

BEMIDJI CITY COUNCIL COUNCIL WORK SESSION AGENDA

Monday, July 27, 2026

**City Hall
317 4th Street NW
5:30 PM**



CALL TO ORDER/ROLL CALL

BUSINESS

- a) Discuss Sanford Center Management Options

ADJOURN

CITY COUNCIL AGENDA ITEM



Meeting Date: July 27, 2026
Action Requested: Discuss Sanford Center Management Options
Prepared By: Rich Spiczka, City Manager

Background:

Following the work session regarding how the City will proceed with management of the Sanford Center, the council provided direction to staff. The direction was to provide information on three options to manage the Center. The information is provided in the attached report.

Recommendation:

The goal of the work session is discussion, education and potentially some direction on what option needs further vetting or can be put into action.

Sanford Center Management Discussion

Current Task

The contract with ASM/Legends Global to manage the Sanford Center is set to expire in March of 2027. With that known factor the City conducted a council work session on Tuesday May 26th, 2026. The goal of the work session was to begin discussion what the council's thoughts were regarding management of the Center. The results of that work session gave a few directives to City staff in preparation for the July 27th, 2026 work session.

Bring back information regarding three options:

- 1- Management of the Center by a contractor like current model
- 2- Management of the Center internally by the City with City staff
- 3- Management of the Center both internally by the City and with some operations contracted out to an outside vendor

The other directive was to gather information from some key partners:

- 1- Bemidji State University- as the anchor tenant
- 2- Sanford Health as the naming rights sponsor

Brief Sanford Center History

Ballot Question

On November 7th, 2006 voters in Bemidji were asked the following question:

“Shall the Bemidji City Council seek special Legislative authorization to extend the current one half of one percent local sales and use tax (.5%) for the purpose of paying 60% of the cost to construct the Bemidji Regional Events Center?(The projected cost of constructing the center is \$35 million. The state is responsible for appropriating 40% of the cost. If authorized, the City will issue General Obligation Bonds up to the authorized amount for the purpose of paying capital and administrative costs of acquisition, demolition, construction, infrastructure improvements, furniture, fixtures and equipment. Revenue from the extended Sales and Use Tax will be pledged to the payment of the Bonds, with Bond payment also guaranteed by the City's Property Taxes.)

Result of the vote: YES-2235 NO-2191

Construction Cost and Debt Management

The cost targets for the Center construction far exceeded the original plan. In 2009, the City of Bemidji procured a \$44,000,000 bond. The City opted to pay interest only until 2018. The current balance of the bond to be paid off in the next 15 years is \$36,880,000 in principal and \$9,969,131 in interest.

Capital Improvement

The following is a history of capital improvement budgeting for the Center:

2015	\$84,000
2016-2017	\$180,000 per year
2018-2020	\$230,000 per year
2021	\$30,000
2022-2026	\$210,000 per year

*Forecasts would put the appropriated needed Capital Improvement budget moving forward to exceed \$400,000 annually plus inflationary costs moving forward.

Management of the Center

After completing construction of the Center, the City went out for an RFP to find someone to operate and manage the Center. The selected provider was VENUWORKS of Ames, Iowa. Their first contract for management ran from 2010 to 2019, with the term of their second contract projected to run from 2019 through 2024.

The VENUWORKS contract was terminated in 2022 and after an RFP process for a new provider, ASM was selected as the vendor to manage the center beginning on March 7th, 2022. ASM/Legends Global is currently the managing operator of the Sanford Center.

Why the History Matters and Moving Forward

The Sanford Center and the City of Bemidji are at a critical juncture. The Center has been operational for 15 years and currently is not operating at a level that was expected at the time of construction. There are many factors like the current concert and performer climate in America, the changes to the BSU hockey conferences and the new ways in which people experience entertainment in 2026 that have all contributed to that. We have to be aware of our past but find a way to move forward in the best interest of our community.

The upcoming expiring contract for ASM/Legends Global provides a significant opportunity to assess how the City is receiving from the Center and if that result is what the community

wants. It allows us to evaluate options, talk about solutions and create a path to improvement and more positive community impact.

