

**Minnesota Sports Facilities Authority
2016 Legislative Report
January 15, 2016**

**For more information contact:
Michele Kelm-Helgen
Chair
Minnesota Sports Facilities Authority
511 11th Ave South, Suite 401
Minneapolis, MN 55415
(612) 335-3319
Michele.Kelm-Helgen@msfa.com**



Minnesota Sports Facilities Authority Commissioners

Michele Kelm-Helgen, Chair
Barbara Butts Williams, Vice Chair
Bill McCarthy, Secretary/Treasurer
Tony Sertich
John D. Griffith
Ted Mondale, CEO/Executive Director

2016 Minnesota Statutes 3.197: REQUIRED REPORTS.

A report to the legislature must contain, at the beginning of the report, the cost of preparing the report, including any costs incurred by another agency or another level of government. *No costs were incurred in preparing this report.*



Section 1. Legislative Report Requirements

To: Senator Tom Bakk
Senator David Hann
Senator Tom Saxhaug
Senator Roger C. Chamberlain
Senator Bobby Jo Champion
Senator Julie Rosen
Senator Terri Bonoff
Senator Karin Housley
Senator Jeremy Miller
Senator David Tomassoni
Speaker Kurt Daudt
Representative Paul Thissen
Representative Sarah Anderson
Representative Sheldon Johnson
Representative Jon Applebaum
Representative Jim Davnie
Representative Raymond Dehn
Representative Joe Hoppe
Representative Peggy Scott
Representative Chris Swedzinski

Date: January 15, 2016

As required by 2012 Minnesota Statutes Chapter 299, Section 13, Subdivision 13, the Minnesota Sports Facilities Authority (Authority) must report to the chairs and ranking minority members of the legislative committees with jurisdiction over state government finance by January 15 of each year on the following:

- Any recommended increases in the rate or dollar amount of tax: **Nothing Recommended**
- Any recommended increases in the debt of the Authority: **Nothing Recommended**
- Overall work and role of the Authority: **Detailed in Section 2 below**
- The Authority's proposed operating and capital budgets & the Authority's implementation of these budgets: **Detailed in Section 3 below**



Section 2. Overall Work and Role of the Authority

Profile of Governance

The Minnesota Sports Facilities Authority (Authority) was established in 2012 as a political subdivision of the state of Minnesota for the purpose of developing a new multi-purpose stadium and related stadium infrastructure as a venue for professional football and a broad range of other civic, community, athletic, educational, cultural and commercial activities. The Authority will own and operate the new stadium, new stadium infrastructure and related facilities in accordance with the powers and authorities granted in the Laws of Minnesota Chapter 299, the stadium bill. The Authority is the developer of the new stadium throughout the construction project.

A board of five appointed commissioners governs the Authority. The Governor of the state of Minnesota appoints three members, and the Mayor of Minneapolis appoints two members. The first meeting of the Authority was held on June 22, 2012, and monthly board meetings have continued through 2012, 2013, 2014 and 2015. In July 2015, Commissioner Duane Benson resigned from the board. In August 2015, Governor Mark Dayton appointed Commissioner Tony Sertich to complete the term. Governor Dayton reappointed Commissioner Sertich on January 1, 2016. Mayor Hodges reappointed Barbara Butts Williams to a second term in December 2015 as well.

2015 in Review

The new Minnesota Multi-Purpose Stadium project underwent a number of important and significant milestones in 2015, including receiving an official name. In May 2015, U.S. Bank was announced as the naming rights sponsor for the stadium, and established a 20-year agreement with the Minnesota Vikings.

The Authority and Minnesota Vikings were faced with a number of design and budgetary decisions that sought to further enhance and improve the stadium's amenities, operations and functionality for both multi-purpose events and the fan experience. To make these changes, the Minnesota Vikings contributed \$101 million in additional funds to the project budget over the course of 2015, bringing the master project budget to over \$1 billion. Because of these contributions, the new stadium will provide an unprecedented experience for all Minnesotans. Further details on the budget can be found within Section 3. The Team contribution has gone from the original \$477 million amount to \$578 million.

