

COUNCIL WORK SESSION  
Tuesday, October 13, 2015,  
Following the Special Regular Council Meeting  
Casper City Hall  
Council Meeting Room

1. Events Center Management
2. Proposed Ordinance Changes to Industrial Pre-Treatment Program (IPP)
3. Executive Session – Property Acquisition & Personnel
4. Future Agenda Review
5. Council Around the Table

Mayor Powell called the meeting to order at 4:56 pm with the following Councilmembers present: Mayor Powell and Councilmen Cathey, Hopkins, Johnson, Mundell, Schlager, Miller, Pacheco, Sandoval.

Mayor Powell asked City Manager John Patterson to begin the discussion on private management for the Events Center. City Manager Patterson began by stating that due to the retirement of Bud Dovala, Events Center Manager, staff feels that this is the right time to start looking for a management firm for the Events Center. He described some of the financial benefits of acquiring private management including cost reductions, increased revenue from bringing in more popular entertainment, and minimization of the subsidies that the general fund is currently providing. He further explained that from an events management standpoint, privatization will be beneficial because it will help the City recruit acts that would normally not come to Casper. He also noted that many of the current Events Center employees are excited about the privatization, because it will present more opportunities for them in their chosen field. He stated that one of the issues that precipitated the privatization was citizens continually requesting big name acts to come to Casper. With a private promoter, the Events Center will be able to meet these citizens' requests.

City Manager Patterson then invited Peter Zingoni, Director of Business Development for Spectra, and Rick Hontz, General Manager of the Budweiser Events Center in Loveland and Regional Vice President of Spectra, to present. Mr. Zingoni began by explaining that Spectra is an entertainment promotions company owned by Comcast NBC Universal, and is broken up into three divisions: venue management, food services and hospitality, and ticketing and fan engagement. The company will provide the City with support and resources, including access to the most well-respected and experienced people in the industry in the areas of marketing, booking, sales, operations, venue management, public relations, human resources, and legal risk management.

He then described the scope of services Spectra covers: hiring architects, engineers and contractors to evaluate operational efficiencies and maximize revenue; setting up in-house marketing and ad

agencies; developing corporate partnerships and working with the community for sponsorship opportunities; utilizing their in-house promotions company; ticketing services and box office management; implementing a customer service program; using digital services that focus on Wi-Fi driven technology; finance and administration; and the management of ancillary services.

Mr. Zingoni described how adding Wyoming to their market would fit in well for their company from a routing perspective, because it will allow block booking for their clients. By including Casper in their routes, Spectra will be able to offer their acts a five day tour through all centers in the area. This will bring more events to the region, which will in turn lead to increased revenue in all areas. He also described some potential capital contributions and revenue enhancing projects that Spectra can provide.

Mr. Zingoni then reviewed some misconceptions that people often have about private management. He stated that one misconception is that there will be a loss of control by the clients. The reality is that Spectra will serve as the City's agent and will ensure that there is good overall communication. The City would set the policies, and would have direct approval over booking and scheduling. Spectra would then implement those policies, and would have day to day accountability.

He stated that another misconception is that the management fees exceed the benefits. In reality, Spectra will have a base management fee and a mutually agreed upon performance benchmark. Any improvements above that benchmark will be their incentive, and they will get a percentage of the money earned above that benchmark. He explained that it is in Spectra's favor to save money and to generate revenue so that they hit that benchmark. They usually use a three-year historical average to set this benchmark amount to identify the incentive. Mayor Powell asked how close the management fee is to the operations budget. Mr. Zingoni responded that the fee would be an additional operational cost, but that they would end up paying for themselves with the increased savings they provide the City. Mayor Powell then asked about the budget and about capital improvements. Mr. Zingoni stated that because of recent improvements they would operate under a status quo budget. Mr. Hontz noted that if they think there are improvements that could increase revenue or decrease costs, they will present those ideas to the City.

Next, Mr. Zingoni discussed the transition. Spectra has a lot of experience with this and has a successful track record with these type of transitions to private management. First, they will develop a solid plan for the transition. They will communicate with people from all departments about what will happen and the opportunities that will come with this transition. He stated that they predict that this transition will be very smooth, because the current Marketing Director is up to speed and the facility is in great shape.

