



**ADDENDUM I**

**BLOOMINGTON CITY COUNCIL AGENDA**

**SEPTEMBER 26, 2011**

**Regular Agenda**

**8D. Presentation Regarding BCPA Subsidy/Fund Balance & Creativity Center Update. (*Council memorandum and BCPA Subsidy and Creativity Center Update September 26, 2011.*)**

FOR COUNCIL: September 26, 2011

SUBJECT: Presentation Regarding BCPA Subsidy/Fund Balance & Creativity Center Update

**BACKGROUND:** A two part presentation; first discussion on the BCPA subsidy level and fund balance, second, an update on the Creativity Center.

### **BCPA Subsidy/Fund Balance**

City Council voted on a ¼% Home Rule Sales Tax increase effective January 1, 2001 when creating the Cultural District. This was to be the funding source for what has become known as the Bloomington Center for the Performing Arts (BCPA). The Home Rule Sales Tax funds began being transferred into the BCPA's operating budget in FY 2002. In 2004, bonds were issued in part for capital improvements and purchases related to the former physician's building at 107 E. Chestnut (now referred to as the BCPA's Creativity Center). In 2005, \$9.9 million in bonds were issued for the renovation of the former Scottish Rite Temple creating the BCPA. Renovation was completed just in time for the inaugural performing arts season in September 2006 (FY 2007).

At the June 10, 2002 Council Meeting, the Council clarified the ¼% sales tax increase by capping the Home Rule Sales Tax revenue annual allocation to the Cultural District at \$1.5 million.

The transfer of sales tax funds in FY 2002 through FY 2006, which occurred prior to the first performing arts season, built up the BCPA Fund Balance to approximately \$2.2 million. The first debt service payment from the BCPA operating fund occurred in FY 2006 and has grown to a little more than \$800,000 annually. The inclusion and increase in debt service payments in the operating budget, coupled with a \$400,000 drop in Home Rule Sales Tax funds implemented in FY 2010 has reduced the BCPA Fund Balance to \$165,382 as of April 30, 2011. This fund balance is projected to drop to (\$286,414) at the end of FY 2013 based on projected revenues and expenditures within the operating budget. Additionally, the 2004 bond repayment amounts begin to see substantial increases in FY 2014 and beyond.

In summary, by including the debt service payments for the 2004 and 2005 bond issuances along with the decreased sales tax funding the BCPA Fund Balance continues a downward trend requiring additional funds from general revenue.

### **Creativity Center Update**

#### **November 10, 2003**

City Council votes 8-0 to purchase the former physicians building at 107 E. Chestnut Street for \$1.6 million. The building is purchased to be renovated with funds generated exclusively through private donations into a Creativity Center for the arts. Like the BCPA itself, this building is conceived to support local performing arts groups and strengthen the City's arts

culture and as a way to develop economic, educational and artistic growth within the community and serve as a catalyst for economic growth in the Downtown Bloomington. The need for this building was identified through interviews at nine (9) community forums conducted in February and March 2003. Further input was gathered from potential users and planning study interviews were conducted with forty-five (45) community leaders in May 2003.

**2005-2009**

Initial renovation work is done on the Creativity Center during this time frame. The second floor was gutted by staff to reduce labor costs in preparation of a future renovation. Many of the BCPA staff offices are located in this building.

**February 22, 2010**

City Council awards design services work for the Creativity Center renovation in the amount of \$173,000 to the Farnsworth Group, using privately raised funds from the BCPA's Capital Campaign fund balance.

**Next Steps**

Staff has attempted to address various concerns raised by the Council at its February 22, 2010 meeting. Staff believes that the BCPA Subsidy and Creativity Center Update September 26, 2011 report has addressed a long term model for the Creativity Center which provides for the building's management, operations and fiscal policy.

Staff is prepared to answer Council's questions and is respectfully requesting specific direction from the Council regarding this facility.

Prepared by:

John R. Kennedy  
Director of Parks, Recreation & Cultural Arts

Reviewed by:

Barbara J. Adkins  
Deputy City Manager

Financial review by:

Timothy L. Ervin  
Director of Finance

Recommended by:

David A. Hales  
City Manager

A wide-angle photograph of a large, empty theater. The seating area is filled with rows of blue seats with dark wood frames. The stage area is visible in the foreground, and the ceiling features recessed lighting. The walls are light-colored with decorative moldings.

# BCPA Subsidy and Creativity Center update

September 26, 2011



# HOME RULE SALES TAX

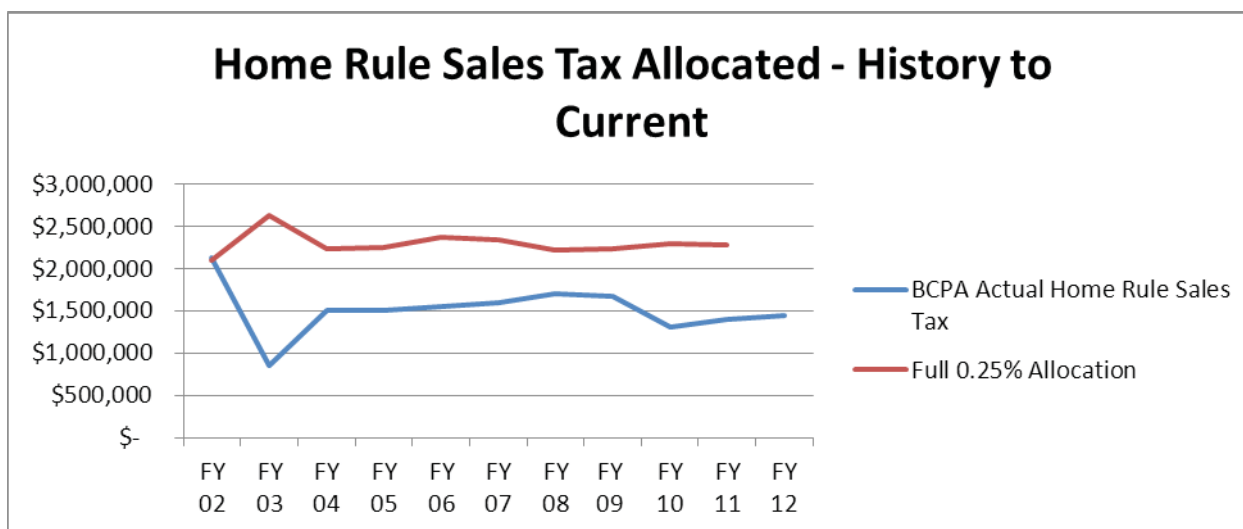
This report is to address original funding sources discussed at the creation of the Cultural District (now referred to as the BCPA) and the current subsidy level. During creation of the Cultural District, Home Rules Sales Tax was deemed to be the main funding source for the Cultural District and is described below with the history behind the sales tax amounts and discussions.

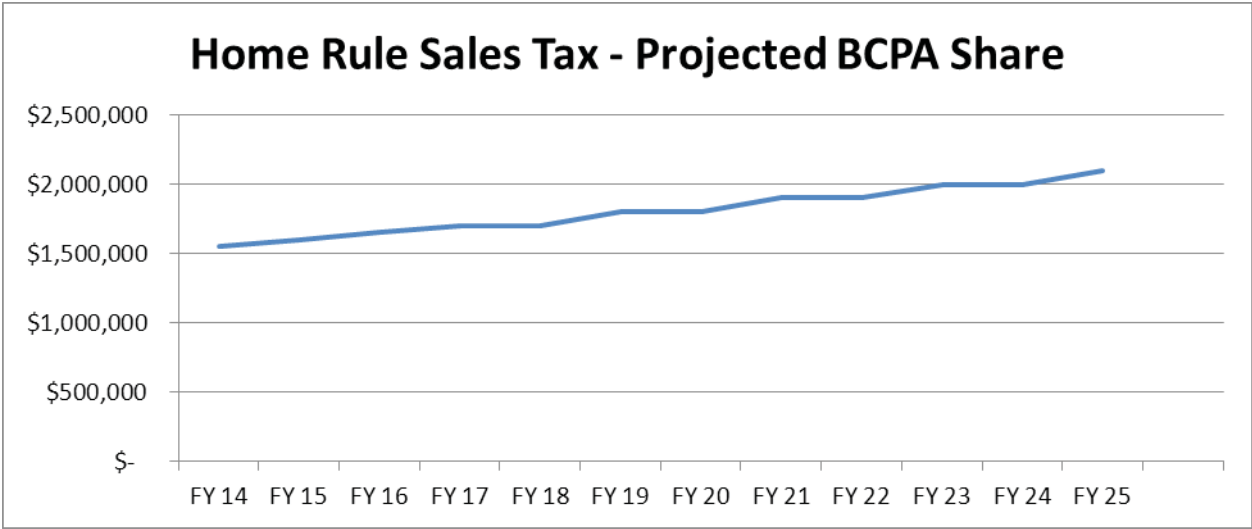
On September 25, 2000, the City Council approved an increase to the Home Rule Sales Tax Rate from 1.00% to 1.25%, effective January 1, 2001. There was no time limit set for this ¼% increase. The increase in sales tax funds would begin to roll in during March 2001, due to the lag in receipts from the State on sales tax collection. *See the attached Council Proceedings from September 25, 2000 (Exhibit A).*

At that time it was estimated revenues received from this ¼% increase would create \$1,500,000 in revenue and would be the primary funding source for the Cultural District. In fact, in FY 2002, this ¼% sales tax brought in over \$2.1 million in funds, therefore Home Rule Sales Tax allocated to the Cultural District during FY 2002 was \$2,131,669. While the Council Proceedings from September 25, 2000 is not clear that all revenue received from this increase would go strictly to the Cultural District, many staff, Cultural District Commission members and some aldermen believed that to be the intent.

