

ITEM NO. \_\_\_\_\_

**CITY COUNCIL OF PEORIA, ILLINOIS, IN COUNCIL,  
ASSEMBLED YOUR COMMITTEE OF THE WHOLE to Whom  
was Referred a POLICY/WORKSHOP SESSION Regarding  
a PRESENTATION by the PEORIA CIVIC CENTER AUTHORITY.**

A Policy/Workshop Session was held on Tuesday, September 14, 2004, in the Council Chambers, Room 400, City Hall, 419 Fulton Street, Peoria, Illinois at 6:19 P.M., with Mayor David Ransburg presiding.

**ROLL CALL**

Roll Call showed the following Council Members Present: Ardis, Grayeb, Gulley (arrived at 6:25 P.M.), Morris, Nichting, Sandberg, Spears (arrived at 6:20 P.M.), Teplitz, Thetford (arrived at 6:20 P.M.), Mayor Ransburg – 10; Absent: Turner - 1.

Others present: City Manager Randy Oliver, Corporation Counsel Randy Ray, Peoria Civic Center General Manager Debbie Ritschel and Director of Marketing Marc Burnett, Former Mayor Maloof, City Clerk Mary Haynes, Nancy Schmitt from the City Clerk's Office, interested citizens and members of the media.

Members of the Peoria Civic Center Authority Commission present: Chairperson, Rebekah Bourland, Laraine Bryson, Danny Silverthorn, Dr. Peter Couri, Dan Daly, Kenneth Goldin, James Despain and Jane Converse, and many Past Commission Members of the Peoria Civic Center Authority. Others present: Turner Construction Vice-President and Manager of Pre-Construction, Tom Paci, and Jim Clair, Senior Project Manager; Representing HOK Architects, David Greusel, Principal Project Director and David Manica, Senior Project Designer; Others represent; Keith Arnold, Peoria Area Convention and Visitors Bureau, Bruce Saur, Owner Peoria Rivermen, Andrew Kaplan, Jam Productions, and Doug Stewart, President of National City Bank.

**PEORIA CIVIC CENTER AUTHORITY REDEVELOPMENT PRESENTATION**

Council Member Chuck Grayeb introduced the Peoria Civic Center Authority Commissioners, Chairperson Rebekah Bourland, Laraine Bryson, Danny Silverthorn, Dr. Peter Couri, Dan Daly, Kenneth Goldin, James Despain, Keith Arnold and Jane Converse, and expressed his appreciation to the Commissioners for their dedicated service.

Council Member Grayeb briefly stated that the Peoria Civic Center drew over 880,000 visitors and generated more than \$134 million annually in economic development. He said the Civic Center generated \$30 million in salaries in the Peoria area and 1,237 jobs in the Peoria area. Council Member Grayeb said the Civic Center generated \$5.6 million in tax revenue, of which \$1 million of those dollars were in HRA taxes and \$4.6 million in City and State sales taxes. He said the Civic Center had an annual operating budget of \$4.8 million a year and generated about \$22 million of gross sales annually. He stated this was a huge economic generator for the entire Central Illinois Region.

Chairperson Rebekah Bourland stated the Civic Center would always be a work in progress in order to remain the vital and exciting Center of the Downtown. She stated Consultants, C.H. Johnson assessed the facility and regional market to determine what could be added or improved to the Civic Center in order to continue at significant regional impact. She said from that study and the thirty-year plan that was developed in 1996, the Civic Center Authority developed a list of improvements that they felt the twenty-two year old complex required in order to continue economic effectiveness.

Chairperson Bourland stated the facilities needed to be upgraded and improved to maintain market share in an increasingly competitive climate. She explained the bonds that were maturing would leave cash flow from HRA tax revenue that could be available for rebonding proposed improvements. She said the revitalization plan would include expansion, functional improvements, some efficiencies and safety improvements and some aesthetic improvements.

