



Business Improvement District No. 1 Board Agenda

4:00 p.m. Meeting

Wednesday, July 29, 2020

Large Conference Room

[Zoom Meeting Link](#)

Vermillion, South Dakota 57069

1. **Call to Order**
 - a. Roll Call

2. **Minutes**
 - a. May 8, 2020

3. **Adoption of the Agenda**

4. **Visitors to Be Heard**

5. **Old Business**

6. **New Business**
 - a. Report on 2020 BID receipts.
 - b. Report on upcoming events.
 - c. VCDC utilization of BID #1 reserve funds.
 - d. Review of Budget for 2021.

7. **Adjourn**

Unapproved Minutes
City of Vermillion
Business Improvement District No. 1 Board
May 8, 2020
Friday – 8:00 a.m.

The meeting of the City of Vermillion Business Improvement District No. 1 Board was called to order on Friday, May 8, 2020 at 8:00 a.m. by Chairman David Herbster as a teleconference.

1. Roll Call

Present: Amy Christensen, David Herbster, Greg Huckabee, Bill Marketon

Also Present: Nathan Welch, John Prescott, Mike Carlson

Absent: Dan Kenton

2. Minutes

A. Minutes of February 13, 2020

4-20

Greg Huckabee moved approval of the February 13, 2020 minutes. Amy Christensen seconded the motion. A roll call vote was as follows: Christensen – Y, Huckabee – Y, Marketon – Y, Chairman Herbster – Y. Chairman Herbster declared the motion adopted.

3. Adoption of Agenda

5-20

Greg Huckabee moved approval of the agenda. Amy Christensen seconded the motion. A roll call vote was as follows: Christensen – Y, Huckabee – Y, Marketon – Y, Chairman Herbster – Y. Chairman Herbster declared the motion adopted.

4. Visitors to be Heard - None

5. Old Business - None

6. New Business

A. Report on 2019 BID receipts

Mike Carlson, Finance Officer, reported that BID receipts for 2020 are down for the first quarter by \$3,650 compared to the first quarter 2019. Mike noted that January was down \$1,122 of which some can be attributed to no farm show this year, February was down \$156, and March was down \$2,372 that would be related to COVID-19. Discussion followed on the occupancy numbers with Bill Marketon stated that April and May will not be good months.

B. Report on upcoming events

The Board reviewed items that have been cancelled noting that local establishments are opening back up and that the University announced that facilities will be opening for students for the fall semester. The discussion noted that at present time it is unknown what the new normal will be and when.

C. VCDC request to utilize BID #1 reserve funds.

Nate Welch, Executive Director of the VCDC, reported that with the BID revenues down the amounts provided to the VCDC will be impacted at a time when operations are ramping up. Nate noted that the BID receipts are leveraged with other funds in the tourism budget. Nate was concerned that if the BID receipts are down that he will need to reduce the tourism staff and activities and it may cost more to start building up the tourism programs in the future. Nate requested that the BID Board recommend to the City Council the use of the BID reserve of \$30,000 to bridge the gap between revenues being generated and of the average payment to the VCDC to keep the tourism program funded. Discussion followed on the funding and also how to replenish the reserve in the future. Nate reported that he is in the process of reviewing the VCDC budget for discussions with the VCDC board noting that member fees and Vermillion Now collections have been stable. Discussion followed on options as it is unknown how long this situation will continue with the suggestions that maybe something can be done for the first two quarters and then the board can look at it again later in the year when some of the unknowns may be filled in.

6-20

David Herbster moved that the BID Board recommend to the City Council the use of BID reserve funds to make up the difference between the actual net BID funds collected and the five-year average of net BID funds paid to the VCDC for the first and second quarter 2020 noting the need for the BID Board to review this before the end of the third quarter. Bill Marketon seconded the motion. Discussion followed noting the need to continue to review the funding for the VCDC. Christensen – Y, Huckabee – Y, Marketon – Y, Chairman Herbster – Y. Chairman Herbster declared the motion adopted.

7. Adjourn

7-20

Greg Huckabee moved to adjourn the meeting at 9:09 a.m. Amy Christensen seconded the motion. Christensen – Y, Huckabee – Y, Marketon – Y, Chairman Herbster – Y. Chairman Herbster declared the motion adopted.

Dated at Vermillion, South Dakota this 8th day of May, 2020.

City of Vermillion
Business Improvement District Board

David Herbst, Chairman

Attest:

Amy Christensen, Secretary

City of Vermillion
 BID #1 Payments to VCDC by Quarter
 For 2015-2019
 BID Board proposal to use BID #1 reserve
 to make up shortfall in payments to
 VCDC for First and Second Quarter 2020

	<u>First Q</u>	<u>Second Q</u>	<u>Third Q</u>	<u>Fourth Q</u>	<u>Total</u>
2015	10,115	13,882	14,894	11,519	50,410
2016	8,274	11,830	13,394	10,980	44,478
2017	8,806	12,434	13,807	10,579	45,626
2018	8,206	12,611	15,966	14,128	50,911
2019	<u>11,486</u>	<u>14,827</u>	<u>17,793</u>	<u>13,230</u>	<u>57,336</u>
5 yr average	9,377	13,117	15,171	12,087	49,752
2020 BID 98% paid to VCDC	7,909	8516			
BID #1 Reserve funds to VCDC	1,468	4,601			

The BID Board recommended and the City Council approved that 85% of the BID receipts would be provided to the VCDC for Tourism and Marketing until the BID reserve reached \$30,000 at which time the VCDC would received 98% of the BID receipts as the City is allocated 2% for accounting. The \$30,000 reserve was reached in the third quarter 2018. The BID reserve funds were to be allocated to special needs as recommended by the BID Board with the approval of the City Council.