On June 10, 2002, to clarify the question of whether or not the full ¼% sales tax increase was to fund the Cultural District or if the funding should be capped at a specific level, the City Council approved capping the Home Rule Sales Tax revenue allocated to the Cultural District to \$1,500,000 annually. This is the amount that went to the Cultural District in 2004 and 2005. As noted in the Council Proceedings from June 10, 2002 concerns were raised that the \$1,500,000 annual allocation may not be sufficient to support the budget.

In calendar year 2005, former City Manager and former Finance Director created an internal spreadsheet (*Exhibit B*) that allocated funding level from Home Rule Sales Tax for the Cultural District for each fiscal year from 2005 through 2025. This spreadsheet became the road map used to allocate future Home Rules Sales Tax funds from 2005 through 2025. *See attached Council Proceedings (Exhibit C).*





Beginning in FY 2005 and going through FY 2009, an every-other-year sales tax funding increase of \$100,000 resulted in developing a positive BCPA Fund Balance. The amount allocated in FY 2009 was \$1.7 million. In FY 2010, the internal spreadsheet called for a decrease of \$400,000 in Home Rule Sales Tax funding bringing the allocation down to \$1.3 million. FY 2011 and 2012 saw funding levels of \$1.4 and \$1.45 million, respectively. This large drop in Home Rule Sales Tax funding during those three fiscal years, along with challenging economic conditions and increased competition for entertainment dollars has resulted in a projected fund balance deficit of **(\$286,414)** as of April 30, 2013. This projection is based on assumptions in FY 2012 and FY 2013 revenue and expenditure budgets.

**DEBT SERVICE**

Another contributing factor to the downward trend of the fund balance is the Debt Service that is included in the BCPA’s operating budget. Since the BCPA is accounted for as a special revenue fund, the debt service is reported within the financial statements of this entity. This varied from the methodology in the treatment of debt service for Parks Recreation and Cultural Arts departments in the General Fund. The Debt Service payment for FY 2012 is \$749,816 and is projected to remain stable until the debt is retired in FY 2026. See the table below.

**2005 General Obligation Bond Debt Schedule**

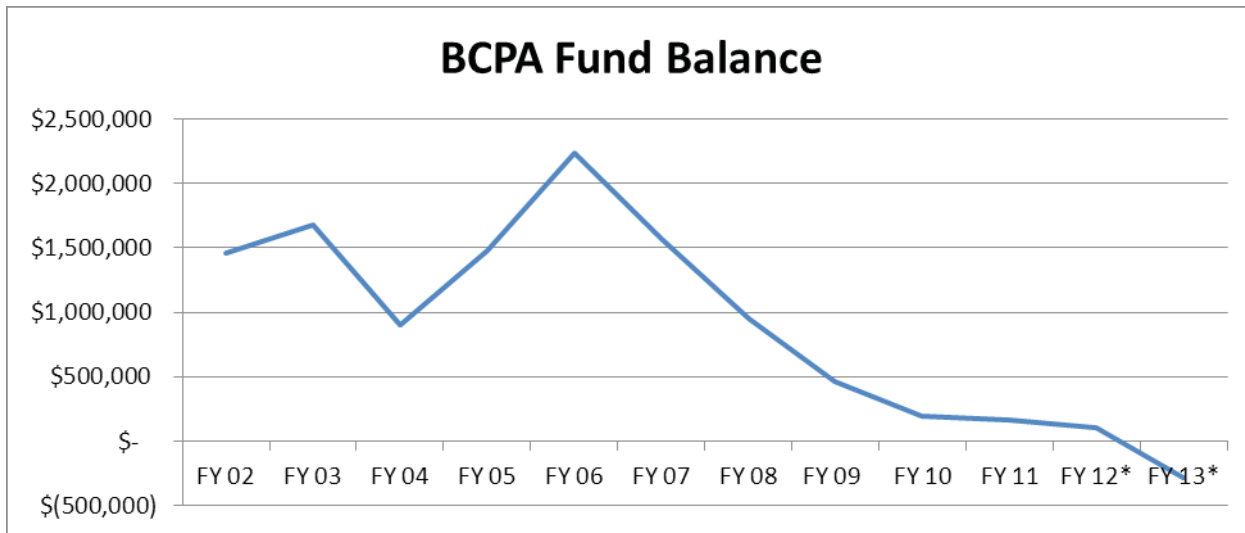
<b>FY 2012</b>	\$741,679	<b>FY 2020</b>	\$739,198
<b>FY 2013</b>	\$740,113	<b>FY 2021</b>	\$741,626
<b>FY 2014</b>	\$742,862	<b>FY 2022</b>	\$742,853
<b>FY 2015</b>	\$739,948	<b>FY 2023</b>	\$737,808
<b>FY 2016</b>	\$741,348	<b>FY 2024</b>	\$741,440
<b>FY 2017</b>	\$741,973	<b>FY 2025</b>	\$738,799
<b>FY 2018</b>	\$741,823	<b>FY 2026</b>	\$739,863
<b>FY 2019</b>	\$740,898		

An additional bond payment in the operating budget for 2004 Variable General Obligation Bonds, see the table below for future payments of this bond. This payment increases substantially over its life.

**2004 Variable Bond Debt Schedule**

<b>FY 2013</b>	\$78,000	<b>FY 2020</b>	\$234,000
<b>FY 2014</b>	\$104,000	<b>FY 2021</b>	\$260,000
<b>FY 2015</b>	\$104,000	<b>FY 2022</b>	\$260,000
<b>FY 2016</b>	\$208,000	<b>FY 2023</b>	\$286,000
<b>FY 2017</b>	\$208,000	<b>FY 2024</b>	\$286,000
<b>FY 2018</b>	\$234,000	<b>FY 2025</b>	\$312,000
<b>FY 2019</b>	\$234,000		

The large increases beginning in FY 2014 in this bond debt schedule will put greater strain on the BCPA Fund Balance.



Home Rule Sales Tax allocations prior to the renovation of the BCPA created a surplus in the BCPA Fund balance. Revenue exceeded expenditures in four of the five first years of operations (through FY 2006). Beginning with FY 2006, the BCPA began paying its debt service from the two bond issuances. From an operations stand point, revenue has exceeded expenditures eight of the ten years; however payments to the debt service along with the \$400,000 drop in sales tax allocation in FY 2010 the BCPA Fund balance has been drawn down to cover the deficit. Future projections show a continued downward trend in fund balance based on revenue projections and increases in the bond payment schedule.

### EXAMPLES OF OPERATIONAL CHANGES

Internal operational changes that have occurred to address the subsidy level include (partial list):

- Reduction of full-time staff during FY 2010 departmental merger
- City Council Approved BCPA liquor license to bring beverage service in-house
- Adjusted Box Office Hours to increase availability outside of normal business hours
- Continue to survey patrons to gauge demand for types of performances
- Collaborate with U.S. Cellular Coliseum staff to optimize schedules
- Form partnerships with area organizations (i.e., Illinois State, Illinois Wesleyan, etc.)
- Partner with existing events to cross-promote (Bruegala)
- In talks with annual Nothin' But the Blues Festival for possible cooperation
- Closely follow national and Midwest trends for performing arts centers
- Closely control variable costs
- Analyze marketing efforts
- Cross-promote with other divisions within Parks, Recreation & Cultural Arts Dept.
- Concentrating on increasing ticket sales efforts with existing department marketing staff



## **CREATIVITY CENTER UPDATE**

The Creativity Center has been at the center of an intense swirl of activity over the past 19 months. Area artists, arts groups, and community organizations have weighed in, and several planning and brainstorming sessions have been held, each contributing to shape a new vision of the Creativity Center project.

BCPA staff members have met regularly with a team of architects and designers from the Farnsworth Group. The Farnsworth Group has now completed Design Phase of the renovation plan. By completing this second phase of the architectural process the BCPA now have drawings and other presentation documents to crystallize the design concept and describe it in terms of architectural, electrical, mechanical, and structural systems. The phase also provides staff with a statement of the probable project costs, which will allow fundraising and the development of the project to move forward with a clearer vision.

### **CONSTRUCTION ESTIMATE/FUNDRAISING**

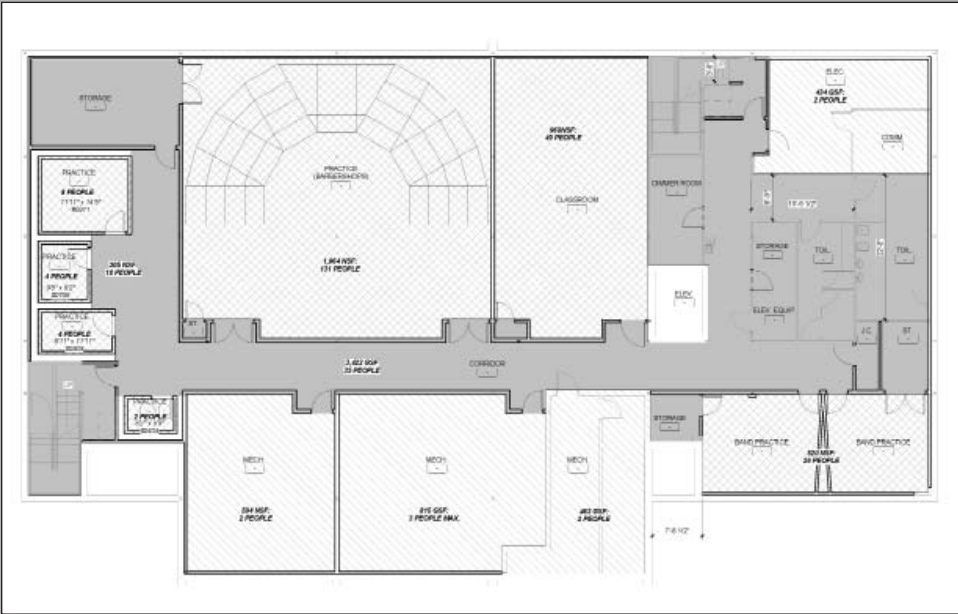
Based on construction estimates from the Farnsworth Group and our own projected costs for furniture, fixtures, and equipment, total costs for the project are estimated at \$5.2 million.