Chairperson Bourland explained the building had required \$1.5 million in capital improvements each year over the past ten years. She said they struggled to make an operating profit, and their role was an income generator, not a profit center. She said the hotel, restaurant and amusement tax regenerated about \$6.5 million annually and around \$4,200,000 was used to pay off bonds for the building and expanding the Peoria Civic Center. One million went to the Civic Center for capital improvements, and \$1,300,000 went to other community efforts, such as the Marketing Reserve Fund, the Peoria Area Convention and Visitors Bureau, Tourism Reserve Fund, Riverfront Development, ArtsPartners and various Ad-Hoc requests, such as, \$100,000 for museum planning, \$50,000 for the Heart of Peoria Plan and \$10,000 to the Powell Press Building. She said the Peoria Civic Center was more than a building, was an industry, and must be continually invested in, in order to meet market demands.

Chairperson Bourland introduced the Vice-President and Manager of Pre-Construction from Turner Construction, Mr. Tom Paci.

Mr. Tom Paci stated he monitored the design as it was being developed giving the team vital information on cost in order to be on budget at the end of the job. He introduced the Senior Project Manager, Jim Clair.

Mr. Jim Clair stated he would be working in the Pre-Construction phase with the Design Team to develop a very efficient and economical construction plan for the expansion project. He said they understood that this was a community project and should be built by the community. Mr. Clair stated they would be working with the Building Trades Council to maximize local participation and he said he anticipated at least 104 jobs on a monthly basis for approximately 24 months.

Mr. David Greusel, Principal Project Director with HOK Architects, stated HOK was a design firm that specialized in public assembly facilities, like arenas and convention centers. He said they would be working with local firms, PSA and Clark Engineering, on this project. He introduced the Senior Project Designer David Manica of HOK Architects.

Mr. David Manica gave a brief slide presentation showing the proposed expansion of the Peoria Civic Center. He explained that the original designer of the Civic Center was Philip Johnson. He said they planned to keep Monroe Street open, and they wanted to have a contiguous 100,000 square foot exhibition space. He said they would be adding a Grand Ballroom and additional meeting room space. He said they would strive to be sensitive to the development of Philip Johnson's concepts. He said they would develop multiple iconic entrances and front doors for multiple events. He said they would develop outdoor balconies and rooftop terraces for the public, pre-function areas, staff and administration keeping with an iconic architecture filled with transparency and light. Mr. Manica stated they would be weaving the Philip Johnson concepts through the development with glass arcades.

Peoria Area Convention and Visitors Bureau (PACVB) President Keith Arnold stated that PACVB was the primary external marketer agent for the Peoria Civic Center. He said the PACVB had lost significant business over the last three years due to space constraints, which had resulted in a net loss of \$232,000 plus dollars in Civic Center revenues.

Mr. Arnold also stated over 18,650 room nights of hotel business had been lost and there was an economic impact of over \$2,500,000 based on delegate spending. He said those were the only losses that were recorded and some were turned away without records being kept. He said according to the meeting information network database, another 453 meetings that could fit into the proposed new space, could not be marketed currently because that space was not available. He said the expansion would enhance the economic benefit not only to the Peoria Civic Center, but also to the community.

Owner of the Peoria Rivermen Bruce Saur stated that the Peoria Rivermen had a twenty year positive working relationship with the Civic Center. He said he would like to see the Civic Center expanded because the facilities were out dated, and there was a need for more restrooms, more concession space, better equipment services, locker rooms, and more space to accommodate a crowded concourse.

Jam Productions Andrew Kaplan spoke regarding booking shows for the Civic Center. He said the expansion would be more appealing to concert fans and to the bands themselves with backstage production areas. He also spoke about the over-crowded concourse space, and concession areas and also a need for more restrooms. He said the big business for most bands was T-shirt sales. Mr. Kaplan said keeping the facility competitive with other cities would be economically beneficial to the City.

Regional President of National City Bank Doug Stewart said he was representing Peoria Next as it's Treasurer. He said everything happening downtown was integral to the success of Peoria Next. He said they were an entity that would spawn economic development and foster research in collaboration in particular among Caterpillar, the Ag Lab, Bradley and Medical School, etc., including the Glen Oak Zoo expansion and the new Lakeview Museum.

Peoria Civic Center Commissioner Dan Daly stated they had the capacity to pay for this \$55 million project. He said the cash flow projections were a result of a thoughtful study of past revenues coupled with future growth potential as outlined by the C.H. Johnson studies. He said they projected an HRA tax growth rate of 2½%, which was lower than the 2.63% over the last six years. He said he thought the projections were good solid projections and they were in a good position to finance the project. Mr. Daly stated this was consistent with the Intergovernmental Agreement and the 30-year Plan that was approved by Council ten years ago. He said there were a lot of bonds and indebtedness that would be maturing in the next couple years and it would be a good time to renew the investment in the Civic Center.