Some signature additions include the approval of an LED board that will be featured on the west prow of the stadium. This board will not only feature game day highlights but can also show live shots from other stadium events. Another major addition is the Vikings Legacy Ship that will be featured on the west plaza. It will contain a marquee on the sail and will display the 12,000 commemorative bricks for



fans. The Legacy Brick program provides an opportunity for fans to purchase bricks and leave their memories on the stadium plaza.

In October 2015, the Authority and MN Vikings announced the selection of local artists who will display work in U.S. Bank Stadium. An open selection process occurred over the course of 2015 where local artists were invited to submit their ideas for stadium art. Selected from nearly 1,100 submissions, the artists range in expertise from local art students to professionals with past works acquired by the Walker Art Center and Getty Museum. These works of art are funded by the MN Vikings and the Wilf family and will encompass more than 500 original pieces. They will showcase the Vikings, other Minnesota sports and regional history.

U.S. Bank Stadium - Surrounding Site

In July 2015, the Authority and MN Vikings entered into an agreement with Metro Transit for the construction of a pedestrian bridge. The bridge will provide a connection between the stadium's west plaza, crossing the Downtown East LRT station across Chicago Ave, landing on our stadium plaza. At 35 feet wide, the bridge will offer safe and efficient flow of pedestrians for all stadium events. The Vikings will reimburse the Metropolitan Council for 60 percent of the actual costs of constructing the pedestrian bridge up to \$6 million.

The design for the Downtown East (DTE) Commons, the two-block park adjacent to the stadium, was further developed throughout the course of 2015. The city retained Hargreaves Associates to hold public meetings to give the community an opportunity to weigh in on the design. The Authority and Minnesota Vikings also partnered with other local stakeholders to provide input and feedback on the design. Much of the vision for the park centered on creating a gathering space that would invite the public in while providing functionality and optimal programming space for various events. A series of public meetings were held to capture input around the conceptual and schematic designs. The Commons will be a key feature of the transformation of Downtown East and has proven to be a significant draw in attracting major events to the region.

The stadium footprint was also expanded when an agreement was reached in November 2015 with Hennepin County to lease a portion of the County's parking lot located adjacent to the County Medical Examiner's office. The space will serve as an extension of the stadium plaza and will provide key support space for programming occurring in the Downtown East Commons park space. The lot can provide additional space for tents and other structures, thereby alleviating the need for extra setup and takedown days at the Commons. The Authority will lease the space for 30 years co-terminus with the Vikings' stadium use agreement.

The Authority is in the process of developing a traffic management plan with SMG, the City of Minneapolis, neighborhood associations and other local stakeholders. This plan will study pedestrian and vehicular traffic around the stadium site and will develop appropriate plans for safe and efficient movements around the stadium site for all major events.



U.S. Bank Stadium Construction

Over the course of 2015, the U.S. Bank Stadium project met a series of milestones that showcased the incredible progress that occurred. The topping-off of the concrete and steel, both major milestones for construction projects, were celebrated with ceremonies and luncheons for the workers. Seat installation began in August 2015, and was celebrated with local Minnesota State High League (MSHSL) students taking pictures in the first seats. The MSHSL will host a number of youth sporting events in the new stadium, including state high school girls and boys soccer championships, high school football championships, the Prep Bowl, and college and high school baseball games.

The installation of the signature roof comprised of ETFE panels was completed in November 2015. The facility was fully enclosed by the end of November 2015. The large operable doors were also delivered to the site in August 2015. The doors stand at 95 feet tall and 55 feet wide and will open the stadium to the 2.7-acre plaza.

As of January 2016, the overall work is over 85% complete. Work throughout the winter will focus on the interior finishes. Construction remains on schedule with substantial completion scheduled for July 2016.

In August 2015, M.A. Mortenson (Mortenson) made formal application to engage in mediation with the Authority for reconciliation of disputed costs related to the construction of the stadium. Mortenson also filed for a right to proceed with arbitration if the mediation is unsuccessful. This is the dispute resolution process detailed within the construction services agreement. Given the complexity of the state's largest construction project, these disputed costs, \$15 million, were a part of the normal process and only amount to approximately 1% of the total budget. The stadium construction project has a current contingency of \$29.7 million which can cover whatever costs agreed to in a mediation process. Mediation commenced in November 2015 and is continuing over the coming months. Meanwhile, the project remains on schedule.