Currently, the BCPA has raised \$1.1 million toward the project. The funds are held in two primary places, with grant funding from the U.S. Department of Housing and Urban Development, receivable as project funds are spent making up the rest:

Illinois Prairie Community Foundation	\$517,403.41
City of Bloomington account	\$453,698.00
HUD Grant	<u>\$133,000.00</u>
<b>TOTAL</b>	<b>\$1,104,101.41</b>

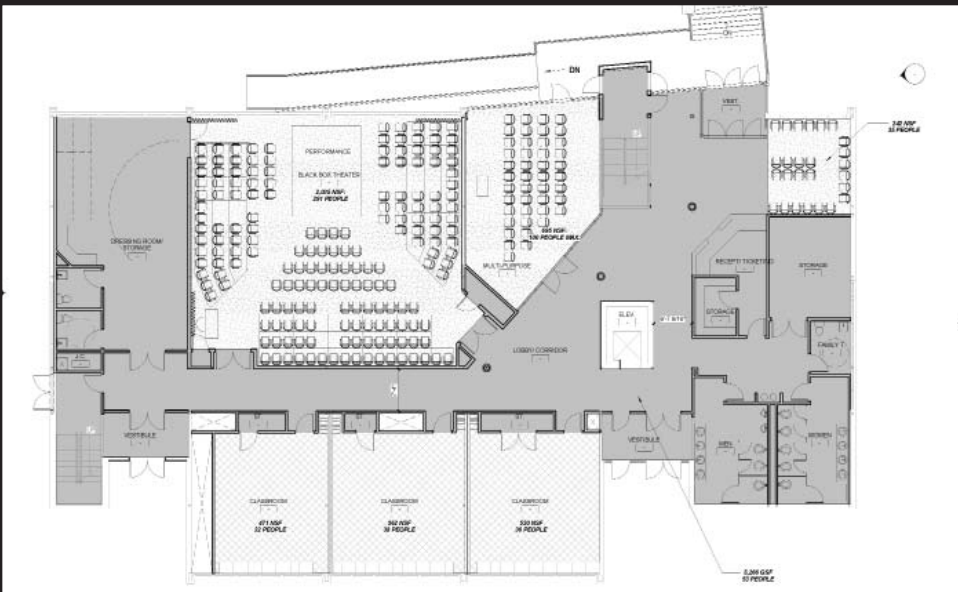


# What's Inside?



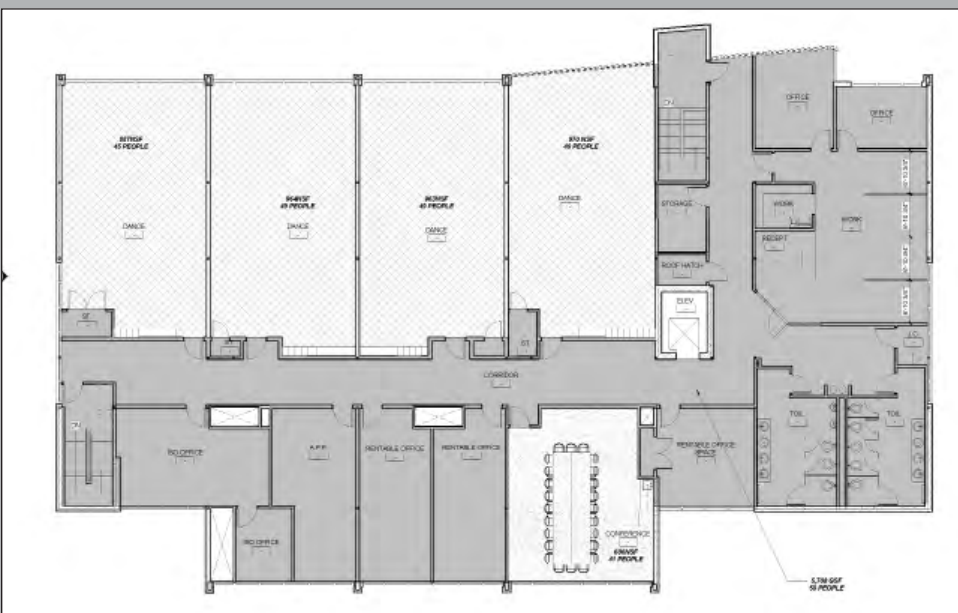
## Lower Level - Music

- Rehearsal spaces of varying in sizes and specifications to accommodate all variety of groups, including choruses of over 100 people, small chamber music groups, rock bands, and one-on-one lesson rooms.
- Traditional classroom space.
- Equipment storage.



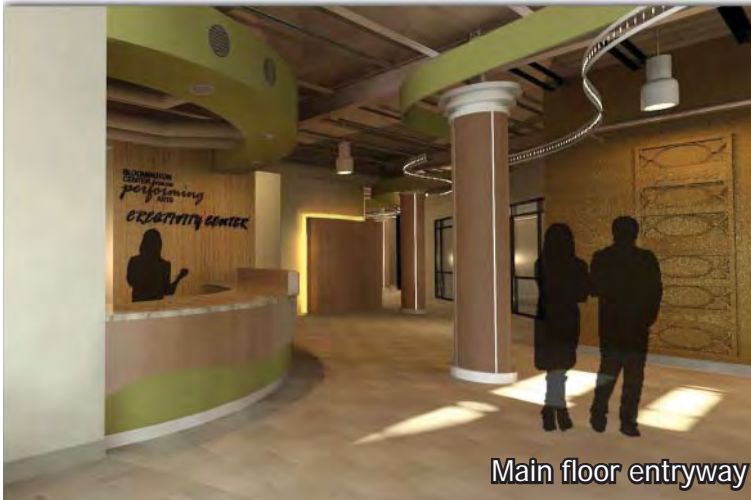
## Main Floor - Art/Theater

- A black box theater.
- A changing room/backstage space
- A multi-purpose space for use as a gallery or for pre- and post-performance discussions.
- Three visual arts classrooms.
- A large reception desk.
- A waiting room/drop-off area.



## Top Floor - Dance

- Four dance ready spaces with appropriate flooring, sound system, mirrors, and dance barres.
- Rentable office space for area arts groups.
- A conference room.
- Kitchenette.



Main floor entryway

## Who and what will you find inside?

The Creativity Center will be a home for a variety of area arts groups! The Illinois Symphony Orchestra and American Passion Play have confirmed they will rent office space. BCPA staff members will also continue to have their offices in the building.

Letters of Commitment expressing an interest in using rehearsal, classroom, or office space have likewise been received from parties including the Sound of Illinois Chorus, McLean County Dance, Heartland Community College, and the McLean County Arts Center.



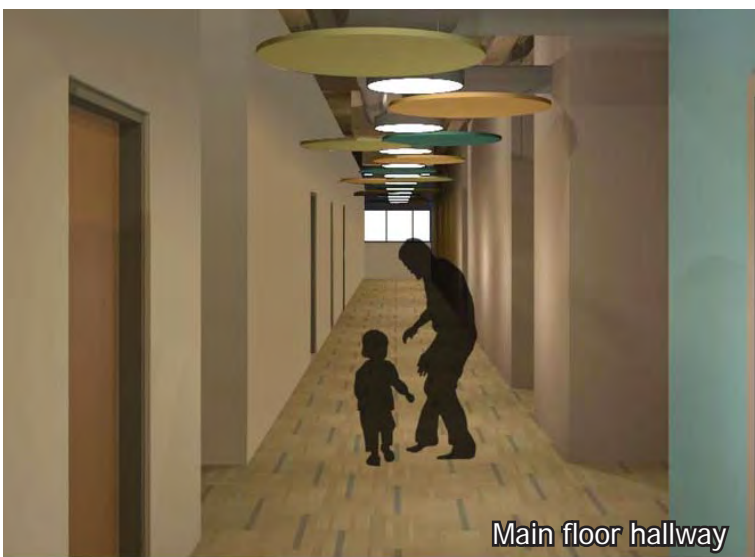
Dance studio

Combining the efforts of these community arts groups, the City of Bloomington's Parks and Recreation Department, and a variety of other social service and educational providers, the Creativity Center will be a home for a variety of arts education programs and address the arts education needs of people of all abilities and backgrounds.

## Arts Programming

The Creativity Center's building design was done with versatility in mind. These arts-ready spaces will be useable by a variety of arts groups and for the widest range of programs. This will allow BCPA staff to administer and create programs based on popularity and where unmet community needs. Some early programs of interest include:

- Children's theater
- Developing new theatrical works
- Modern dance
- Speech
- Visual arts class space
- Improv/Comedy Sports



Main floor hallway

## SHOWING A NEED

This past summer, the BCPA assumed the production of the Miller Park Summer Theater program. Featuring members of the community as its stars, this free summer musical was enhanced by beginning a new arts education program that had its home in the Creativity Center.

All children ages 8-16 involved in the production were enrolled in the first-ever Spotlight Theater Camp. The camp met for four hours each week day with classes on acting, technical theater, movement, costuming, a distinctive puppet-making workshop, and all of the other elements that come together to bring theater to life.

Using the Creativity Center as a base of operations during rehearsals, we introduced the community to the Center and the type of arts education we will bring to the area.



*Schoolhouse Rock Live rehearsal*

## FUTURE PLAN

Staff would like to take a phase-in approach to beginning work on the Creativity Center project as a way to show the demand for the Creativity Center, stimulate fundraising, and helping to control losses in the investments currently in hand for the project.

Due to shifts in the market and the fees charged by the Illinois Prairie Community Foundation, we are currently losing money on those investments to the tune of over \$2,000 per quarter. The only way to get the invested money out of those accounts is to spend it.

The space planned for the new building with the most demand, based on comments received in a March 2010 charrette attended by representatives of 15 area performing and visual arts groups, as well as the highest level of versatility is the Black Box Theater.