Chairperson Rebecca Bourland stated for public input, citizens could call 680-3509 and leave comments. She said beginning September 15, 2004, the Design Drawings would be on display in the Civic Center Lobby, or citizens could visit the website at [www.peoriaciviccenter.com](http://www.peoriaciviccenter.com). Ms. Bourland stated the public was invited to the regular meeting of the Peoria Civic Center Authority Commission on Thursday, September 23, 2004, for public input.

In discussion with Council Member Patrick Nichting regarding \$4.2 million bond capacity, Mr. Daly said it allowed for debt service coverage rate for 1.25 times, and it would allow for bonding of \$65 million and net proceeds of \$55 million. He said they would issue alternate GO Bonds, and the primary source would be HRA tax. He said a portion of the proceeds of that \$65 million would be set aside as a debt reserve, which was required by the bonding company.

City Manager Randy Oliver stated that on a project of this size usually a contingency fund of 5-10% of the project cost would be set aside that was not allocated. He said it was never anticipated that more bonds would be issued.

Council Member Nichting questioned the operating cash flow funds that were set aside to cover the cost in the construction period. Mr. Daly said the cash flow would be lower during the construction period and then stepped up to a mature level over a period of several years. Mr. Tom Paci stated currently there was a 15% contingency fund.

Council Member Nichting questioned if Speers Finance reviewed the analysis done by C.H. Johnson and if there was an expectation or an understanding to evaluate this as if it was going to be done as a revenue bond.

City Manager Oliver said it was evaluated as a revenue bond and was determined this was not in the best interest of the City. He added, as Mr. Daly indicated, consideration had not been given to any anticipated increase in business. He said it was assumed that the business level would stay as it was presently, growing by 2½% a year. He added any increase in business would generate additional funds. He said the estimates that had been made were conservative. He stated, from a bonding perspective, it was difficult to count on future anticipated revenues.

In further discussion with Council Member Nichting regarding anticipated cash flow and expenditures, City Manager Oliver said Speers Finance assumed the interest during the construction capitalization period, and the bonds were structured in such a manner that there was a major bond, currently held by the Civic Center, that would drop off in about three years. He said, as a result of that, it would have a bond size of approximately \$64.3 million with net bond proceeds for construction of \$55 million. He said the project costs of \$55 million included the architectural and engineering fees of \$8 million or \$9 million. He said project costs would be \$47 million with a 15% contingency.

Council Member Morris said the Civic Center design was an icon for the City of Peoria. He stated Philip Johnson was one of the greatest architect's in history, and he wanted to make sure the designs of Philip Johnson did not change with the new concepts that were being designed.

Chairperson Bourland stated an icon needed to be functional, and serve the needs of the community. She said the firm understood the Philip Johnson architectural design. She stated this item would be on the Civic Center Authority Agenda on Thursday, September 23, 2004, and anyone would be welcome to participate in this discussion.

Mayor David Ransburg suggested that someone review the design plan to make sure it was consistent with the Philip Johnson design.

Council Member Spears stated that when the Civic Center was built, he remembered how important the glass arcade was to Philip Johnson. He said the way he wanted it designed was almost one piece of glass. He commended HOK Architects for coming up with a design that took more of the glass and extended it longer. He also commended them on the entrance design to the arena, which he thought was more the intent of the Philip Johnson design, which did not get completed as planned because of cost cutting. He said HOK had done a tremendous job of bringing out the Philip Johnson architectural touches utilized in the construction of the Civic Center. He commended the Civic Center Authority Commissioners for being conservative with their estimated numbers and not overspending.

Council Member Gary Sandberg inquired why the attendance had declined after the 1993 expansion of additional exhibit space. He asked, with attendance going down, why were people being turned away. Chairperson Bourland stated attendance had leveled off and during that time there had been some economic pressures.

Council Member Sandberg stated the new proposed Ballroom and Banquet Hall would be taking business away from the restaurants and hotels. He said the economics of Peoria had changed and a lot of things could be financed with this amount of money.

