



Legislation Text

File #: 16-183, **Version:** 1

ACTION REQUESTED:

Communication from the City Manager with a Request to APPROVE an AGREEMENT with the PEORIA AREA CONVENTION AND VISITOR'S BUREAU for TOURISM and Related Marketing Services, in the Amount of \$550,000.00 Annually through December 31, 2017. (Revised Communication)

BACKGROUND: In 2013, the Peoria City Council approved a three (3) year contract with the Peoria Area Convention and Visitor's Bureau (Bureau) for tourism and related marketing services. This Agreement expired December 31, 2015. Staff has continued to negotiate this Agreement with the Bureau throughout 2016.

The 2013 Agreement, and the corresponding Intergovernmental Agreement with the Peoria Civic Center Authority (Authority), 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 proposed Agreement previously sent to Council delineated funding for the Bureau in the same manner as the 2013 Agreement. The revised version of this Agreement (attached), as of August 3, reduces funding for marketing services by \$100,000 to \$350,000. Funding for regional tourism efforts remains at \$200,000. The City has been funding the Bureau at a level commensurate with \$650,000 annually through 2016. The funding will be prorated to the new level beginning September 1, 2016. The reduction in funding for the Bureau would fund additional sales positions at the Civic Center. Other 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 primary, but not exclusive, 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, the 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 approximately \$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 Agreement continues to provide for monthly reporting of performance to the City.

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 \$550,000 annual cost is paid from current HRA Tax revenues.

NEIGHBORHOOD CONCERNS: Not applicable.

IMPACT IF APPROVED: The Bureau contract will be extended through 2017 with explicitly defined duties between the Bureau and the Authority.

IMPACT IF DENIED: Services performed by the Bureau on behalf of the City would cease and the City would need to look for another entity or hire staff to perform tourism and marketing related activities.

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