A black box theatre is a simple, unadorned performance space, usually a large square room with black walls and a flat floor. This kind of space is appealing for its flexibility, allowing performers to arrange stage elements, lights, chairs, and walkways into a wide variety of configurations so that they can stage a broad range of performances at low cost.) The room would be appealing to groups wanting to stage a small performance, but would also be useable as a classroom, a rehearsal room for music or dance, a presentation space for lectures, meetings, and discussions.

Our architectural team from the Farnsworth Group is preparing a plan to see if the development of this space could be completed with the funds we currently have on hand. In addition to the creation

of the Black Box, the first step of the project would address the envelope of the building, including brickwork, windows, HVAC, and the other plumbing and mechanical systems required to accommodate patrons and users of the theater space.

### **ADDITIONAL COSTS/POTENTIAL REVENUES**

Estimated costs for upkeep of the partially renovated building:

- **\$2,337:** Current monthly expenses (utilities, janitorial) to operate the Creativity Center. ***Paid from the Cultural District's general fund.***
- **\$4,100:** Projected cost for expenses (utilities, janitorial) to operate the Creativity Center post renovation. ***To be offset 100% from rental income from the facility.***
- **\$160 to \$200 per four hour period:** The rate for renting the Black Box Theater.

Staff would need to rent the theater for approximately 10 four-hour periods per month in order to make up the cost difference of the

### **What performance measures will be evaluated?**

Staff will collect data and reevaluate building usage on the following criteria:

- Number of room rentals
- Rental income
- Number of arts groups utilizing the building
- Number of private teachers utilizing the building
- Number of people involved in activities at the building
- Number of public performances or exhibitions

## HISTORY OF CREATIVITY CENTER PROJECT

### **November 10, 2003**

Bloomington's City Council votes 8-0 to purchase the former physicians building at 107 E Chestnut Street for \$1.625 million. The building is purchased to be renovated with funds generated exclusively through private donations into a Creativity Center for the arts.

Like the BCPA itself, this building is conceived to support local performing arts groups and strengthen the City's arts culture and as a way to develop economic, educational, and artistic growth within the community and serve as a catalyst for economic growth in Downtown Bloomington.

*The need for this building was identified through interviews at nine community forums conducted in February and March 2003. Further input was gathered from potential users and planning study interviews were conducted with 45 community leaders in May 2003.*

### **November 24, 2003**

City Council approves contracting for the purchase of the Physicians Building and associated properties from Johnston Contractors.

### **March 1, 2004**

City closes on the purchase of the Creativity Center and construction begins on the Creativity Center parking lot.

### **April 21, 2004**

City Council approves a zoning change for the parking lot at the Creativity Center.

### **May 15, 2004**

Parking lot is completed at the Creativity Center.

### **June 29, 2004**

Landscaping of the Creativity Center building and parking lot is completed.

### **December 27-30, 2004**

Cultural District staff moves to the Creativity Center. The American Passion Play's staff also move into offices at the Creativity Center at the same time, as the contract of their sale of the BCPA to the City stipulates the City provide them with office space through 2016.

### **2005-2009**

Initial renovation work is done on the Creativity Center. The second floor is gutted by staff to reduce labor costs at the time of a future renovation.

The Illinois Symphony Orchestra establishes an office in the building.

### **February 22, 2010**

Staff present Creativity Center Business plan to City Council *See attached Council Proceedings (Exhibit D).*

**February 22, 2010**

City council awards design services work for the Creativity Center renovation in the amount of \$173,000 to the Farnsworth Group. *See attached Council Proceedings (Exhibit E).*

**The Creativity Center will serve as an arts education, rehearsal, exhibition, and performance space where talented and diverse artists can inspire, strengthen, support, unite and inspire the community through their work.**

## **KEY POINTS**

- **The Creativity Center is being renovated through private donations. No City funds will be spent in the renovation.**
- Staff is working with the Farnsworth Group to identify how work on the Creativity Center could begin in a phased-in approach utilizing money already raised for this project. This initial renovation would address immediate needs in the building's envelope, as well as plumbing and mechanical systems, and the creation of a Black Box theater on the main floor
- Existing BCPA staff will handle the rental and marketing of building spaces.
- The Creativity Center will provide a valuable resource to existing introductory arts programming provided through the City's Recreation Department.
- The Creativity Center is the new home for the **Miller Park Summer Theater** program and **Spotlight Theater Camp**, a daily camp program offered to all summer theater participants age 8-18.
- **\$5.2 million:** The total projected cost for the renovation, all paid through private donations.
- **\$1.1 million:** Capital funds already received for the Creativity Center project.
- **\$2,337:** Current monthly expenses (utilities, janitorial) to operate the Creativity Center. ***Paid from the Cultural District's general fund.***
- **\$4,100:** Projected cost for expenses (utilities, janitorial) to operate the Creativity Center post renovation. ***To be offset 100% from rental income from the facility.***
- **4,220:** Projected rental income post-renovation at current staff levels
- **\$361,800:** Potential annual economic impact of the Creativity Center for merchants and service providers downtown if just 1,000 people per month utilize the facility. (*Source: Americans for the Arts' Arts & Economic Prosperity Calculator, [www.americansforthearts.org](http://www.americansforthearts.org)*)

## **OUR VISION:**

The Creativity Center will serve as the educational outreach wing of the Bloomington Center for the Performing Arts, as well as a resource to support community arts groups in the successful development of their programming and expansion of the services they provide the community.

As a community resource, the Creativity Center will provide:

- Programming to meet underserved members of the community and youth in particular.
- Offer arts/cultural alternatives to youth as a deterrent to risky behavior.
- Arts education with a focus on professionalism, so participants of all levels build confidence in their work and develop a solid foundation of skills and knowledge about the arts.
- Office, rehearsal, and classroom spaces designed with the arts in mind.
- Low rental rates for area arts groups, helping them to lower their overhead, redirect their resources toward sustained programming.
- A space where music, dance, theater, and visual arts are created and collaborations can be nurtured between all groups.

The Creativity Center will provide year-round programming of artistic excellence that:

- Supports the performing arts of music, dance, and theater.
- Through community partners, supports the visual arts of painting, and drawing.
- Features master classes, lectures, demonstrations, mentoring programs, and other participatory events.
- Becomes a home for emerging and established local artists and performers.
- Serves as an advocate in the community for the arts as part of a holistic life experience.



questioned the request for B-1, Highway Business District, zoning. Mr. Miles stated that the Church intended to sell that portion of the property. Mr. Hamilton added that this portion would front on Veterans Pkwy. Alderman Finnegan questioned if the school would serve K - 8th grade. Mr. Miles responded affirmatively.

**Mayor Markowitz closed the Public Hearing.**

Alderman Whalen questioned if Hamilton Rd. could be extended to the property. Mr. Hamilton responded negatively. The City would jeopardize approximately \$2 million in federal dollars. He added that Greenwood Ave. could be used in the interim.

Motion by Alderman Matejka, seconded by Alderman Fruin that the revised Annexation Agreement be approved and the Mayor and City Clerk be authorized to execute the necessary documents.

**The Mayor directed the Clerk to call the roll which resulted as follows:**

**Ayes: Alderman Crawford, Fruin, Finnegan, Rhoda, Schmidt, Sprague, Matejka and Whalen.**

**Nays: None.**

**Motion carried.**

**The following was presented:**

To: Honorable Mayor and Members of the City Council  
From: Staff  
Subject: Ordinance Increasing the Home Rule Sales Tax by ¼%.

Attached is an ordinance proposing to increase the Home Rule Sales Tax by ¼% (.0025). If approved, this would raise the total sales tax for goods purchased within the City of Bloomington to 7½% (.075). This total rate would equal the sales tax rates in Champaign, Urbana, and Peoria. Thus, our total rate would be comparable to other central Illinois communities.

Revenues received from the increase would be the primary funding source for the Downtown Bloomington Cultural District. An estimated \$1,500,000 would be generated annually by the ¼% increase. This would be more than sufficient to cover the costs for the district as outlined in the proposal made to the Council on August 14, 2000. Revenues from this tax increase would begin flowing to the city beginning in March, 2001.

Staff recommends the City Council pass the attached ordinance, as presented.

Respectfully,

Tom Hamilton  
City Manager

**ORDINANCE NO. 2000 - 157**

**AN ORDINANCE AMENDING SECTION 130 OF CHAPTER 39  
OF THE BLOOMINGTON CITY CODE, INCREASING THE  
HOME RULE MUNICIPAL RETAILERS' AND  
SERVICE OCCUPATION TAX**

WHEREAS, the City of Bloomington did by enactment of Ordinance No. 1998-89 impose a tax on the purchase of tangible personal property which was levied at the rate of one percent (1%) of the selling price and a similar tax upon the sale of tangible personal property transferred by persons in the business of making sales of service, said taxes being in effect during calendar year 2000 and imposed pursuant to Sections 8-11-1 and 8-11-5 of the Illinois Municipal Code; and

WHEREAS, Sections 8-11-1 and 8-11-5 of the Illinois Municipal Code (65 ILCS 5/8-11-1 and 8-11-5) authorize the imposition of a "home rule municipal sales tax" upon the sale of tangible personal property as provided therein in one-quarter percent ( $\frac{1}{4}$  %) increments; and

WHEREAS, the Mayor and City Council of the City of Bloomington find it in the best interests of the health, safety and welfare of the citizens of Bloomington to increase the "home rule municipal sales tax" by an additional increment of one-quarter percent ( $\frac{1}{4}$  %), so that the total "home rule municipal sales tax" is imposed at a rate of one and one-quarter percent ( $1\frac{1}{4}$  %) on the sale of tangible personal property as provided in Sections 8-11-1 and 8-11-5 of the Illinois Municipal Code, such increase to be effective on and after the 1st day of January, 2001,

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Bloomington, Illinois, as follows:

Section 1. Article XI of Chapter 39 of the Bloomington City Code, 1960, as amended, is further amended as follows (additions are indicated by underlining; deletions are indicated by strikeouts):

**• ARTICLE XI**

**HOME RULE MUNICIPAL RETAILERS' AND SERVICE OCCUPATION TAX**

**SEC. 130 IMPOSITION OF TAX.**

**A tax is hereby imposed upon all persons engaged in the business of selling tangible personal property, other than an item of tangible personal property titled or registered with an agency of this state's government, at retail in this municipality at the rate of one**

ATTEST:

Tracey Covert  
City Clerk

Tom Hamilton, City Manager, introduced this item. The revenue received would finance the Downtown Cultural District. He added that this item was related to the creation of the Cultural District. These two (2) items were the subject of a Work Session and an Executive Session.

