

CITY OF MARSHALL AGENDA ITEM REPORT

Presenter:	Lauren Deutz
Meeting Date:	Tuesday, May 13, 2025
Category:	NEW BUSINESS
Type:	ACTION
Subject:	Call for a Public Hearing Regarding Proposed Property Tax Abatement at 27-865001-0
Background Information:	<p>The City of Marshall received a request for financial assistance through tax abatement to assist with financing a portion of the eligible costs related to the construction of an approximate 84-room Hampton Inn hotel in the City.</p> <p>Per M.S 469.1813 sub 5 The governing body of the political subdivision may approve an abatement under sections 469.1812 to 469.1815 only after holding a public hearing on the abatement.</p> <p>Rebound Partners approached city staff in 2020 about the potential development of a hotel near the Red Baron Arena. After completing a Comprehensive Hotel Market Needs Assessment in 2021, Rebound purchased vacant parcels 27-865001-0 and 27-865992-0 in 2022 directly adjacent to the Red Baron Arena. Since the acquisition of the site, Rebound has determined a market appropriate hotel franchise and management company, developed a site plan, and are working to secure private investment and bank financing.</p> <p>The proposed project is an 84-room Hilton brand, investor-owned Hampton Inn. The total project costs are \$16,150,000 and will create 15-25 new jobs (6-10 full-time equivalents). The property size recommendation of a newly developed hotel is 60-70 guestrooms in the Upper Midscale to Upscale Hotel according to the completed hotel assessment from 2021.</p> <p>Historically, staff has worked with several hotel developers/groups over the past 13 years as the City continues to grow as a regional hub for business, education, sports, and culture. Additional lodging options will help us accommodate more visitors, especially during peak seasons to help capture displaced lodging demand.</p> <p>The proposed site is located near the area's primary generators of lodging demand in a well-traveled commercial corridor with favorable access and visibility.</p> <p>Testimonial from 5 Family Ranch: <i>"Received messages asking for other options when the hotels in Marshall are booked. We would love to see another hotel in town. Wedding parties and guests have had to stay in Redwood Falls/Prairie's Edge/etc. due to the lack of beds in Marshall.</i></p> <p><i>We have 47 more weddings in 2025 starting this Friday through the end of October. Many weekends are booked with Friday/Saturday weddings. Having good hotel options helps us and our customers."</i></p> <p>Testimonial from Marshall Area Youth Baseball Association: <i>"We host 8 multi day tournaments from May through July. The May 31 – June 1st tournament this year we had 3 teams need hotels and no rooms were available."</i></p>

	<p><i>We also host 2 state tournaments on top of that in July. These state tournaments bring in 40 – 50 team most from outside of the driving area of Marshall. We have had issues getting the number of rooms we need for the State tournaments and teams stay in Granite Falls, Redwood, and Canby.”</i></p> <p>Testimonial from Avera Marshall: <i>“Quality of available rooms are a concern. Hotels rooms are used for staff during adverse weather, locum physicians, recruitment visits for physicians, and to host Avera colleagues who are in Marshall for meetings. Perception of Marshall starts with the hospitality industry and having up-to-date and nice facilities.”</i></p> <p>Testimonial from ADM: <i>ADM Marshall would support having an additional hotel in the Marshall area. We use these hotels for travel as we have visitors to the site during the year. We also use the hotels during inclement weather. At times we have rented the whole hotel or other hotels to have rooms to support our people and operations. This can be especially challenging on hockey weekends. These rooms can be a lifeline to keep our operations going. Additional rooms and options will help our business.</i></p> <p>A public hearing on this tax abatement application will be conducted prior to the recommended staff actions to further explain the project and provide considerations.</p> <p>In addition, if the Council would consider approval of the tax abatement, per MN Statute 116J.994, before granting a business subsidy that exceeds \$150,000 the city must provide public notice and conduct a business subsidy hearing on the subsidy.</p>
Fiscal Impact:	NA
Alternative/ Variations:	NA
Recommendations:	To call for a public hearing for the proposed property tax abatement and business subsidy hearing.