Economic Impact

The stadium project continues to have a major impact to the local economy, both in employment and in providing revenue to hundreds of Minnesota companies. The project has employed over 2,000 workers with over 1,300 workers on site daily. This number peaked at over 1700 workers on site daily in the summer and fall of 2015. Over 314 Minnesota companies have worked on the project. Of the contracts awarded to date, 90 percent have been awarded to Minnesota companies.

In addition to the immense benefits to Minnesota businesses and workers, U.S. Bank Stadium continues to show that it is an economic catalyst for the region. The \$400 million Wells Fargo/Ryan development is well underway. Design and construction activities have commenced and continue to involve a variety of local stakeholders. This mixed-use development and two-block park (Downtown East Commons) adjacent to the new stadium plaza have proven to be a key factor in attracting major events. The Downtown East Commons will be further enhanced by the redevelopment of the historic Armory located next to the park. The Minnesota Vikings have contributed \$3 million to the design and



construction of the Downtown East Commons. The Armory underwent new ownership in the spring of 2015. The \$100 million renovation is expected to transform the venue into a major events center that can offer additional programming space for both stadium and public events. 2015 also brought news of other residential, retail and hotel developments within the area, bringing the non-stadium development underway to more than \$1 billion; before the stadium has opened.

Major Events

It is hoped that U.S. Bank Stadium will continue to have the ability to draw in major events. These events will bring tremendous economic benefits to the region as tens of thousands of visitors from all over the country come to these events and stay in local hotels, eat in restaurants, shop and enjoy the many retail and service establishments. They will also further enhance our state's visibility in the nation by positioning Minnesota as a premier destination.

Super Bowl Update

The Super Bowl Host Committee has started hiring staff to begin planning for Super Bowl LII in 2018. Maureen Bausch, formerly Executive Vice President at Mall of America, was hired as the CEO. The Super Bowl has an estimated economic impact of over \$300 million according to a study of the Indianapolis Super Bowl by Rockport Analytics. The Host Committee will be conducting its own economic impact study for Minnesota.

NCAA Men's Final Four Update

In August 2015, NCAA Men's Final Four staff traveled to Minneapolis for a site visit. In anticipation of Minnesota hosting the Final Four in 2019, NCAA staff met with local host committee partners to receive updates on ancillary event sites and to provide feedback on planning and preparations. The Authority and SMG offered an update on the stadium construction. Various economic impact studies from past host cities' convention and visitors' bureaus range from \$70 million to \$200 million.

On January 13, 2015, two-time CMA and ACM Entertainer of the Year Luke Bryan made a special live announcement that his "Kill the Lights Tour" will add five stadium shows to the 2016 touring schedule. Luke will make his inaugural appearance at Minnesota's U.S. Bank Stadium in Minneapolis on August 19.

Equity Program (Construction & Design)

The Equity Program for the US Bank Stadium remains the construction industry's compliance "Gold Standard" by exceeding expectations for construction and design. Minn. Stat. § 473J.12 serves as framework for the Equity Plan. The Design & Construction activity continues to meet expectations. As of October 31, 2015, the overall work is 80% complete and is averaging 1,400 workers on site and over 80% of the contractors are Minnesota based firms.



Transparency around the project is the foundation of the program and begins with the bi-monthly Stadium Equity Oversight Committee meetings which are open to the public. In addition, all equity related reports are advertised on the MSFA Equity Program’s web page.

Equity Results to Date

Our performance to date will be reported to the community at the next Stadium Oversight Committee on January 26, 2016.

The Employment Assistance Firm “EAF” and its twelve community partners have contributed to outreaching 836 candidates, trained 64 candidates and our contractors have hired 73 workers from the EAF’s partners.