Vice Mayor Sandoval asked how they will be saving money without cutting jobs or decreasing employee salaries. He also noted that with Spectra's average 90% employee retention rate during transition, 10% of employees will be lost. Mr. Hontz explained that the goal is to keep 100% of

employees; the employees that are not retained are usually the employees that they are told to cut. He also explained that some employees choose not to stay for various reasons. Spectra wants to get all staff the training they need so they are up to par. He also stated that they will not cut anyone's salaries to save money. Instead they will perform a facility audit to suggest ways to save money and to make sure that operations are running at a low cost.

Councilman Mundell asked what will happen with employees who are close to retiring. Mr. Hontz stated that this is evaluated on a case by case basis, and that they will work with those employees and the Human Resources Department so that those employees can get to their retirement date. Councilman Mundell then asked how their benefits compare to the City's benefits. Mr. Hontz responded that normally the benefits are comparable and that they have never had issues with this. The employees will have a 401K and an optional stock purchasing plan. Vice Mayor Sandoval then asked about promotion opportunities for employees. Mr. Hontz responded that employees will definitely have the opportunity to grow with company if they choose.

Stephen "Blu" McGrath, Recreation Supervisor, asked if the City would be able to utilize the sheet of ice at the Events Center for community ice time, stating currently the community cannot utilize that ice rink. Mr. Hontz stated that that decision would be up to the City. He noted that decisions like that can be difficult, because the City does not want to turn shows away, but that they can certainly work to have certain days set up for things like this.

Councilman Hopkins asked about keeping high school tournaments at the Events Center. Mr. Hontz stated that that is a huge part of the plan, and that their facilities have very good relationships with high school associations. Pat Sweeney, local business owner, asked if Spectra would increase the rates for the high school events and for College National Finals Rodeo. Mr. Zingoni responded that they would not increase the rates and will honor deals that are currently in place.

Vice Mayor Sandoval then asked what would happen if there was a legal conflict between the City and Spectra. Mr. Hontz responded by saying that there will not be any legal issues. He explained that they would not overrule the City and would communicate with the City to resolve any problems. He also stated that policies will already be set in place to prevent any legal issues from arising.

Mr. Hontz then explained ways that revenues will be increased through increased buying power and ticket sales through marketing and promotions. Councilman Hopkins asked if the Events Center would be able to turn a profit with the new conversion. Mr. Hontz stated that they need certain things in place to turn a profit, but they will definitely be able to get costs down. Acting City Manager McDonald clarified that there is a breakeven point that they will try to reach. He further explained that even if they do not turn a profit, they will benefit from taking the extra workload off of HR, legal and other staff, and that they will have decreased operating costs in terms of time and salaries. Councilman Cathey noted that the City will see increased revenue in

ticket and concession sales, and will also see indirect positive impacts from increased hotel and restaurant sales.

Mayor Powell then asked about naming rights. Mr. Zingoni explained that Spectra will perform an analysis and come up with an appropriate estimate for the amount to charge for naming rights. He said that the average annual fee is usually between \$250,000 and \$300,000. He stated that Spectra and the City will work as a team to come up with a naming rights deal. Mr. Sweeney asked whether the final say for the naming rights would be up to the City, and expressed concern about burning bridges with businesses if Spectra gave competing companies naming rights. Mr. Zingoni confirmed that the City would have the final say.

Councilman Hopkins asked whether the City should keep the current storage building. Doug Follick, Leisure Services Director, stated that they are already cramped for space and that the storage building is much needed. Acting City Manager McDonald stated that the City already has capital scheduled for this year and that the maintenance is in the budget. He also noted that this would end up increasing the the labor costs associated with lack of storage and moving large equipment.

The Mayor thanked Mr. Zingoni and Mr. Hontz and asked if there were any more follow-up questions. Councilman Mundell asked what the next steps are. Acting City Manager McDonald said that with Council's support, Staff will start drafting an agreement and will begin negotiations of the management fees. Staff will then bring these agreements to Council.

Next, Mayor Powell asked Acting City Manager McDonald to move on to the next item on the agenda. Acting City Manager McDonald introduced Dave Hill, Public Utilities Manager, to discuss the proposed ordinance changes to the Industrial Pre-Treatment Program (IPP). Mr. Hill began with a brief background of the IPP. He explained that it is a federally required program under the Environmental Protection Agency (EPA) and that its purpose is to control discharges of industrial uses from the city sewer and regional wastewater collection systems so that they do not interfere with the Waste Water Treatment Plant (WWTP).