Motion by Alderman Finnegan, seconded by Alderman Whalen to suspend the rules to allow someone to speak.

Motion carried.

Carol Struck, 7 Ridgemont, Normal, addressed the Council, on behalf of Uniquely Bloomington. The Council had the opportunity to take a concept to reality. She cited the Camiros Report and referred to the Work Session. She expressed her belief that this concept has held fast. She acknowledged that change was difficult but worthwhile. She encouraged the Council to question its beliefs and values. The Cultural District would bring a change to the Downtown's center core. This district should lead to the redevelopment of this area and impact the quality of life of the community. A governing board would oversee the expenditure of tax dollars. Infrastructure was in place and there would be donations of land and buildings. She expressed her opinion that the City had the time, talent and the vision to envision the future. She encouraged them to consider their vote carefully.

Alderman Whalen questioned the budget. Rob Fazzini, 5 Canterbury Ct., addressed the Council. The estimated budget was \$14.3 million over a ten (10) year period. The average cost impact was \$25.00 per year.

Alderman Finnegan questioned if there would be a bond issue. He added that he had heard the figure of \$1.5 million over fifteen (15) years as a possibility. Mr. Fazzini stated that if such a bond issue was undertaken that the last five (5) years would address maintenance issues. Alderman Finnegan expressed his concerns regarding the cost. He added that the estimated budget did not include personnel nor maintenance costs.

Greg Koos, 1316 E. Washington, addressed the Council. Mr. Koos serves as the Executive Director of the McLean County Museum of History. The estimated budget used a cost per square foot. This figure was similar to the one used at the Museum which is housed in the old Courthouse.

Alderman Finnegan stated that the sales tax would impact sixty percent, (60%), of the City's residents. The Downtown currently has parking garage problems. He added his concerns regarding the dollar amounts. Mr. Fazzini stated that this was an ambitious

plan. There is a perception that parking is a problem in the Downtown. This plan might head off a potential problem. Ms. Struck added that the estimated budget did not include parking garage revenue. Alderman Finnegan expressed support for the idea. He added his hope that the Downtown would improve.

Mr. Koos encouraged the Council to look at the implications of a cultural district. The north end of the Downtown would be redevelopment and could impact residential redevelopment. Redevelopment in this area would have a positive impact on District 87's tax base. He encouraged the Council to review the plan regarding property donations. The cultural entities would be self supporting. The City would enable them by providing the facilities.

Alderman Finnegan questioned the future beyond the fifteen (15) year timeline. Mr. Koos stated that the Council would be involved with any decisions made in the future. Alderman Finnegan questioned the revenue projections. Mr. Koos stated that the estimated budget was conservative. He added that it was a workable budget with the costs presented. Mr. Fazinni added that donations should grow during this fifteen (15) year period. Mr. Koos added that there would be grant opportunities. Alderman Finnegan questioned if the City could afford this proposal.

Alderman Sprague estimated the personnel cost at \$130,000.00. Mr. Koos stated that there would be an Executive Director, a Facilities Specialist and administrative support position. Alderman Sprague questioned if the City's Parks and Recreation staff could fulfill any of these positions. Mr. Koos stated that the Cultural District would operate as a separate entity. Alderman Sprague questioned if any dollars would be directed to the cultural entities. Mr. Koos stated that there would be funds for relocation costs, expansion of the Arts Center. All dollars would be under the direction of the governing authority. Mayor Markowitz added that two (2) Council members would serve on the board. Mr. Koos stated that there are various cultural district models. The Cultural District would be adopted by ordinance.

Mayor Markowitz envisioned a nine to eleven, (9 - 11), member Board. The individuals would represent the arts, the Passion Play, the general public, etc. Alderman Sprague stated that he was unaware of the Board's make-up. Alderman Fruin stated that the original proposal called for a five (5) member Board. Ms. Struck referred the Council to page 11 of the booklet that was presented at the Work Session. It listed a seven (7) member Board. This Board will have a big job with a lot of responsibility. She restated that there were various cultural district models.

Alderman Sprague questioned the impact of a tax shortfall. Ms. Struck stated that the groups would be independent. The City would provide the environment. An annual budget would be prepared which would be approved by the Council. Alderman Sprague questioned the impact of revenue in excess of budget. Ms. Struck suggested that bonds could be paid off early. Alderman Sprague questioned the length of the funding obligation.

Ms. Struck stated that the City would always have some responsibility. A conservative approach was used with the hope that in the future there would be dollars to support it.

Alderman Fruin questioned if the Board would be approved tonight. Mr. Hamilton responded negatively. The sales tax and endorsement of the plan addressed general parameters. An ordinance to establish the Board would come before the Council at a future meeting. The Mayor would appoint the Board with the Council concurrence. The budget process would be the same. Over time the project demands and individuals involved will change. He added that the ¼ cent sales tax would be more than adequate.

Alderman Fruin stated that the fiscal responsibility would rest on the Council. Mr. Hamilton stated that there would be an evolutionary process. He anticipated that there would be three (3) small bond issues. Estimated costs and revenues have been presented which he described as the best as it gets. He provided a sequence of events: 1.) enabling Ordinance, 2.) Cultural District Board formulates budget, 3.) Request for Proposal - various design services and 4.) Bids. He added that there would also be a lot of legal work involving the transfer of property. Council action to accept this property would also be required. Revenue in excess of expenditures would also be a Council decision.

Alderman Whalen questioned if these funds would be placed in a separate fund. Mr. Hamilton responded negatively. A bond issue would require the establishment of a debt service account. Alderman Whalen questioned if any expenditures could be delayed for one (1) year. Mr. Hamilton stated that startup expenses would be minor. The City would be reimbursed for any operating costs. Alderman Whalen expressed his concern regarding the projections. He expressed his preference for no expenditures during the first year. A perfect scenario would be for the City to have the dollars on hand before the Cultural District becomes operational. Ms. Struck stated that the upfront costs would include salary and benefits for the Executive Director and professional service contracts. Mr. Hamilton described these costs as minor when viewing the big picture. The annual budget would include the bond debt and a twenty-five percent, (25%) cushion. A bond issue would be treated the same as any debt project.

Alderman Finnegan congratulated Uniquely Bloomington for their efforts.

John Kirk, R. R. 1 Box 306, Hudson, addressed the Council. He described death as physical and life as spiritual. The arts came from the spiritual. An idea can generate energy. The Cultural District would bring life to the Downtown. Dollars would be dedicated to physical resources. The Council would be surprised by the power of this idea.

Motion by Alderman Whalen, seconded by Alderman Sprague to return to order.

Motion carried.

Alderman Sprague questioned if the sales tax increase would be dedicated to the Cultural District. Mr. Hamilton responded negatively. Alderman Sprague questioned what the Council wanted and recommended that dollars be dedicated to the Cultural District. Todd Greenburg, Corporation Counsel, reminded the Council that it could not obligate future Councils. Mr. Hamilton added that historically Council's have honored past commitments. Mayor Markowitz predicted that future Councils would jump at the opportunity to fund the District.

Alderman Rhoda stated that the question was to have or not have a cultural district. He described the plan as wonderful. He questioned if there were other revenue sources. The decision to raise taxes was an easy way to pay for this project. He encouraged City staff to look for another way. Mayor Markowitz stated that other sources of revenue were considered. The decision to recommend a sales tax increase was not an easy one. She expressed her firm belief in this project. A large amount of money was needed in a short time frame. Alderman Rhoda expressed his belief that the Cultural District was related to the City's Parks and Recreation function. He added that these uses could be combined, entertainment and recreation.

Alderman Crawford expressed his support for Mr. Kirk's comments. The Downtown was located in his Ward. He expressed his concern that this area could fall into decay. There was a cost for doing nothing. The Cultural District could be a shot in the arm for the Downtown and be a great benefit to the community.

Alderman Whalen stated that no specific dollars have been dedicated to this project. He endorsed the sales tax increase and the Cultural District plan which would be great for the community. He urged the Council to be watchful of the District's budget.

Mayor Markowitz stated that this would be a big job. Alderman Fruin aligned himself with Alderman Whalen. He urged the Council to control the checkbook. He reminded all that this project was to be a public/private partnership. The cultural groups will have to make this District happen.

Motion by Alderman Matejka, seconded by Alderman Schmidt that the Home Rule Sales Tax be increased by  $\frac{1}{4}\%$  and the Ordinance be passed.

The Mayor directed the Clerk to call the roll which resulted as follows:

Ayes: Alderman Crawford, Fruin, Schmidt, Sprague, Matejka and Whalen.

Nays: Alderman Rhoda and Finnegan.

Motion carried.