Construction Workforce Utilization **GOALS: Minority: 32% Women: 6%**
 As of October 31, 2015

| | Total HRS | Minorities | Women | Veterans |
|------------------------------|---------------------|------------------------------|--------------------------------|-------------------------------|
| Mortenson | 2,535,410.28 | 939,833.24 37% | 226,027.25 9% | 113,643.5 4% |
| Ryan | 150,599.21 | 54,112.76 35.9% | 15,205.9 10% | 392 .26% |
| Total (Both Projects) | 2,686,009.49 | 993,946 36% | 241,233.15 9% | 114,035.5 4% |
| Targeted Zip Codes: | 312 | | | |

Targeted Business Inclusion **Construction GOALS: MBE: 9% WBE: 11%**
 As of October 31, 2015 **Design SCVS GOALS: MBE: 8% WBE: 11%**

| Contractor | WBE | MBE | VBE |
|-------------------------|-----------------------------------------|-------------------------------------|----------------------------------|
| HKS | \$4,121,337 / 10.02% | \$3,689,587.5 / 7.66% | \$0 / 0% |
| Mortenson/Thor | \$122,917,514 / 16% | \$95,790,083 / 13% | \$11,848,168 / 2% |
| Ryan (Construct) | \$7,132,839.62 / 17.06% | 5,181,184 / 12.4% | \$144,180 / .34% |
| Ryan (Architect) | \$255,650 / 11.44% | \$188,004 / 8.42% | \$0 / 0% |
| TOTAL | \$134,427,340.62 10.9% | \$104,848,858 9.8% | \$11,992,348 9% |

Equity Program (Operations & Concessions)

The MSFA is currently developing the stadium operations Equity Plan. This plan will reflect workforce and targeted business goals and processes. However, prior to establishing these goals, the Authority is conducting a market study on the employment environment. We have recently commissioned the University of Minnesota’s Roy Wilkins Center on Human Relations and Social Justice to conduct this study which will recommend goals for the various workforce and business areas. The Equity Plan is



being drafted in collaboration with the stadium operator, SMG and the concessionaire, Aramark. The next step, which is in progress, is to award a contract to an Employment Assistance Firm. Interviews for the firm are on-going and we anticipate awarding this to a consultant by late January 2016.

Over the past few months, the Authority has conducted information sessions and Stadium Oversight Meetings to educate the public on the process of gaining employment and soliciting business opportunities with the MSFA, SMG and Aramark. These events have been well received and we have developed a future schedule for 2016, ensuring that transparency is the foundation of our Equity Program.

Other Key Events

Stadium Third-Party Operator Update

Per the stadium legislation, the Authority had selected a third-party stadium operator in 2014 to conduct stadium operations, manage event marketing and promotions and assist with further design and construction activities.

In January 2015, the Authority hired Patrick Talty to serve as the General Manager for U.S. Bank Stadium. Mr. Talty previously worked as the Senior Vice President of Live Events for World Wrestling Entertainment. The Authority was excited to welcome Mr. Talty to U.S. Bank Stadium.

Since his hiring, Mr. Talty has begun to build the team that will conduct stadium management, operations, sales and event marketing. Key staff has been hired within these areas and will continue to be hired through July 2016.

In keeping with the multi-purpose nature of the stadium, SMG has begun booking a wide variety of events in U.S. Bank Stadium. Events range from weddings and receptions to tradeshow and corporate events. Minnesotans will be able to experience all that U.S. Bank Stadium has to offer. In addition, the stadium will continue to host rollerbladers, runners and walkers.

Stadium Food Service Concessionaire

In July 2015, the Authority hired Jamie Hodgson to serve as the General Manager for Aramark, U.S. Bank Stadium's food service concessionaire. Aramark has begun to develop operations and plans for the new stadium and has been an integral part of the design team, making a number of decisions that are vital to the stadium as they relate to concession areas and equipment. Key staff has also been hired to assist in these efforts.

The MSFA and Aramark held a procurement fair in September 2015 for minority and women-owned businesses. Local businesses and individuals were invited to come and learn about the procurement process for U.S. Bank Stadium.



Section 3. MSFA 2016 Operating & Capital Budgets & Budget Implementation

MINNESOTA SPORTS FACILITIES AUTHORITY

2016 BUDGET

Highlights of the 2016 Budget

For fiscal year 2016 the Minnesota Sports Facilities Authority will have an operating account, a capital reserve account, and a construction account. Highlights of each account are discussed below.