Partner and Advisory Discussions

As instructed by the council City staff, along with council members who serve on that board, Mayor Prince and Councilmember Fiskevold-Gould, we had meetings with both Bemidji State University and Sanford Health to allow them to share their viewpoints and perspectives on the Center and what is important to them. The Sanford Center Advisory Board also held a special meeting to provide some feedback.

Sanford Health

Sanford Health is an operational sponsor of the Sanford Center, with naming rights granted as a sponsorship benefit. They book many private events at the Center and also purchase a high volume of tickets for events and shows annually. As the largest employer in the area, Sanford Health believes the Center is vital to the success of the Bemidji region and an important asset in employee recruitment.

Sanford Health has observed a decline in activity and community engagement associated with the facility in recent years and believes it is important to restore the level of energy, utilization, and community impact that has historically made the Sanford Center such a valuable regional asset. Ultimately, Sanford Health wants to see a Sanford Center that continues to enhance quality of life, support economic vitality, and contribute to the long-term success of the Bemidji region. To achieve that, the Center must remain relevant, well-utilized, and valuable to residents, visitors, businesses, and the broader community.

Sanford Health's vision for the Sanford Center is to be a regional hub that enriches quality of life by hosting exceptional entertainment, community programming, and public and private events delivered with outstanding service. They encourage decisions that strengthen the Center's role as an active gathering place and a valued asset for residents, visitors and the region.

Bemidji State University

BSU is currently the anchor tenant for the Sanford Center with both its Men's and Women's Hockey teams calling the Sanford Center home. The City currently has a lease agreement in place until January of 2029. The primary goal for BSU is for the center to provide a consistent, efficient and cooperative operation to house BSU hockey, market BSU hockey and make the home of BSU hockey a place that provides a positive experience for players, coaches, visiting teams, fans and the like. They believe the key to providing this is staff consistency, appropriate game day staffing, cohesive promotion/marketing and quality partnerships. The hope for BSU moving forward is to have a clear forecast on costs and ensured collaboration for both the Center and BSU to be successful.

Sanford Center Advisory Board

The advisory board presented a list of objectives they would like to see and some analysis regarding important factors to achieve them.

Sanford Center Advisory Board Objectives

- 1.) The Sanford Center should be a regional, destination event center for conferences, conventions, home-grown, and large-scale events
- 2.) The Sanford Center should focus on professional service and consistency with anchor tenants and work to develop partnerships with new tenants to increase use and access.
- 3.) The Sanford Center should be a year-round community access and usage hub for Bemidji, Beltrami County and the surrounding region.
- 4.) The Sanford Center should employ a collaborative, engaged, and tactical approach to sales, promotions and marketing.

Sanford Center Advisory Board Analysis

The Sanford Center and the City should focus on aligning strategic investments with proactive objectives of the Center. The community struggles with a lack of understanding of the full financial picture of the Center. There needs to be a proactive approach to balancing the past with the future. A strategic plan that embraces the above objectives and ultimately answers the following question is imperative: "In 10 years, what will the Sanford Center be known for?" The Center needs to aggressively embrace an identity that is easily communicated to the general public, frames the financial investment and economic impact realistically, and allows for consistency and efficiency while remaining up-to-date with the needs of the conference, convention, and entertainment industries.

Future Management Options

As per the summary provided above, the City Council tasked staff with providing some options in regard to the three categories on how to manage the Sanford Center moving forward.

Option 1- Contracted Provider

This option includes two sub options; (1) to renew with our current provider ASM/Legends Global, or (2) to put out an RFP to see what other providers the City might have as options to procure management of operations services. If the City council would like to entertain option 1, the City does have a contractual requirement with ASM/Legends Global to engage in contract talks prior to going out for an RFP.