The following was presented:

# Exhibit B

## DOWNTOWN PROJECT FINANCING PROPOSAL

FISCAL YEAR	2004	2005	2006	2007	2008	2009	2010	2011	2012
FUNDING LEVEL									
CULTURAL DIST.	1.5	1.55	1.6	1.6	1.7	1.7	1.3	1.4	1.4
GENERAL FD.	0.6	0.6	0	0	0	0	0	0	0
PUBLIC ICE & PARKING	0	0	0.45	0.45	0.45	0.45	0.45	0.45	0.45
SECURITY	0	0	0.15	0.15	0.15	0.15	0.15	0.15	0.15
BID	0	0	0	0	0	0	0	0	0
TIF REPLACE.	0	0	0	0	0	0	0.63	0.63	0.63
TOTALS	2.1	2.1	2.2	2.2	2.3	2.3	2.53	2.63	2.63
1/4% SALES TAX +3%/YR.	\$2,100,000	\$2,163,000	\$2,227,890	\$2,294,727	\$2,363,569	\$2,434,476	\$2,507,510	\$2,582,735	\$2,660,217
NET R/E	\$0	\$63,000	\$27,890	\$94,727	\$63,569	\$134,476	(\$22,490)	(\$47,265)	\$30,217
25 YEAR NET	\$4,047,243								

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	1.5	1.5	1.6	1.6	1.7	1.7	1.8	1.8	1.9	1.9	2
	0	0	0	0	0	0	0	0	0	0	0
	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45
	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
	0	0	0	0	0	0	0	0	0	0	0
	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63	0.63
	2.73	2.73	2.83	2.83	2.93	2.93	3.03	3.03	3.13	3.13	3.23
\$2,740,024	\$2,822,225	\$2,906,891	\$2,994,098	\$3,083,921	\$3,176,439	\$3,271,732	\$3,369,884	\$3,470,980	\$3,575,110	\$3,682,363	
\$2,730,000	\$2,730,000	\$2,830,000	\$2,830,000	\$2,930,000	\$2,930,000	\$3,030,000	\$3,030,000	\$3,130,000	\$3,130,000	\$3,230,000	
\$10,024	\$92,225	\$76,891	\$164,098	\$153,921	\$246,439	\$241,732	\$339,884	\$340,980	\$445,110	\$452,363	



2024

2025

2

2.1

0

0

0.45

0.45

0.15

0.15

0

0

0.63

0.63

3.23

3.33

\$3,792,834

\$3,906,619

\$3,230,000

\$3,330,000

\$562,834

\$576,619

## Exhibit C

June 10, 2002

163

said Olympia Drive, being the Point of Beginning. From said Point of Beginning, thence south 820.70 feet along said Centerline and the Southerly Extension thereof which form an angle to the left of 90°00'00" with the last described course; thence southwest 604.18 feet along a line which forms an angle to the left of 122°58'55" with the last described course to the Southwest Corner of Tract 2 conveyed by Deed recorded as Document No. 92-33913 in the McLean County Recorder's Office; thence north 1149.60 feet along the West Line of said Tract 2 and the West Line of Tract 1 conveyed by said Deed recorded as Document No. 92-33913 which form an angle to the left of 57°01'05" with the last described course to a point lying 198.18 feet south of the Southernmost Corner of a Tract of Land Conveyed to the Bloomington-Normal Airport Authority of McLean County, Illinois, by Deed recorded as Document No. 92-33914 in said Recorder's office; thence east 506.81 feet along a line 225.00 feet normally distant south of and parallel with the South Line and the Easterly Extension of the South Line of Lot 11 in said Fourth Addition and which forms an angle to the left of 90°00'00" with the last described course to the Point of Beginning, containing 11.46 acres, more or less.

**Motion by Alderman Finnegan, seconded by Alderman Schmidt that the Rezoning be approved and the Ordinance passed.**

**The Mayor directed the Deputy Clerk to call the roll which resulted as follows:**

**Ayes: Alderman Crawford, Fruin, Finnegan, Veitengruber, Schmidt, Sprague, Matejka and Whalen.**

**Nays: None.**

**Motion carried.**

**The following was presented:**

To: Honorable Mayor and Members of the City Council  
From: Staff  
Subject: Home Rule Sales Tax Allocations to the Cultural District

On September 25, 2000 the Council approved an increase of 0.25% to the Home Rule Sales rate to generate funds in support of the Cultural District by passing Ordinance No. 2000-157, which is on file in the Clerk's Office. At that time, it was estimated that the increase would generate approximately \$1,500,000 and this was considered "more than sufficient" to meet the needs for the district as outlined in the proposal made to the Council on August 14, 2000. That increase in tax rate took affect as of January 2001 and we now have 13 months history (the State remits these collections on a three month time lag) and so it is time to review the actual experience.

Per the attached spread sheet, for the first calendar year of 2001, the 0.25% increase generated \$2,151,122.28, which is \$651,122.28 or 43.41% more than the estimated \$1,500,000. So far for

the calendar year 2002, only one month has been collected but this has yielded \$147,926.05 which is \$22,926.05 or 18.34% more than 1/12th of \$1,500,000 or \$125,000 per month.

The City Council has several options as to how to handle the collections over and above the promised \$1,500,000 per year. In short, you can decide to transfer the overage into the City's General Fund to be used for other purposes or you can let it stay in the account of the Cultural District. The general direction staff has received to date on this issue is to put amounts over and above the \$1,500,000 per year into the General Fund and this agenda item will accomplish that.

Therefore, staff recommends that the City Council approve a motion directing staff to deposit funds collected from the extra 0.25% Home Rules Sales Tax over and above \$1,500,000 per year into the General Fund.

Respectfully,

Brian J. Barnes  
Finance Director

Tom Hamilton  
City Manager

**Alderman Schmidt questioned whether the .025% tax allocated to the Cultural District will expire.**

**Tom Hamilton, City Manager, stated that there is no time limit on the tax and that it will remain in force until City Council amends the tax and its allocation.**

**Alderman Schmidt cited concerns regarding the financial needs of the Cultural District and whether additional funds would be available if they are needed. Mr. Hamilton stated that it is up to Council to determine whether additional funds will be expended. Alderman Schmidt questioned whether adequate funds for the Cultural District will be jeopardized. Mr. Hamilton stated that the Cultural District is guaranteed \$1,500,000 per year.**

**Alderman Sprague stated that the actual amount allocated for the Cultural District was \$1,450,000.00 and it was rounded to \$1,500,000.00. Alderman Whalen stated that the Cultural District must adhere to their budget. Alderman Schmidt stated that sometimes, projects are under budgeted.**

**Mayor Markowitz stated that if additional funds are required, City Council will consider their request.**

**Motion by Alderman Finnegan, seconded by Alderman Sprague to suspend the rules to allow someone to speak.**

**Motion carried.**

**Mr. Frank Miles, Chairman of the Cultural District Board, stated that the budget for the Cultural District was formulated 1½ years ago and there may be some errors. He cautioned the Council so they will be aware of a possible shortfall. Alderman Sprague**

**stated that the Cultural District must try to stay within their budget. Mr. Miles stated that they will try to stay within budget but they may not be able.**

**Motion by Alderman Schmidt, seconded by Alderman Whalen to return to order.**

**Motion by Alderman Schmidt, seconded by Alderman Whalen that collections above and beyond \$1,500,000 per year from the extra 0.25% Home Rule Sales Tax will be put into the General Fund.**

**The Mayor directed the Deputy Clerk to call the roll which resulted as follows:**

**Ayes: Alderman Crawford, Fruin, Finnegan, Veitengruber, Schmidt, Sprague, Matejka and Whalen.**

**Nays: None.**

**Motion carried.**

**The following was presented:**

To: Honorable Mayor and Members of the City Council  
From: Staff  
Subject: Petition from Pinehurst Development, Inc. for Approval of a Final Plat of First Addition to Fox Hollow Subdivision

We have received a Petition requesting approval of the Final Plat for the First Addition to Fox Hollow Subdivision. This subdivision is commonly located north of Fox Creek Road, west of Interstate 55&74 and northeast of Fox creek Road and Danbury Drive intersection. We have reviewed the Final Plat and find it generally in conformance with the approved Preliminary Plan dated September 11, 2000.

As per the annexation agreement with Pinehurst Development, Inc., there are tap-on fees due for this development. A performance guarantee also needs to be posted for the completion of all public improvements in the subdivision.

As all items are in order, Staff recommends that Council approve the Petition and pass an ordinance approving the final plat for the First Addition to Fox Hollow Subdivision subject to the Petitioner posting the necessary performance guarantee, paying the tap on fees, as per the agreement, and submitting a digital copy of the plat per the City Subdivision Code.

Because the final plat conforms to the preliminary plan, and requests no waivers from the Subdivision Code, there is no legally permissible reason not to approve the plat.

Respectfully,

**BCPA Nine Year History  
Includes inclusion of Capital Campaign Assets**

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Home Rule Sales Tax	\$ 2,131,669	\$ 858,913	\$ 1,500,000	\$ 1,500,000	\$ 1,550,000	\$ 1,600,000	\$ 1,700,000	\$ 1,670,609	\$ 1,299,997	\$ 1,400,000
Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,470	\$ 23,510	\$ 139,170	\$ 190,930	\$ 46,750
Rental Fees	\$ 45,849	\$ 95,311	\$ 92,933	\$ 51,636	\$ 1,289	\$ 81,481	\$ 144,045	\$ 181,671	\$ 208,533	\$ -
Admission Fees	\$ -	\$ -	\$ 2,540	\$ 710	\$ -	\$ 479,719	\$ 640,692	\$ 695,412	\$ 586,497	\$ 786,115
Penalties	\$ 415	\$ 1,551	\$ 1	\$ 208	\$ -	\$ -	\$ 198	\$ -	\$ 199	\$ -
Other Charges for Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,671	\$ 68,391	\$ 83,615	\$ 98,708	\$ -
Interest on Investment	\$ 21,363	\$ 24,581	\$ 21,026	\$ 19,234	\$ 61,222	\$ 105,419	\$ 57,831	\$ (127,211)	\$ 5,696	\$ 553
Concessions	\$ -	\$ -	\$ 18	\$ -	\$ -	\$ 4,222	\$ 5,453	\$ 9,846	\$ 12,178	\$ -
Donations	\$ 150,100	\$ -	\$ 580	\$ -	\$ -	\$ 119,090	\$ 78,026	\$ 222,612	\$ 295,249	\$ 358,886
Other Contributions	\$ -	\$ -	\$ 1,755	\$ -	\$ 5,000	\$ 81,400	\$ 111,453	\$ 213,870	\$ 234,927	\$ -
Rebates	\$ -	\$ -	\$ -	\$ 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Misc Revenue	\$ 159	\$ -	\$ 1	\$ -	\$ 1,408	\$ 1,632	\$ 2,188	\$ 1,907	\$ 5,061	\$ -
Transfer from General Fund	\$ 154,799	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sub-Total	\$ 2,504,354	\$ 980,356	\$ 1,618,884	\$ 1,571,788	\$ 1,618,919	\$ 2,555,104	\$ 2,831,788	\$ 3,091,500	\$ 2,937,975	\$ 2,592,304
Expenditures	\$ (1,045,654)	\$ (757,814)	\$ (2,394,597)	\$ (993,331)	\$ (731,655)	\$ (3,001,443)	\$ (2,460,580)	\$ (2,627,754)	\$ (2,338,522)	\$ (2,281,853)
Bond Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 128,362	\$ -	\$ -	\$ -	\$ -
Transfer out to debt service	\$ -	\$ -	\$ -	\$ -	\$ (132,753)	\$ (350,073)	\$ (990,878)	\$ (953,226)	\$ (861,915)	\$ (828,510)
Transfer In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 484,606
Capital Campaign Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 895,692	\$ -	\$ -
Fund Balance	\$ 1,458,700	\$ 1,681,242	\$ 905,529	\$ 1,483,987	\$ 2,238,498	\$ 1,570,448	\$ 950,777	\$ 1,356,990	\$ 1,094,527	\$ 1,061,074
Compilation of Fund Balance										
BCPA	\$ 1,458,700	\$ 1,681,242	\$ 905,529	\$ 1,483,987	\$ 2,238,498	\$ 1,570,448	\$ 950,777	\$ 461,298	\$ 198,835	\$ 165,382
Capital Campaign	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 895,692	\$ 895,692	\$ 895,692