The BID Boards recommendation at the April 2020 meeting was to use reserve funds to make up the difference between the average of the prior five year quarterly payments thus the reserve used for first quarter was \$1,468 and second quarter will be \$4,601.

City of Vermillion
 Business Improvement District #1
 Budget for 2020 revised actual through June and estimated to year end

	2020	2019	2018	2017					
Room Fees Jan-June	16,760	26,850	25,394	24,988					
% of prior year	62.42%	62.42%	66.00%	67.07%					
Room Fees Jan	2,624	3,746	3,836	3,724					
% Change 2020 to prior yr	70.05%	70.05%	68.40%	70.46%	no farm show				
Room Fees Feb	3,456	3,612	3,200	3,192		98% to	City 2%		Total to
% Change 2020 to prior yr	95.68%	95.68%	108.00%	108.27%		VCDC	fee	Reserve	VCDC
Room Fees March	1,990	4,362	3,422	3,444		7,909	161	1468	9,377
% Change 2020 to prior yr	45.62%	45.62%	58.15%	57.78%					
Room Fees April	2,792	4,586	4,126	4,234					
% Change 2020 to prior yr	60.88%	60.88%	67.67%	65.94%					
Room Fees May	2,208	4,446	5,342	4,448					
% Change 2020 to prior yr	49.66%	49.66%	41.33%	49.64%					
Room Fees June	3,690	6,098	5,468	5,946		8,516	174	4,601	13,117
% Change 2020 to prior yr	60.51%	60.51%	67.48%	62.06%					
Estimated Fees July	4,160	6,808	6,314	6,080	65.00%				
Estimated Fees Aug	3,927	5,748	6,220	4,864	70.00%				
Estimated Fees Sept	4,273	5,600	6,192	5,300	75.00%	12,114	247	3,057	15,171
Estimated Fees Oct	4,401	5,844	6,756	5,004	75.00%				
Estimated Fees Nov	3,679	4,462	5,150	4,184	80.00%				
Estimated Fees Dec	2,683	3,194	3,018	3,258	85.00%	10,548	215	1,539	12,087
	39,884	58,506	59,044	53,678		39,086	798	10,665	49,752

City of Vermillion
 Business Improvement District Number 1
 Actual For 2018, 2019, June 30, 2020 and options for Revised 2020 budget

	Actual 2018	Actual 2019	Budget 2020	Actual 1st & 2nd Q 2020	Option 1 Revised Budget 2020	Option 2 Revised Budget 2020
Revenues:						
BID #1 Revenues	59,044	58,506	65,000	16,760	40,000	40,000
Expenses:						
Promotion & Marketing	50,911	57,336	63,700	16,425	39,200	39,200
Reserve Funds to VCDC				6,069	10,552	6,069
Collection	<u>1,181</u>	<u>1,170</u>	<u>1,300</u>	<u>335</u>	<u>800</u>	<u>800</u>
Total Expense	<u>52,092</u>	<u>58,506</u>	<u>65,000</u>	<u>22,829</u>	<u>50,552</u>	<u>46,069</u>
Revenue over Expenses	<u>6,952</u>	<u>-</u>	<u>-</u>	<u>(6,069)</u>	<u>(10,552)</u>	<u>(6,069)</u>
Projected Reserve Balance						
Year end	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>23,931</u>	<u>19,448</u>	<u>23,931</u>

I have included two options for the revised 2020 budget. Both options project the same revenue which is based upon a percentage of the average of the prior three years starting with 65% for July up to 85% for December for a projected revenue of \$39,086 so for budgeting used \$40,000. Both options have 98% going to the VCDC with Option 1 includes using reserve to make up the quarterly short fall based upon the average of the prior five years and Option 2 doesn't use reserve funds for the third and fourth quarters.

City of Vermillion
 Business Improvement District Number 1
 Actual For 2018, 2019, June 30, 2020 and options for 2021 budget

	Actual 2018	Actual 2019	Budget 2020	Option 1 Budget 2021	Option 2 Budget 2021	
Revenues:						
BID #1 Revenues	59,044	58,506	65,000	60,000	60,000	
Expenses:						
Promotion & Marketing	50,911	57,336	63,700	58,800	51,000	85% to
Reserve Funds to VCDC					-	rebuild reserv
Collection	<u>1,181</u>	<u>1,170</u>	<u>1,300</u>	<u>1,200</u>	<u>1,200</u>	
Total Expense	<u>52,092</u>	<u>58,506</u>	<u>65,000</u>	<u>60,000</u>	<u>52,200</u>	
Revenue over Expenses	<u>6,952</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,800</u>	
Projected Reserve Balance						
Year end	30,000	30,000	30,000	?	?	
Option 1 above				19,448	27,248	
Option 2 above				23,931	31,731	

As I do not know what the BID Boards recommendation will be for the third and fourth quarter 2020 as to the use of reserve for the VCDC so the projected reserve balance has different options. The Option 1 budget is using the projected revenues with 98% going to the VCDC. Option 2 has 85% going to the VCDC with the balance to rebuild the reserve. With the unknowns at this time any budget will need to be revisited at a later date to address actual revenues.