The concept of a contracted provider to run the Sanford Center is relatively easy to understand as it is the only model to date that has been used to manage the facility. The draw for this option is the goal of leveraging industry experts in the key areas of operations, marketing, booking and the like. Furthermore, the ability for an entity to come to an agreement including budgets and fees, while remaining hands off for others to do their work with the Center. If the council moved forward with option 1, there is a strong likelihood it would look and feel the same from an operations standpoint at the Sanford Center with the provider going about their day to day, while the City remains a partner, but at arms length of the nuts and bolts of the Centers operations and activities.

Items of Note for Option 1

- This is the smallest lift and likely provides little change in operations
- The current marketplace is limited in professional providers looking to manage a center like ours.
- If there is a desire to have a different contractual relationship than the norm in agreements like these(it is unknown if there are willing partners for something like it).
- Certain data that would help inform citizens is held by the contractor is private and not required to be disclosed to the City or public creating uncertainty to how we might make changes to benefit the center.

Option 2- City Run Operation

This option would be a large shift from current operations at the Center. Instead of the City paying a fee and relying on a provider to manage/operate the Center, the City will be tasked with the entirety of the day to day operation of the Center including:

- Finances being brought in house to the City
- All of the outdoor grounds upkeep and maintenance including parking lots
- All facility management being handled by City Staff
- Marketing, Booking of events, selling of advertising/tickets would be City purview
- Operations of all events, concerts, concerts and games would fall on City Staff
- Food and Beverage operations would become obligation of City Staff

In short, the whole operation would fall at the feet of City staff. This would require some changes within the organization and also some additions of staff to move forward. There is

no EXACT on what this would look like until City staff get a feel for what it takes to run the center. The anticipated result of the City taking over operations:

- Addition of approximately 10-12 FT City Staff to facilitate the change
- Addition of numerous part time or casual staff to manage events
- Changes and adjustments in City operations to manage and maintain the Center-examples:
 - Public Works and/or Parks and Trails may be tasked with additional responsibilities with snow removal as an example
 - Finance would absorb the revenues and expenditure management of the Center
 - Bemidji PD may be tasked with some security functions regarding events at the Center
 - Building Department may be tasked with facility oversight, maintenance and the like.

There are many variables that will come into play with a City run operation. Those variables are not completely known at present, because understanding the center and the full scope of operations will be necessary to make informed decisions on how that would move forward. One key factor that will absolutely be certain is that the addition of these staff will create opportunity to enhance the service platform we already provide at the City. As an example, adding a Director of Communications and Community Engagement would not only help handle and maintain day to day City communications, but would also help market the Sanford Center, provide expertise in event communication, invite collaboration with BSU on marketing and communication strategy and the like. The collaborative approach between normal municipal operations, Sanford Center operations and community partnerships would go a long way in assuring an aligned and transparent approach.

The City management of the center would also invite numerous partnerships with community organizations, business partners and other groups who have an interest in helping the Sanford Center succeed while finding opportunity for their groups to be part of the solution.

The complete movement to a City run operation is the largest lift of the three options, but the only one that would initially inform us the entirety of Center operations.

Items of Note for Option 2

- We learn it all.

- Would allow us to break down the silo of it operating independently and find efficiency and ownership throughout the City department structure.
- Allow us to better manage costs by being adaptable and proactive on an ongoing basis, vs approving a budget and hoping for the best.
- Allow the City to decrease costs by leveraging higher volume of things we already buy- insurance, equipment, vendors, etc.
- Allows us to make this a Center for all and create partnerships/collaborations that benefit the greater community while helping the Center find a path that serves Bemidji the best.
- Allows every cost savings and every facility revenue to stay right here in Bemidji in its entirety.

Option 3- Hybrid Operation

Option 3 is a hybrid operation that would include the City having control over the Center, but potentially finding contractors/providers to manage certain parts of the Center. For example, the Center might develop a contract with a caterer to handle all the conference and event food.

In order to do Option 3- I believe the City needs to start with Option 2. This would allow the City to better formulate the weak spots and evaluate if the City can better provide that portion internally or through a contract. The key items would be to completely maintain authority over decision making to assure the City does not get to a place where they can't help facilitate change, accommodate needs or pivot operations to best serve the community.

