but I just would like to note that this has been presented to the consulting firm that we used for ARPA expenditures, and they had no issues. It's not in the gray area?

**Director Kara Homan (Community And Economic Development) 05:47**

Correct.

**Alderson Chris Croatt (District 14) 05:47**

Okay, thank you.

**Alderson Brad Firkus (District 3) 05:51**

Go ahead. Okay, go ahead, Alder van Zeeland.

**Alderson Katie Van Zeeland (District 5) 05:54**

Thank you. The exhibition center project happened before majority of us became alders. So, did we do an assessment or any type of study prior to putting the project into play? Were any of these things mentioned? Were they cut from the budget? Can somebody give us a little more information?

**Director Dean Gazza (Parks, Recreation, and Facilities) 06:22**

Certainly. There was a committee that had been put—or a group that been working together towards what the exhibition center would look like and what it would accomplish and what was needed for the city of Appleton. When I was involved, my job was basically to build the facility, and wasn't part of some of the key decisions, but I can tell you, from what I remember, there was some discussion about how the facility would be used, how it might compete with other facilities of similarity. And so, there was some reservation at that time of putting carpet in, and there is feelings both ways that you put carpet in here, because it's not a conference center it's more of an exhibition hall. An exhibition hall being something that, you know, generally utilizing a concrete floor, but in many cases, if you go to any type of conference nowadays and exhibition hall, all the displays are on carpeting. Anytime there's a room that's set up for a speaker, it's, you know, it's carpeted, especially facilities that are flexible. And so, some are more flexible than others, and this was built with the idea of having three separate rooms, that you could have carpet in one room on another and so forth, and create that flexibility.

**Director Dean Gazza (Parks, Recreation, and Facilities) 07:46**

So, you know, there was discussions, but I think nobody knew at that time until you actually operate—especially because it was unique that it was only an exhibition center with the conference center on the other side. But seeing the potential of using that side, also for conference related matters, really increases the potential of the facility.

**Alderson Katie Van Zeeland (District 5) 08:10**

Thank you. That's helpful, knowing that there was a discussion about it and we decided to go a different direction, as opposed to just finding out now. Thank you.

**Alderson Brad Firkus (District 3) 08:19**

Microphone. All right, Mayor Woodford.

**Mayor Jake Woodford 08:23**

Thank you, Chair. Just to give a little bit more context in terms of the overall operations of the center. At present, we're in really good shape from a fiscal perspective as a city. We were the—so the ARA was the conduit issuer for the bonds, the bonds are backed by the full faith and credit of the City of Appleton, and they're being serviced by room tax revenue. And room tax collections have been very strong. In fact, they've gotten stronger with inflation, so when the cost of that room inflates, so too do the taxes that are collected. So, in terms of bond repayment, we're in really good shape.

**Mayor Jake Woodford** 09:02

I would say our concern as a city and what we should concern ourselves with is the future operations of the facility. While they've done well on bookings and they've worked hard to sell the facility, we really need this facility to be strong and reputationally strong in the industry, looking for that repeat business, but also a little bit more diverse in the kinds of events that can be booked there.

**Mayor Jake Woodford** 09:31

We had a representative from the Hilton talk to the Exhibition Center Advisory Committee. This was many months ago now, but what he described is the—as Director Gazza was saying—the difference between convention space and exhibition space. And if you've been to an event at the exhibition center, if there was audio involved, you know that the acoustics are very challenging in that space. Just one example. But all of those things make it challenging to sell the space for our operator.

**Mayor Jake Woodford** 10:04

And so these projects would really be aimed at helping them have a product that they could put out on the market more confidently, and the sales come a little bit easier, because eventually, once those bonds are repaid and we're now in the process of just maintaining and operating, we need this facility to generate sufficient funds, not only to operate it, make it work for the operator, but also to generate the necessary reserve and maintenance funds that will be required to keep it up.

**Mayor Jake Woodford** 10:33

And so, we have an opportunity now to take on some of these projects and put ourselves in a better position. While we are in a strong position, so we don't get to a point where we don't have this strong a strong enough operating fund for the facility, and it's back on the city to solve the problems then. So just to give a little bit more context, I think really dovetailing off of what Alder van Zeeland was talking about, just in terms of, what did we know, what do we know now, and what do we see in the future?

**Alderson Brad Firkus (District 3)** 11:02

Thank you. Any other questions? I'd say to have to agree with general consensus that we're seeing here. It's—there are definitely things, I think maybe about process and condition, whatever that could be grounds for criticism, but the real question is, what are we going to do moving forward to make sure that this continues to be a valuable part of our community and serves the community and the investment made in it.

**Alderson Brad Firkus (District 3)** 11:27

So, unless any other questions or comments, so we'll go ahead and vote. All those in favor? Aye. Opposed? Abstentions? That passes five to zero.