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City of Duluth Communications Office

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SUBJECT: Mayor Larson outlines recommended plan for next steps at Spirit Mountain

BY: Kate

Mayor Larson outlines recommended plan for next steps at Spirit Mountain

[Duluth, MN] Today, Mayor Emily Larson outlined her plan that she will be recommending to the City Council for the next steps of supporting Spirit Mountain Recreational Area. At a press conference announcing her plan, the Mayor highlighted several action items that would take place in the coming year.

The Mayor announced that the City would be proposing to launch a \$24 million capital reinvestment program funded 50% by state bonding, 25% by the City from tourism taxes, and 25% by Spirit Mountain. The Mayor will be working with City Council President Renee Van Nett and City Councilors to include Spirit in the City's bonding requests in 2023. The Mayor will also be working with the local delegation to see the need for these improvements and support for this request to the state. If funded, the goal would be for work to begin on the capital projects in 2023.

"Now is the time to do this with Spirit Mountain," Mayor Larson said. "No more Band-Aids. It's ready for a good fix. There is a saying, "If you can't get out of it, get into it." So, let's get into it."

The capital projects would improve the economic impact, community benefit, and financial performance of Spirit Mountain.

"We are treading into the physically dangerous and highly litigious territory by not addressing the decades-old debilitating physical assets here at Spirit," Mayor Larson said.

Capital projects would include:

- Renew winter skiing and riding infrastructure to provide a better service at a lower cost for skiers and snowboarders. This would generate the profits to enable Spirit to lower or remove financial barriers for those who would otherwise be unable to participate.
- Complete the Nordic skiing and mountain biking trail systems to solidify their status as regional destinations and continue to broaden the number and variety of Spirit users.
- Renew and modestly expand summer Adventure Park activities to add a high ropes course, replace the mini-golf course, and renew the coaster and generate the profits that support other Spirit activities with lower financial barriers to participation
- Renew deteriorated Skyline Chalet and campground infrastructure.
- Connect Spirit recreational facilities to the larger City and State recreational facilities, including the zoo, the Munger Trail, the DWP Trail, and the National Water Trail.

The proposed improvements based on the Spirit Mountain Task Force report and efforts by the SE Group announced in early March would increase Spirit's economic impact from \$22 million annually to \$39.9 million annually. The work would add 205 new jobs for a total of over 500 jobs on the property and would increase the number of visitors by 50,000 to 300,000 visitors per year. The investment would also ensure that Spirit would remain an asset in the Duluth community for another generation of users, creating memories and experiences for all who use it.

To prepare for a bonding request, a resolution has been added to the May 10 City Council meeting approving an agreement with an engineering firm to create a predesign report that will be presented to the State later this year. The predesign, which will be paid for by Spirit Mountain, will evaluate the condition of the Spirit Mountain chalet and campground to develop conceptual designs for the renovation of both. The report will also include the cost estimation and analysis of the property.

Additional pieces of the proposed plan include formalizing the relationship that the City has with Spirit. In the months to come, City staff will begin working with the Spirit Mountain Board of Directors to negotiate a ten-year inter-agency agreement that defines all of the duties and obligations of both parties. This will include financial and non-financial components of the relationship.

The city administration has sent a resolution to Council to eliminate \$900,000 of Spirit's line of credit with the City. This was a recommendation from the Task Force and one that the City supports.

“Eliminating this debt will help Spirit plan for the future because it will allow the City to negotiate a debt repayment schedule while weaning Spirit from City operating subsidies,” Mayor Larson said. “...the most important reason to do this is that another recommendation from the Task Force includes the potential to enter into a long-term operational lease for facility management...no reasonable operator would demonstrate even passing interest to take on the financial debt for an asset they simply do not own.”

The City will be asking the Spirit Board of Directors to take on the following steps to improve operations. These steps include:

1. Increasing revenue from operations through modest price increases, ticket checking, and improved food and beverage services
2. Increasing the number and variety of users by collecting better user data, developing and implementing a strategic marketing plan, strengthening collaboration with the City’s destination marketing organization, and improving services for mountain bikers, Nordic skiers, snowshoers, and ice skaters.
3. Reducing greenhouse emissions by completely replacing the 1970’s electrical and lighting infrastructure within the building systems.
4. Improving the overall guest experience by fostering a distinctive Spirit Mountain culture of guest services.
5. Enhancing programming by establishing the Grand Avenue Chalet as the western Duluth headquarters for outdoor recreation information and services and revitalizing the snow sports school.
6. Lowering barriers to recreating at Spirit by revitalizing partnerships with youth-serving organizations and schools, conducting special lower-cost “Spirit Loves Duluth” days, and soliciting grants and donations to pay the cost to waive or reduce fees.

Mayor Larson ended the press conference by saying,

“Let’s be realistic, honest, and forthright about our responsibility here. Let’s be visionary and future-forward with what is possible. Let’s embrace the complexity and beauty of this land and history, and let’s invest in something that more fully represents who we are and who we are becoming.”

The Duluth City Council will consider the resolutions on debt forgiveness and the predesign agreement at 5:00 p.m. on May 10.

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