Council Member Ardis stated this expansion would benefit the long-term tenants such as, Bradley University, and the Rivermen who called the Civic Center their home for their teams, and the partnership with IHSA.

Council Member Grayeb stated the best days for the City of Peoria were ahead. He said this would all fit in with a more vibrant growing Peoria and he thought the projections were very conservative.

Council Member Nichting inquired about the square footage being added and if it would be competitive with other cities. Mr. Arnold said there would be 100,000 square footage, which was the same as Des Moines, and Schaumburg had 115,000.

Council Member Spears suggested holding policy sessions out in the community to focus on what the people were saying because they had some great ideas. He said it would give great opportunity for the Civic Center to promote their plans. He said it needed to be understood that this project dealt with HRA monies, and how to increase the hotel revenue. He suggested the Mayor or City Manager schedule some Town Hall Meetings on HRA.

Mayor Ransburg stated the Civic Center added to the quality of life, which also helped restaurants, hotel and retail. He commended HOK for their design and he said the City didn't want to lose the identity of the Philip Johnson building.

Council Member Grayeb stated, if it was the will of the Council to hire an outside architect to evaluate this project, it should be done soon because project costs continued to escalate. He stated the Council needed to focus on what direction they wanted to pursue regarding project design. Council Member Grayeb also inquired if there should be neighborhood meetings, and if so, these should be held in a timely manner. He requested policy direction to establish the framework.

Mayor Ransburg said the intent would be to bring this item back to the Council for an official vote on the basic concept of going forward with the \$55 million, and he added that didn't mean there couldn't be additional public input. He said he did not want to stop the process.

Council Member Sandberg said he would rather discuss policy issues with the neighbors rather than public projects, but he would value the neighbors input.

Council Member Morris asked John Crawford, a retired professional local architect who worked with Philip Johnson, to comment on the architecture of Philip Johnson.

Mr. John Crawford stated the Civic Center was under budgetary stress at the time of construction, with the arcade design came late in the project, and after cutting costs the arcades that were built were not Philip Johnson's first choice.

City Manager Randy Oliver suggested that he work with the Civic Center recognizing the issues that had come forward, and he would prepare an agenda item for the October 6<sup>th</sup> meeting.

In discussion Council Members concurred that the Council body needed to give clear direction to the Commission on how to move forward.

Council Member Spears suggested the City Manager bring back dates and times for Town Hall meetings for public input dealing only with the HRA, and the Civic Center could come and explain the expansion project.

Council Member Thetford questioned whether the Town Hall meetings would be to discuss the HRA uses, or whether it would be to present to the public the proposed addition to the Civic Center.

In discussion Council Members concurred Town Hall meetings were important for community input.

Commissioner Jane Converse expressed concern that this would be discussed at a Town Hall meeting. She said since this was a decision that would be voted on in a public forum, she felt the public would need the background information to understand and embrace the expansion project.

Council Member Ardis expressed concern that public officials would not ask for input from the community on this project. He said the job of the Council was to get information out to the community because they were the ones who elected them. He said the Council should get this information out to the public, and he didn't think this process would stop or delay the Civic Center's project.

Council Member Grayeb suggested with the input of the Council, that the City Manager should schedule meetings in order for the public to weigh in on all aspects of the expansion. He said after public input, it could be decided what additional information would be needed to move forward. He suggested a central location for these meetings.

City Manager Randy Oliver suggested having one meeting at the Rave Theater, if available. He said he would bring the following back to Council next week; if Council wished to have two informational meetings to permit the Civic Center to present the proposed project to the public and receive public input; tentative dates and places for Town Hall meetings; agenda issues regarding whether or not the Council wished to hire an expert to review and ensure architecture compatibility with the Philip Johnson design; and if the Council wished to continue funding the Civic Center at the current percentage level of funding from HRA; and authorize the City Manager and Council to bring back a resolution to that affect.

### **ADJOURNMENT**

Council Member Morris moved to adjourn the Policy/Workshop Session regarding a Presentation by the Peoria Civic Center Authority; seconded by Council Member Nichting

Approved by roll call vote

Yeas: Ardis, Grayeb, Gulley, Morris, Nichting, Sandberg, Spears, Teplitz, Thetford, Mayor Ransburg – 10;

Nays: None.

The Policy/Workshop session adjourned at 9:00 P.M.

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