Mr. Hill stated that over time they have had to make changes to the program. He explained that this year's changes include minor wording changes and local limit changes. Local limits are limits to metal pollutants that may cause problems at the WWTP. He stated that they went through very thorough analyses of these local limits in conjunction with the EPA to come up with a new process that will utilize a concentration-based system as opposed to a mass-based system. He then introduced Bruce Martin, WWTP Manager, to further explain the local limits changes.

Mr. Martin began by stating that every 3-5 years there is an EPA audit of the IPP. Since the WWTP's last audit in 2012 and the renewal of their permit in 2014, they have been working with the EPA to set up new local limits. The WWTP currently uses a mass-based loading system to allocate limits to each of the nine Significant Industrial Users (SIU). With this system, the IPP staff allocates each SIU a portion of the allowable industrial loading. The portion does not have to

be equal across all SIU's as long as the overall limit is not exceeded. When using a concentration-based system, the total amount will be the same but each SIU is assigned the same limit. This method is much easier for the IPP to administer and is less likely to create non-compliance issues for the SIU's. The IPP Staff have chosen to use the concentration-based limits going forward. Vice Mayor Sandoval asked how the new concentration-based system will not be detrimental to the users. Mr. Martin explained that the new system will equalize it so it will be more balanced. He stated that most of the users will actually end up with a bigger piece of the pie with this system as opposed to the mass-based system.

Mr. Martin described the process the City used when setting the newest maximum allowable limit parameters for metal pollutants. The City had 7 years of composite samples to use to set the limits, so there was much better data to enter into the equations than the last time the limits were set. He explained that many of the local limits have become less stringent, in part because of advances in testing methods that have allowed for much more accurate detection limits.

Councilman Cathey asked about the new limits set for Lead, Copper, and the Selenium. He asked why the new allowable limits for these metals, particularly Selenium, are more than double the old amounts when conservation is trying to limit the amount of these metal going back into the river. He expressed concern that letting heavy metal levels increase will contribute to the Selenium problem in the river and would be detrimental to wildlife, and would also hinder the City's efforts to make the North Platte River into blue ribbon fishing stream. Mr. Martin responded that they look at many factors including human health and water quality standards when setting the limits. The EPA looks at all of these standards and chooses the most stringent one to enforce off of. The most important standard is human health, and as long as they meet that, they are still well within public health standards. Mr. Hill explained that what is safe to put into the WWTP from a human health perspective is not necessarily the same as what is safe from a wildlife perspective. These two issues are dealt with by different parts of the EPA. He also noted that the threshold for affecting human health is higher than the threshold for river organisms. He further explained that most metal goes to non-discharging facilities, like chrome shops.

Mayor Powell asked if Council was in support of the proposed changes, and all Councilmen said they approved moving forward with the ordinance.

Council then did a future agenda review. Acting City Manager McDonald summarized the agenda for the next Council Meeting on Oct 20 which included: establishing public hearing dates for the annexation of the Betty Luker Parkway No. 3 for November 3 and December 1; public hearings for the International Codes and for the vacation and replat of Prairie Park Estates No. 3; second readings for the vacation and replat of Mesa Del Sol III and for the Fire Code adoption; resolutions for the allocation of the optional 1% sales tax from the Boxing Club to Police Athletics League, the release of local liens, purchasing of two message boards, a landfill remediation agreement for old bale fill properties, and Events Center chiller replacement, and construction for North Platte

tree hauling; minute action for a radar control system; and speaker Andrea Whistler will be discussing homeless housing construction.

Councilmembers reported updates for each of their respective board meetings.

Council adjourned into executive session at 7:48 pm, moved by Councilman Hopkins and seconded by Councilman Johnson.

Council adjourned out of executive session and the regular work session at 8:40pm, moved by Councilman Cathey and seconded by Councilman Pacheco.

There being no further business the meeting was adjourned at 8:40 pm.

CITY OF CASPER, WYOMING

ATTEST:

A Municipal Corporation

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V. H. McDonald  
City Clerk

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Charlie Powell  
Mayor