

## **City of Bloomington Food & Beverage Funds Plan for 2024**

This submission constitutes the City of Bloomington's written plan required by Ind. Code 6-9-41-15(b), regarding the use of the City's portion of Food & Beverage tax revenue ("F&B funds") to "finance, refinance, construct, operate, or maintain a convention center, a conference center, or related tourism or economic development projects."

### *Background*

On December 12, 2017, exercising authority granted to it by the Indiana General Assembly under Indiana Code 6-9-41 et seq., the Monroe County Council passed Ordinance 2017-51, An Ordinance Adopting a Food and Beverage Tax in Monroe County.

Ordinance 2017-51 provides that a one percent (1%) tax will be imposed on gross revenue of establishments selling prepared foods and beverages in the county, and that the revenue will be divided between the City and County based on where the tax is collected. In accordance with Ind. Code 6-9-41-12, the City created a Food and Beverage Tax City Fund, Number 152, into which City F&B funds are deposited.

Ordinance 2017-51 also established the Food and Beverage Tax Advisory Commission (FABTAC), in accordance with Ind. Code 6-9-41-16, to "coordinate and assist efforts of the County and City of Bloomington fiscal bodies regarding the utilization of food and beverage tax receipts...."

In 2018, the City and County entered into a Memorandum of Understanding to collaborate on a convention center expansion and related supporting infrastructure. The MOU focused on the initial project stage of selecting an architect to propose a design for the expansion, set up a jointly appointed steering committee to do the same, and among other things, allocated the City responsibility for contracting and paying for architect expenses.

In 2019, the FABTAC recommended and the City of Bloomington Common Council approved F&B fund appropriations for Phase 1 architecture and design services for the convention center expansion, and related bond counsel and financial adviser services.

In 2019, the City entered into three agreements with Schmidt Associates, an Architectural and Engineering Services firm, and its lead subconsultant, Convergence Design. The first agreement, executed February 22, 2019, authorized Phase 1 services related to the convention center expansion. These services consisted of conceptual and design work and related analyses, market demand analysis, and extensive community engagement, and were completed in fall 2019.

The second agreement, executed December 20, 2019, provided for Schmidt and Convergence to perform Phase 2 architecture and engineering design services for the design, bidding, plan review, and construction of the convention center expansion, with work to begin after a Capital

Improvement Board (CIB) is established and, “by mutual agreement of the City and Monroe County, is adequately staffed and prepared to begin operations.”

The third agreement, also executed on December 20, 2019, provided for similar Phase 2 architecture and engineering design services for a parking garage to support the expanded convention center.

The project was paused during the COVID-19 pandemic, and with the support of the FABTAC and the Common Council, the City established a “Rapid Response Loan Fund” to provide loans and/or grants to support local food and beverage and tourism-related enterprises and cultural organizations that were suffering financial hardship due to the pandemic and state-ordered shutdowns. This Fund’s purpose was to sustain the continued survival of local businesses and organizations that support tourism in the City and that are crucial to the viability of the convention center expansion.

As the pandemic subsided, the City and County resumed efforts to move the project forward.

On July 5, 2023, the Monroe County Commissioners issued Ordinance 23-20 establishing a Capital Improvement Board (CIB) with members chosen by the County and the City, to manage the design and construction of an expanded convention center and to manage its operations upon completion of construction.

The City and County have negotiated an interlocal agreement that provides for collaborative support of this effort and for the CIB and the Convention and Visitors Commission (CVC), which manages the Monroe County Innkeeper’s Tax funds used to maintain and operate the existing (and later, expanded) convention center.

The Mayor and the Common Council approved and signed this agreement on November 17. The agreement now awaits approval and signature by the Monroe County Council and Monroe County Commissioners.

#### *Fund balance as of January 1, 2023*

The balance of the City’s F&B fund as of January 1, 2023, was \$13,096,639.44. Since January 1, 2023, the City has received an additional \$3,410,127.74 in F&B funds and earned \$9,951.86 in interest, for a current total (as of October 31, 2023) of \$3,420,079.60.

#### *Prior and current year use of F&B funds*

To date, the FABTAC has approved and the Common Council has appropriated the following “not to exceed” amounts of City F&B funds for the uses described below:

2019: \$350,000.00 for Phase 1 costs for architecture and engineering services related to convention center expansion

\$200,000.00 for Phase 1 costs for bond counsel and financial adviser services related to convention center expansion

\$6,250,000.00 for Phase 2 costs for architecture and engineering services related to convention center expansion and a parking garage supporting convention center expansion (the City applied this as an NTE of \$4,115,000.00 for the convention center expansion and an NTE of \$1,485,000.00 for the parking garage)

2020: \$2,000,000.00 for the City's Rapid Response Loan Fund

The City has made the following actual expenditures of F&B funds since the establishment of the Food and Beverage tax:

2018: None

2019: \$26,828.92 (Phase 1 bond counsel services provided by Barnes & Thornburg)  
\$28,000.00 (Phase 1 financial adviser services provided by O.W. Krohn & Associates LLP)  
\$8,500.00 (survey related to Phase 1 architecture and engineering services, provided by Precision Point, Inc.)  
\$208,565.55 (Phase 1 architecture and engineering services, provided by Schmidt Associates)

**\$271,894.47 – total 2019 F&B funds expenditure**

2020: \$1,416,600.00 (Rapid Relief Loans)  
\$475.68 (Phase 1 bond counsel services/legal advice provided by Barnes & Thornburg)

**\$1,417,075.68 – total 2020 F&B funds expenditure**

2021: \$122,500.00 (Rapid Relief Loans)

**\$122,500.00 – total 2021 F&B funds expenditure**

2022: None

As indicated above, the City applied a total of \$1,539,100.00 in F&B funds to Rapid Response loans during 2020-21. As of November 28, 2023, loan recipients have repaid the City \$736,672.44 of those F&B funds, or 48% of the total. The City continues to work with loan recipients on repayments.

*Proposed 2024 use of F&B funds*

The City included a \$250,000 appropriation of F&B in its 2024 budget to support Convention Center expansion activities. The Common Council approved the City's budget, with this reservation of F&B funds for such activities, on October 11, 2023.

In 2024, the City anticipates using these F&B funds for the following purposes, in coordination with the FABTAC and Common Council:

1. To pay the expenses associated with creating a nonprofit building corporation to issue debt in support of design and construction of the Convention Center expansion.
2. Under an appropriate agreement with the CIB, to pay the CIB's personnel and administrative expenses during the design and construction phase of the expansion project, including the hiring of counsel and a controller.

Additionally, if the CIB wishes to acquire certain real property owned by the City's Redevelopment Commission for the convention center expansion, then depending on negotiations between the CIB and the RDC, some portion of City F&B funds may be used to help the CIB acquire that property.

Finally, and under an appropriate agreement with the CIB, the City anticipates drawing on already-appropriated funds to pay for Phase 2 architecture and engineering services as the project moves ahead.

If you have questions or require further information, please contact Jeffrey Underwood, City Controller, at [underwoj@bloomington.in.gov](mailto:underwoj@bloomington.in.gov), or Beth Cate, Corporation Counsel, at [beth.cate@bloomington.in.gov](mailto:beth.cate@bloomington.in.gov).