In an Option 3 scenario it is likely that the City would:

- Always maintain finances in house.
- Likely maintain grounds and facility care and maintenance.
- Employ all the key leadership positions to assure control.

The key to Option 3 is assuring you properly understand the entirety of operations before you make decisions on what is done in house and what is contracted out. The key is efficiency of operation and impact of the method you choose to complete certain work.

Mankato Case Study

Over the course of the past few months a lot of time has been spent researching the operation that the City of Mankato currently has for their event center. They are currently a City managed property. They transitioned to their model after spending years with similar challenges and difficulties to what we face today.

(1) They had an operating deficit.

(2) They were grossly underfunding their CIP

(3) They were having a hard time facilitating change with a contracted provider managing the facility.

The challenges Mankato faced and the makeup of their facility are very similar to our situation here in Bemidji.

- They have a state university who is an anchor tenant of their arena for hockey.
- They operate a conference center space.
- They host concerts and entertainment in the conference center and arena.

They do contract out a few portions of their operations. They also have key partnerships with food truck vendors for concessions, local organizations and non profits who assist with event setup and cleanup. They also have a partnership with their tourism bureau.

In comparing their salaries/benefits line up for full time staff, they have an approximately \$1.9million dollar budget in comparison to the 2026 Sanford Center budget of approximately \$2million in the same category. The range of their CIP annually is anywhere from \$450,000 to \$1.1 million. When they transitioned to being City operated they made a concerted effort to get caught up with CIP investment as they were lagging behind similar to what we are with the Sanford Center at present.

The population in their region in a 25 mile radius is approximately 155,000 vs. Bemidji's 25 mile radius which is approximately 55,000. They have advantages that we do not, but their center is vibrant and responsible for approximately a \$40 million dollar economic impact annually. They recorded 398 events that happened in their Center in 2025(32 banquets, 18 concerts, 27 conventions, 10 tradeshow, 5 festivals, 24 wedding receptions) among other things.

Furthermore, their transition to being City run, did help City morale for both the Center and other areas of the City because it became a unified front to improve their operation as opposed to something that operated independently but weighed them all down.

What would happen next depending on each option?

Option 1

If the council wanted to proceed with Option 1, the first thing that would take place is a required meeting with ASM/Legends Global to negotiate a potential renewal per the current contract. If the meeting proved to not lead to a renewal the City would put out an RFP(Request for Proposals). After the deadline for proposals to be submitted, the City would evaluate the proposals submitted and vet the entities in a process determined by the council, to select who our next provider would be.

Option 2 and 3

If the council wanted to take the management of the Center in house, staff would begin work immediately to accomplish a few things:

- 1- Meet with Center staff to assure they understand timeline and plan.
- 2- Create opportunity to absorb as much knowledge as possible to operations/day to day while center is under management
- 3- Identify how change would impact other city operations
- 4- Identify solutions and new responsibilities for current city staff in supporting the center.
- 5- Begin creating processes for the City to absorb responsibilities.
- 6- Begin conversations with community partners on potential options on how to best move forward.
- 7- Potentially provide structured and various opportunity for community input.

The exact timelines and order would depend on the ebb and flow of opportunities presented and immediate needs. There are many things we don't know and will discover, that will be important in managing throughout the time the City would be preparing for transition.

Conclusion

There are definitely options that can be explored to manage the Sanford Center. They all come with varying change and benefits. The goal of tonight's discussion is to get questions answered, have dialogue to help with understanding and to get an idea of what direction the Bemidji City Council feels is best for the City to go. The contract with ASM/Legends Global expires in March of 2027. It is imperative to get direction sooner vs later to allow staff time to do whatever legwork is necessary for the next phase of the Center, whether that is negotiating a new contract with ASM/Legends, creating an RFP for a new provider or transitioning to some form of a City run structure. It will be vital for staff to have a minimum 6 month runway to tackle whichever avenue the council wishes to undertake.