<sup>1</sup> - In FY 2007, the City accounted for show performance expenditures when the contract was approved by City Council. From FY 2002 to FY 2006, performance expenditures were accounted for in an inconsistent manner. This led to the fluctuations in expenditures from FY 2002 to FY 2006.

## Exhibit D

WORK SESSION  
Creativity Center Design Service Contract  
Special Events  
Budget Update – Fiscal Year 2010 (May through December)  
Budget Preview – Fiscal Year 2011  
February 8, 2010

Council Present: Aldermen Hanson, Stearns, Purcell, Sage, Huette, Fruin, Anderson, McDade and Schmidt, and Mayor Stockton.

Staff Present: David Hales, City Manager, Barb Adkins, Deputy City Manager, Tim Ervin, Finance Director, John Kennedy, Director – Parks, Recreation & Cultural Arts, Joel Aalberts, Manager – Bloomington Center for the Performing Arts,(BCPA), Julie Phillips, Support Staff V, and Tracey Covert, City Clerk.

The Work Session was called to order at 5:06 p.m. by Alderman Huette. David Hales, City Manager, noted that a number of issues would be addressed. The meeting would start with the Creativity Center. Special events and the budget, (current year and preview Fiscal Year 2011) would also be presented. He addressed the Request for Proposal – Design Services as additional information had been provided.

### CREATIVITY CENTER

John Kennedy, Director – Parks, Recreation and Cultural Arts, addressed the Council. He acknowledged the Cultural District Commission members and BCPA staff who were present. A business plan for the Creativity Center had been prepared. He presented an overview. In 2003, a number of community forums were held.

Alderman Schmidt arrived at 5:10 p.m.

This building was a part of the original plan for the Cultural District. The renovation of the Creativity Center would be paid for with private donations. To date, over \$1 million had been raised. The building is currently occupied by BCPA staff and the Passion Play. He noted the post renovation monthly cost at \$4,100. The projected monthly rental income was \$4,200.

Mayor Stockton arrived at 5:12 p.m.

This item would appear on the Council's February 22, 2010 meeting agenda. The cost would be paid with fundraising dollars.

Joel Aalberts, Performing Arts Manager, addressed the Council. The purpose of the Creativity Center was to provide space for local arts groups. This building would offer lower rent. Local arts groups would interact with others. This space would help the groups thrive. He hoped it would provide economic stimulation to the Downtown. There

would be a large multi purpose classroom, a black box theater, storage and office space, rehearsal space, locker area, and conference room.

Mr. Aalberts noted current spending, (\$2,400 per month for utilities). The building offers 33,000 square feet. The initial goal was to break even. There were letters of support. This was not a huge risk. The building would provide a home to local groups. Education would be offered to the public (lessons). An audience would be developed (ticket sales). This would be an opportunity for the Downtown.

Alderman Huette noted that lower rents would be offered to attract groups. Mr. Aalberts cited the figure of \$12 per square foot (Downtown). The Center's rate would be lower. A cooperative approach would be used, (pay for what is used).

Mayor Stockton noted that this could be a good idea. He expressed his concern regarding commitment and the current cost. Mr. Aalberts noted the \$2,400 per month cost (utilities and janitorial). Future costs were estimated at \$4,100. He believed that this cost would be recouped. Rental income would cover the existing costs.

Mayor Stockton questioned possibility. Mr. Aalberts believed the goals were achievable. The costs were reasonable. The City could charge for additional services. Mayor Stockton questioned the risk. Mr. Aalberts believed the risks were minimal. There were benefits to moving forward. A fund raising mechanism would be developed based upon the plan. The end result would be a viable building. It was a good time to become organized.

Alderman Sage noted that no taxpayer dollars would be spent to renovate this building. Mr. Aalberts responded affirmatively. He added that all costs would be recovered. Alderman Sage questioned if there was a contingency plan if expenses exceeded revenue. Mr. Kennedy stated that staff would look at the overall departmental budget. The building may also be used for parks' programs. Alderman Sage requested a feedback mechanism. He also expressed his appreciation for the business plan. Mr. Kennedy added that this building would become a part of the monthly activity report.

Alderman Stearns noted the estimated income from current rentals. Mr. Kennedy noted that the Passion Play was currently a tenant. Alderman Stearns questioned signed leases. Mr. Kennedy responded affirmatively. Alderman Stearns questioned if staff had spoken with the Illinois Symphony. Mr. Aalberts noted a letter of support had been included in the packet provided to the Council. Judy Markowitz, Cultural District Commission Chair, was present and Carol Ringer, Illinois Symphony Orchestra representative, was unable to attend this evening. The request was to spend fundraising dollars. Funds would be released to allow the fundraising efforts to continue.

Mr. Hales cited his intention to place this item on the Council's February 22, 2010 meeting agenda.

Mayor Stockton restated that private dollars would be used. The City's burden would be to operate the building. The Commission needed a concrete vision to raise funds.

Alderman Stearns questioned if staff understood the rental projections. Mr. Kennedy responded affirmatively.

Alderman Purcell questioned the design work. He cited a figure of \$170,000. Mr. Kennedy stated that all except for \$40,000 for construction administration. The work may have to be phased based upon fund raising.

Alderman Sage requested a point of clarity regarding the term none or minimal. The term minimal was cryptic. Mr. Kennedy noted that there was always some business risk.

Mayor Stockton noted that the request was not permission to renovate. The plan was to increase the ability to raise funds to improve and open the facility.

Alderman Hanson expressed his appreciation for the fund raising efforts. This was a difficult task.

Mayor Stockton noted that the Council was being cautious.

#### SPECIAL EVENTS

Mr. Hales informed the Council that staff would present a quick overview. No specific special event would be discussed. The issue was cost of these events. Information was brought to the Council. He hope for a general discussion regarding who pays for these events. He questioned non profit events and if there should be charges for same. Tonight the Council will be introduced to this topic.

Barb Adkins, Deputy Chief Manager, addressed the Council. Special Events were a staff project. This group was formed in 1994. A year end report is prepared by the City Clerk's Office. The number of events was routine. Many of them were repeated year after year. A list of events with their associated costs had been provided. Last year's total cost for special events equaled \$60,000. Costs have been reduced. An equipment deposit is charged for block parties. Citizens pick up and drop off the barricades. The insurance limits have been increased. Additional structure is needed. She was interested in Council's feedback.

Mr. Hales addressed the cost figures. Julie Phillips, Support Staff V, addressed the Council. The goal was to determine the cost per event.

Alderman McDade questioned the equipment cost cited. The equipment used for each event was not new. Ms. Adkins addressed equipment utilization. There are times when equipment may need to be rented. Alderman McDade understood the manpower costs. Equipment costs were fuzzy as the City was not buying the equipment every time.



## Exhibit E

**The Mayor directed the clerk to call the roll which resulted in the following:**

**Ayes: Aldermen Stearns, Huette, Schmidt, McDade, Anderson, Hanson, Sage, Fruin and Purcell.**

**Nays: None.**

**Motion carried.**

SUBJECT: Analysis of Proposals for the Renovation Design of the Creativity Center

**RECOMMENDATION:** That the Request for Proposal for design services for the Creativity Center be awarded to the Farnsworth Group and that the Mayor and City Clerk be authorized to execute the necessary documents.

**BACKGROUND:** Staff respectfully requests approval of a contract to engage the Farnsworth Group for the architectural and engineering design services for the renovation of the Creativity Center building located at 107 E Chestnut Street. A Request for Qualifications for this renovation project was published on August 21, 2009. Qualifications were received until September 17, 2009. A committee, consisting of John Kennedy, Director of Parks, Recreation, and Cultural Arts; Joel Aalberts, Performing Arts Manager, and Bobby Moews, Superintendent of Parks, was appointed and reviewed the qualifications of thirty-one (31) firms. David Young, Facilities Manager for the Bloomington Center for the Performing Arts (BCPA), abstained from participation due to his relationship with a couple of the firms who submitted qualifications. Five (5) firms were chosen to submit renovation proposals along with the firm's cost to perform the work. Those five (5) firms are listed below:

- |  |                        |
|--|------------------------|
| • Francois & Associates – Bloomington, IL        | \$172,800              |
| • Farnsworth Group – Bloomington, IL             | \$173,000* Recommended |
| • LZT Associates – Peoria, IL                    | \$185,000              |
| • Hartshorne Plunkard Architecture – Chicago, IL | \$198,000              |
| • Hammond Beeby Rupert Ainge, Inc – Chicago, IL  | \$229,000              |

The review of the proposals was completed on December 2, 2009 using the criteria of each firm's experience with existing building renovation/restoration, ability to complete design within the time line and cost. David Young was involved in the committee reviewing the five (5) proposals as there were no longer any conflicts with remaining firms who submitted proposals.

