



Legislation Text

File #: 16-175, **Version:** 1

ACTION REQUESTED:

Communication from the City Manager with a Request to Approve the INTERGOVERNMENTAL AGREEMENT with the PEORIA CIVIC CENTER AUTHORITY to Provide for Operations of the Peoria Civic Center.

BACKGROUND: In 2013, the Peoria City Council approved an Intergovernmental Agreement with the Peoria Civic Center Authority (Authority) to provide for the operations of the Peoria Civic Center. The 2013 Agreement, and the corresponding Agreement with the Peoria Area Convention and Visitor's Bureau (Bureau), clarified the roles and responsibilities of the Bureau and the Authority, and made revisions to the Tourism Reserve Fund. Funding for the Bureau was split between tourism related services (\$200,000) and the marketing of Peoria and the Peoria Civic Center (\$450,000). The 2013 Intergovernmental Agreement sought the maximum utilization of the Peoria Civic Center by the Authority.

The proposed Agreement continues to delineate funding for the Bureau in the same manner as the 2013 Agreement. \$200,000 will be earmarked for general tourism related services and \$350,000 will be earmarked for marketing Peoria and the Peoria Civic Center. Administrative costs, ArtsPartners and Riverfront marketing costs remain fixed at \$225,000 annually. However, there are notable changes from the 2013 Agreement:

- Previous agreements between the Bureau and the Authority split the sales function. The Bureau was responsible for sales beyond 24 months and the Authority was responsible for short term sales. With this Agreement, the Authority will be assuming all sales responsibilities for the Civic Center.
- The Bureau also provided sales support and housing services to the Authority. This Agreement states that if requested, the Bureau will provide sales support, housing services, and marketing services to events booked at the Civic Center. The Agreement further defines how the Bureau and Authority will work on large convention bids. The Bureau and Authority will share unified bid packages with one another with the consent of the participating hotels and they will work on a method of sharing potential leads and client relations.
- As part of the cascading of HRA taxes, the Agreement takes into consideration the increase in hotel taxes passed by the Council for road funding as part of the 2016 budget.
- The Tourism Reserve Fund (TRF) is changed significantly. The TRF previously consisted of five separate funds: the 90% Civic Center Fund for Civic Center events (\$640,000 annually); the 10% Non-Civic Center Events Fund (\$70,000 annually); the Local Events Fund (\$90,000 annually); the Joint Marketing Fund (\$50,000 annually); and the Peoria Marketing Fund (36.67% of the Hotel Tax in excess of \$650,000, approximately \$96,000 annually). TRF Funds were predominantly used to subsidize events at the Civic Center. The sales staff of the Bureau and the Authority would use TRF Funds to discount the pricing of the Civic Center for events. This Agreement vests sales and pricing of the Civic Center Space with the Authority and SMG. Therefore, 90% Civic Center Fund and the Joint Marketing Fund are eliminated. Future funding commitments will be honored and remaining balance in the 90% fund will be transferred to the Authority. The remaining balance in the Joint Marketing Fund will remain with the TRF Committee. This will increase the operating subsidy to the Civic Center by about \$805,000, less the future funding commitments.
- The 10% Non-Civic Center Fund (\$70,000 annually); the Local Events Fund (\$90,000 annually); the Joint Marketing Fund (\$50,000 annually); and the Peoria Marketing Fund (36.67% of the Hotel Tax in excess of \$650,000, approximately \$96,000 annually) shall remain under the control of the TRF Committee.
- The Authority will no longer participate in the operations of the TRF Committee. The Committee membership will be reduced to two (2) members of the City Council and two (2) members appointed by the Mayor with Council

approval, and one (1) member of the Bureau Board of Directors.

- The Authority will be responsible for preparing a sales and marketing plan, monthly financial reporting and semi-annual performance reporting.
- The Authority and City will update the 30 Year Plan as outlined in the Agreement.

This Agreement fundamentally alters the relationships between the City, the Bureau and the Authority. The Authority assumes more responsibility and accountability for sales, eliminating the finger pointing of years past. The Bureau will have limited sales responsibility, and thus shift to providing the City more marketing services for the contractual amount. After the funding commitments have been met, the operating subsidy to the Civic Center will increase considerably.

FINANCIAL IMPACT: The Agreement outlines how the HRA Taxes will be allocated.

NEIGHBORHOOD CONCERNS: Not applicable.

IMPACT IF APPROVED: The revised funding and operational model for the Authority will be established. Utilization of the Civic Center will remain a focus. More sales responsibility will rest with the Authority.

IMPACT IF DENIED: The existing Intergovernmental Agreement would remain in effect.

ALTERNATIVES: The City could pull all funding from the Bureau and use the funds to market local hotels, attractions, and the Civic Center. By doing so, the City would lose the leverage of additional state funding for tourism and would lose the institutional knowledge of the Bureau.

EEO CERTIFICATION NUMBER: Not applicable.

WHICH OF THE GOALS IDENTIFIED IN THE COUNCIL'S 2014 - 2029 STRATEGIC PLAN DOES THIS RECOMMENDATION ADVANCE?

1. Vibrant Downtown: Riverfront/ Central Business District/ Warehouse District
2. Financially Sound City Government, Effective City Organization

WHICH CRITICAL SUCCESS FACTOR(S) FROM THE COMPREHENSIVE PLAN DOES THIS RECOMMENDATION IMPLEMENT?

1. Have an efficient government.

DEPARTMENT: City Manager's Office