

ITEM NO. _____

**CITY COUNCIL OF PEORIA, ILLINOIS, IN COUNCIL,
ASSEMBLED YOUR COMMITTEE OF THE WHOLE to Whom
was Referred a POLICY SESSION on THE GATEWAY BUILDING
OPERATIONS and PRIORITIZATION OF FUTURE POLICY
ISSUES.**

A Policy/Session was held on Tuesday, May 11, 2004, in Room 404, City Hall, 419 Fulton Street, Peoria, Illinois at 6:25 P.M., with Chairman Pro Tem Bill Spears presiding, having been elected by his peers in the absence of the Mayor and the Mayor Pro Tem.

ROLL CALL

Roll Call showed the following Council Members Present: Ardis, Grayeb, Gulley, Morris (arrived at 6:26 P.M.), Nichting, Sandberg, Turner, Chairman Pro Tem Spears - 8; Absent: Teplitz, Thetford, Mayor Ransburg – 3.

Others present: City Manager Randy Oliver, Corporation Counsel Randy Ray, Assistant City Manager Alan Pennington, Public Works Director Steve Van Winkle, Finance Director Jim Scroggins, Facilities Maintenance Manager Dave Marshall, Traffic Operations Planner Roger Troxell, Bill Roeder from the Peoria Park District, City Clerk Mary Haynes, Joan Schaumburg from the City Clerk's office, interested citizens and members of the media.

DISCUSSION REGARDING THE GATEWAY BUILDING OPERATIONS

Council Member Nichting moved to open the Policy Session regarding the Gateway Building Policy Session, with a Report Back on Gateway Building Operations that was Presented to Council at the November 25, 2003, Council Meeting (Refer to Item No. 03-375-B); seconded by Council Member Grayeb.

Approved by viva voce vote.

The Policy Session opened at 6:25 P.M.

Assistant City Manager Alan Pennington distributed handout describing the various concepts of the Gateway Building to those Council Members present.

Mr. Pennington gave a brief overview of the Gateway Building in a slide presentation. The summary of the presentation was to determine a purpose for the Gateway Building and how the purpose would be best met; what were some options for management and operations of the facility if the City continued operating the building as a publicly owned building, and what was the appropriate level of support or subsidy, if any, to the annual ongoing operation costs of the facility.

Mr. Pennington explained that originally, there was a two-fold purpose for the Gateway Building. He said one was to provide a community building with a goal of maintaining community space at nominal costs and the second was to have a full-fee rental facility designed to cover the annual operating costs and revenue based upon the market.

Mr. Pennington said construction financing included \$1.2 million in Caterpillar donations, and there were two outstanding bond issues amounting to \$2.25 million from 2001, with annual payments of \$167,000 for the next twelve years, and \$2.10 million from the 1997 bond refinancing with annual payments of \$173,000 for the next fourteen years, which amounted to an annual debt service totaling \$340,000.

Mr. Pennington explained the 2004 Park District budget for programming projected \$130,000 in expenses, which included a projected surplus of \$5,600 to the City of Peoria. He said the annual revenue totaled \$130,000, which was sufficient to cover the operation expenses of the Park District. Mr. Pennington explained City of Peoria's 2004 maintenance budget totaled \$150,000, which included \$80,415 for basic operating expenses and \$70,000 to reimburse the Park District for actual costs for maintaining the building. He said included in the annual cost summary was a total of \$620,000, which was comprised of \$340,000 for debt service, \$130,000 for programming costs, and \$150,000 for maintenance costs. He said the annual revenues totaled \$130,000 to cover programming costs, which left a net annual operating cost of \$490,000.

Mr. Pennington said since the opening of the Gateway Building, the City of Peoria had contracted with the Peoria Park District in 1996 to provide the operations and programming of the building, and the existing contract ran through 2006. He noted if the City decided to get out of the contract, there was a provision in the current contract which required notice be given by June 1 of the year prior to the year the City would want to end the contract.

Mr. Pennington explained in 2003 the Gateway hosted 243 events which included 149 meetings, 88 banquets and 6 fundraisers. He explained that out of the 243 total events, there were 44 "no cost" events where no fees were charged to the event sponsor, even to cover out of pocket expenses. He further explained out of the 44 no cost events, 19 were City-sponsored events; 7 were Workforce Development events; 9 were Heartland Water Resources Meetings; and 9 were miscellaneous groups events.

In discussion several Council Members, Mr. Pennington and Mr. Bill Roeder from the Park District regarding what qualified as a no cost event and who decided it should be a no cost event, it was determined there was a policy qualifying no cost events and that 99% of the requests for these no cost events were channeled through the City Manager's Office and the Public Works Department. Mr. Pennington referred to the Agenda packet under Gateway Rentals 2003, and he pointed out the majority of no cost events were classified as meetings and a few banquets.

City Manager Randy Oliver said one of the policies to consider was if the City wanted to initiate a set up charge fee for events held at the Gateway.

Assistant City Manager Pennington summarized the catering activity at the Gateway, and said there were currently 3 approved caterers for bar and food service, and 32 additional caterers for food service only. He added there were 158 catered events in 2003. He said it was difficult to supervise 32 different caterers and it often placed more burden on the Park District.

Mr. Pennington reviewed some of the options for the Gateway Building which would be no change to the existing operating method; continue existing operating structure with changes to the catering and fee policy by conducting an RFP for exclusive caterers (potential revenues/cost reduction totaling \$50,000); to charge "no cost" users a fee to cover direct operating costs (excluding City of Peoria events), which was estimated to provide \$5,000 annually. He said another option would be to lease the building.