Operating Account

Revenues

The operating account revenue budget for 2016 consists of seven revenue sources: State of Minnesota operating payment of \$6.0 million, Minnesota Vikings Use fee-operating payment of \$5.4 million, SMG operating revenue and marketing fund payment of \$3.6 million, Taxes-State of Minnesota revenue of \$1.4 million, Contribution from the project for reimbursement of FF&E deposits of \$800,000, commemorative brick fundraising revenues of \$1.6 million, and investment earnings of \$40,000, for a combined total of \$18,827,785.

Expenses

The operating account total expense budget for 2016 is \$12,443,647 and includes personal services, professional services, audio-visual costs, travel and meetings, supplies, rent, insurance, communication, contractual commitments related to the stadium, miscellaneous costs, stadium project expenses, stadium management operator pre-opening expenses and commemorative brick fundraising expenses. The personal services budget of \$1.1 million includes salaries and benefits for employees. Professional services budget of \$1.9 million includes consulting services, legal and legislative representation services, and audit expenses. Rent budget of \$125,000 includes costs related to Authority offices, parking at the 511 building and moving expenses. Operating expenses also include contractual commitments related to the stadium and stadium project related costs of \$5.8 million, stadium management operator pre-opening expenses of \$2.3 million, and commemorative brick fundraising expenses of \$850,000.

Account Balance

Budgeted net income for the operating account is \$6,384,138 and the operating account ending account balance is \$9,733,500.



Capital Reserve Account

Revenues

The capital reserve account revenue budget for 2016 consists of two revenue sources: State of Minnesota capital cost payment of \$1.5 million and the Minnesota Vikings capital cost payment of \$1.5 million, for a combined total of \$3.0 million.

Account Balance

Budgeted net income for the capital reserve account is \$3.0 million, therefore the capital reserve account ending account balance is \$3.0 million.

Construction Account

Capital construction and development activities are accounted for in a separate project budget. The original master project budget for the stadium and stadium related infrastructure was \$975 million. The Authority has approved several project budget increases and as of December 31, 2015, the master project budget was \$1,091,168,904.94. This budget includes funding for the Block 1 Parking Ramp of \$16,321,092.00. The project budget for the Block 1 Parking Ramp as of December 31, 2015 was \$48,953,484.00.

Stadium Project-

Sources of funds:

| | |
|----------------------------------------|---------------------------|
| State of Minnesota appropriation grant | \$ 498,000,000.00 |
| Original Team contribution | \$ 477,000,000.00 |
| Additional Team contribution | \$ 101,430,246.94 |
| Aramark capital investment | \$ 10,000,000.00 |
| SMG capital investment | \$ 2,000,000.00 |
| Verizon capital investment | \$ 2,506,313.00 |
| NRG cost reimbursement | \$ 232,345.00 |
| Total Sources of funds | <u>\$1,091,168,904.94</u> |

Uses of funds:

| | |
|-------------------------------------|---------------------------|
| Site acquisition and improvements | \$ 54,677,539.35 |
| Construction costs | \$ 851,349,601.10 |
| Furnishings, fixtures and equipment | \$ 56,407,430.10 |
| Development costs | \$ 88,781,410.18 |
| Other project costs | \$ 23,013,532.26 |
| Project contingency | \$ 16,939,391.95 |
| Total Uses of funds | <u>\$1,091,168,904.94</u> |

Block 1 Parking Ramp-

Sources of funds:

| | |
|----------------------------------|------------------|
| City of Minneapolis contribution | \$ 32,632,392.00 |
|----------------------------------|------------------|



| | |
|------------------------------|-------------------------|
| Stadium project contribution | <u>\$ 16,321,092.00</u> |
| Total Sources of funds | <u>\$ 48,953,484.00</u> |

| | |
|-----------------------------------|-------------------------|
| Uses of funds: | |
| Site acquisition and improvements | \$ 7,700,000.00 |
| Construction costs | <u>\$ 41,253,484.00</u> |
| Total Uses of Funds | <u>\$ 48,953,484.00</u> |