Chairman Spears said he felt the Park District had been a great business partner. He said they had taken care of the building to the best of their ability and had lived within the parameters of the rules set up by the City. He suggested the City set up a six-month commission or group that would include citizens representing hotels and restaurants, developers, Caterpillar, construction companies, possibly a Council liaison, whose purpose would be to perform a market analysis study of the Gateway and bring their ideas back to the Council for discussion.

Council Member Morris stated there were certain areas along the Riverfront that were public and should remain public. He expressed concern that large areas of the public part of the Riverfront were fenced off to accommodate private events, and he said this was not establishing the Riverfront as a community center for the public.

Several Council Members discussed options on how to minimize the City's losses regarding the Gateway Building. It was determined that most of the City's market in obtaining revenue from the Gateway Building were weddings and Caterpillar meetings

Council Member Sandberg said another issue to be considered were the businesses who were trying to survive on the Riverfront. He said several restaurants had closed due to the heavy programming that continued to bring people to the downtown area which made it difficult for the restaurants in the Riverfront Village to be successful. He added, this was not one of our core rolls.

Chairman Pro Tem Spears questioned how we sell a building with the toilet facilities linked to Festival Park. He said he agreed with Council Member Ardis that a Committee of the Hospitality Industry, hotel owners, restaurants owners, developers, Caterpillar, business community and possibly a neighborhood member be appointed by the City Manager to look at every angle, look at the numbers and come back with a boundary list of recommendations in months, given the budget schedule.

It was pointed out that Mr. Oliver and Chairman Pro Tem Spears had an almost identical list.

Council Member Ardis said one of the initial goals for the Gateway Building was to attract more people to the downtown area, and he said he felt that goal had been accomplished, with the addition of various private businesses down on the Riverfront. He said he felt the City needed new goals for the Gateway Building and Riverfront area. He said he also supported the idea of assembling a small group of private sectors to perform a market analysis and to bring their ideas back to the Council.

Council Member Grayeb agreed the Gateway posed a significant drain on the City's resources, and he questioned if it was appropriate for the City to continue operating this building possibly in conflict with the public sector. He said he felt this was a policy issue. He said if the City decided to sell the Gateway and release it from the City's portfolio, what types of control issues would impact the Riverfront area.

Mr. Roeder explained some of the conflicting uses had a very detrimental effect on successful activities on the Riverfront. He said examples of control issues would be bands playing loud base music, parking and egress.

Council Member Turner said the Council was a policy making body and needed to look at the community value and not just how to make money. He said there were many venues that needed to be serviced, not just police and fire issues, and he felt the Gateway Building served a real service to the City of Peoria.

Several Council Members said they felt the Park District was a good partner and they felt it would be beneficial to continue working with the Park District to come up with a solution to turn the Gateway Building into a revenue source.

Mr. Roeder responded that he felt the Park District would support the City's efforts in finding solutions regarding the Gateway Building, the Riverfront and other projects if it was in the best interest of the citizen.

The Council concurred that the City was facing a \$340,000 loss regarding the Gateway Building and they directed the City Manager to establish a group of qualified people from various walks of life as well as private citizens to form a commission to perform a market analysis of the Gateway Building, and bring their ideas and suggestions back to the Council for discussion and approval, within four to six months, and then decide policy at that time.

There was discussion regarding having the meetings open to the public with notices and minutes. The City Manager said usually the individual department, who acted as liaison was responsible for taking minutes.

In summary, City Manager Oliver stated the main goal regarding the Gateway Building was to minimize the City's loss and maximize the Building's use, and he advised the Council that he would include a recap of this item in this week's City Manager's Issues Updates.

In conclusion, the Council by consensus agreed the Manager should assemble the Commission, as outlined. The meetings should be open to the public, minutes should be taken and disseminated to the Council and public and the recommendations should come back in four months.

PRIORITIZATION of FUTURE POLICY ISSUES

Chairman Pro Tem Spears inquired if there were any topics listed on the Policy Session Priorities List that the Council wanted to discuss.

Council Member Turner said some members of the Heart of Peoria Commission expressed concern regarding the Heart of Peoria Plan, and City Manager Oliver responded there was going to be a policy session in June which would be an opportune time to discuss and clarify any questions they might have regarding the Plan, and there was a bus tour scheduled on June 5, 2004, which would allow citizens to see the various areas encompassed by this district, and the Council had been invited.

Council Member Sandberg requested clarification regarding if the Policy Session regarding the Landscape Waste Pilot Program (Bioreactor), which was #8 on the list, was the same as the Policy Session regarding Landscape and Solid Waste alternatives, which was to be scheduled over two years ago. City Manager Oliver suggested reclassifying the title as the Disposal of Horticultural Waste.

It was suggested that each Council Member select three or four Policy Session topics they felt were important, rank them and submit them to the City Manager and he would then prioritize them and devise a list from the selections provided.

Council Member Nichting moved to close the Policy Session regarding the Gateway Building Policy Session, with a Report Back on Gateway Building Operations that was Presented to Council at the November 25, 2003, Council Meeting (Refer to Item No. 03-375-B); seconded by Council Member Grayeb.

Motion to close the Policy Sessions was approved by viva voce vote.

The Policy Session closed at 8:28 P.M.

ADJOURNMENT

Chairman Pro Tem Spears thanked the Council Members for electing him and said it was an honor to be elected by his peers.

Council Member Nichting moved to adjourn the Policy Session Regarding the Gateway Building Operations and Prioritization of Future Policy Issues; seconded by Council Member Grayeb.

Approved by viva voce vote.

The Policy Session adjourned at 8:28 P.M.

Mary L. Haynes, MMC
City Clerk, Peoria, Illinois

MLH/JS