The Farnsworth Group is being recommended as the firm offering the best product proposal, engineering and design team, time line, and end value to the City. Farnsworth Group's design proposal is deemed to be preferred over all other proposals as it demonstrated design concepts that showed their full understanding of the project and brought out their design creativity. Their ability to offer all services in-house and quickly mobilize, as needed, adds considerable value to their proposal. In addition, they have demonstrated extensive experience in construction management of a project of this size.

**COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED:** Numerous community groups involve. Past and future users of the BCPA supplied input of their needs during the fact finding period of planning for the renovation of the BCPA. Further input was received from Heartland Community College and the City's Parks, Recreation and Cultural Arts Department. In addition, a City Council Work Session discussion was held on February 8, 2010.

**FINANCIAL IMPACT:** The cost to engage the Farnsworth Group for this project is \$173,000. Funding for this contract will come from the Cultural District Capital Campaign funds. All funds in the capital campaign were raised through local donations with a current balance of \$874,990. An additional \$166,250 federal grant is also due to be received.

Respectfully submitted for Council consideration.

Prepared by:

John Kennedy  
Director of Parks, Recreation & Cultural Arts

Reviewed by:

Barbara J. Adkins  
Deputy City Manager

Reviewed as to legal sufficiency:

J. Todd Greenburg  
Corporation Counsel

Recommended by:

David A. Hales  
City Manager

(CONTRACT ON FILE IN THE CLERK'S OFFICE)

**Alderman Huette noted that this item appeared to be routine. Issues arose and the Council requested further review. Questions were raised regarding the long term operating costs, revenue projections, depreciation expenses, and insurance costs. The Council's goal was to reduce surplus property. The City would become a land lord. He questioned the timing of this item in light of the City's budget uncertainty. He expressed his concern regarding potential future expenses. He questioned the City's intention to follow through.**

**He questioned the role of the Community Foundation. He also questioned the goals and plans for the facility. He noted that \$1 million had already been raised. He recommended that the project be turned over to the Community Foundation for completion. He believed that the Foundation would be the best entity to understand the needs and goals for this facility. He recommended that the Council return this item to staff. A possible resolution would be for the City to sell the facility to the Community Foundation.**

**The City funded the Bloomington Center for the Performing Arts, (BCPA). This project has not lacked support for its efforts. The City could show its support for this**

**project by selling the facility at a discounted price. A compromise would protect the City and address any future liability.**

**Mayor Stockton noted the role of the Community Foundation. The Cultural District Commission performed the fundraising. The Community Foundation was an investment vehicle. He invited the Council to participate in a discussion. The Council had expressed its concern about taking on another venture. He believed that the building should break even. He added his concern about the impact on the project, private fundraising and the ability to obtain grants. Dollars would be spent for design purposes. The dollars raised can only be spent on this project. This project needed Council action. The Council needed to move forward. The dollars raised to complete this project were endowment funds. The City has had a successful fundraising effort.**

**Alderman Anderson encouraged the Council to look at the past history. He believed that future revenues would cover the costs. However, he believed that there should be no new amenities. This project was not Back to the Basics. If there was a revenue short fall, the Council would lean on staff. The Council needed to address the City's reserve fund. The Council needed to slow down. He expressed his support and agreement with Alderman Huette's comments.**

**Alderman Schmidt stated that the City owned the building. She expressed her concern about the consequences of doing nothing. She cited the building's inferior HVAC (Heating, Ventilating and Air Conditioning) system. This building was a part of the Cultural District. The Council could lose the good will of the community.**

**Alderman Huette believed that it was time to explore opportunities. He stated his intention to revise the project's final destination.**

**Alderman Schmidt noted that private citizens have donated money towards this project. She believed that the fundraising would be reorganized by forward movement by the Council.**

**Alderman McDade addressed this project. The Council should not change the rules in the middle of the game. The City had a role in the cultural arts. Groups had partnered with the City. She believed that in the short term there would be negative consequences to the "wait and see" approach. Consistency was an issue. This item had appeared on a Council agenda. It was also the subject of a Work Session.**

**Alderman Anderson stated that things were different today. He encouraged the Council to look at the City's budget. This project was the wrong thing to do.**

**Alderman McDade expressed her belief that it was the Council's job to look forward and backwards. She cited the Council's strategic plan which included a commitment to the Downtown and the cultural arts.**

Mayor Stockton restated that these were not City dollars. He expressed his concern regarding the long term commitment when the City requests funds. The City may need to find other ways to fund this building. If the economy improves, the City might make a different decision.

Alderman Hanson noted the Work Session held on February 8, 2010. This item was for design services. The Council would release their (Cultural District Commission) money. No one has requested a financial forecast. There may be questions regarding the future feasibility of the project. The issue appeared to be the use of taxpayer dollars for operations. This issue was not a part of this request.

Alderman Huette restated that the City should turn control over this building to a group. There would be no future decisions for the Council. He restated that the Community Foundation would purchase the property. The City needed to adjust its past, due to the financial times.

Alderman Hanson noted that this suggestion, (purchasing the property from the City), was not part of the fundraising efforts. He stated that the Council needed to move forward. The project was a private/public partnership. There was a risk for the fundraising efforts.

Alderman Fruin expressed his interest in a good decision. A decision must be made in the present day based upon prior planning. He questioned ownership. He noted the debate regarding continued funding for this project. He cited other organizations, (Downtown Bloomington Association, Economic Development Council, and Convention & Visitors Bureau). Government funding levels were changing. Continuation of this project would be based upon prior planning which showed this building as an integral part of the Cultural District. The Cultural District was part of the City's quality of life. He believed this project could be successful. He cited two (2) Council goals: financial responsibility versus quality of life. He did not want this project to lose momentum. The City was a wealthy community.

Alderman Purcell cited BCPA's expenditures. He recommended turning the Creativity Center over to the fundraisers.

Alderman Schmidt noted that the Cultural District Commission was the fundraising organization. This Commission was a part of the City. The Creativity Center was City property occupied by City staff.

Alderman Fruin believed that there was consensus. In the long term, the City may need to step back from this project.

Alderman Stearns expressed her interest in opening this item up for public comment. She also questioned the math, (total funding raising dollars - \$779,000). David Hales, City Manager, noted that these dollars were from donations. Tim Ervin, Finance Director, added that there was over \$800,000 available.

Alderman Stearns noted the design fee. She expressed her opinion that the renovation costs would be \$2 - \$2.5 million. The goal was to renovate the building and the fundraising goal needed to match the cost. She addressed the rental market in the community. This building would offer a lot of space. Commercial space was the weakest sector. She believed that this building would remain vacant. There was no certainty and the real estate market was not predictable. She restated her concern regarding the math. The City's economy was dire. She cited road conditions. If the projection showed no cost for the City, then the building should be turned over to the private sector.

Motion by Alderman Stearns, seconded by Alderman Purcell to suspend the rules to allow someone to speak.

Motion carried.

Dan Leifel, 212 Parkview, addressed the Council. He had served as the Cultural District Commission's third chairman and no longer was a member. There were a number of Commission board members present. In 2003, the Council establish this project. The issues were discussed well. The City was worthy of this project. He cited the Council's vision in 2001. He had been involved in the fundraising efforts. The Commission hoped to continue down this path. Fundraising efforts had been effective. He feared that donors would request that their donations be returned. He believed that the Council was changing horses midstream.

Patty Donsbach, 1402 Ironwood, Normal, addressed the Council. She had headed up the fundraising efforts with Julie Dobski. She recently resigned as fundraising chair as there was no road map. The cultural arts effected tourism within the County. The dollars invested to date would be lost. She believed that the Council was changing the rules. The donors wanted to see progress. Dollars needed to be spent in order to continue the fundraising efforts. There needed to be a plan. The Community Foundation was a separate organization. The Commission was a participant donor. One goal of the Foundation was to see community projects advance. It may be necessary to return all of the funds raised to the donors.

Marty Seigel, 615 E. Chestnut, addressed the Council. She stated her opposition to this item. She was not comfortable with her position. She wanted to make three (3) statements: 1.) there have been opportunities for free/no cost space; 2.) this building was not like the BCPA, small groups want to have a say in the design process; and 3.) community residents would give of their time for free or at a low rate.

Ron Schultz, 1208 E. Oakland, addressed the Council. The City was in a different time. He believed that the situation would continue to decline. He addressed real estate values and street conditions. He did not belief that this building would operate at no cost to the taxpayers. The City owned the building. The City would be in competition with the private sector. The building should be sold at a loss.

**Carol Ringer, 27 Country Club Place, addressed the Council. She supported the arts and was a major donor. There was community support for this project. The City was a wonderful place to live. The Creativity Center would be a place for children and adults to participate in the arts. She cited its value to the community. The arts provide a way to look at the world, to be creative and think outside of the box. She noted the impact of music upon learning. The building would become a part of the culture. Donations were made for a specific purpose.**

**Jim Waldorf, 1603 E. Washington, addressed the Council. He currently served as a Commission board member. A number of issues had been discussed tonight. Dollars were raised for this purpose. The design services contract needed to happen. The rental cost at the BCPA would be higher than at the Creativity Center. This building would offer affordable rental rates. He acknowledged that the City would act as landlord. He believed that this space was needed. He restated that this project needed to move forward. Discussions would be held which would insure this project's success.**

**Buddy Hall, 2404 Six Points Rd., addressed the Council. He recommended that the fundraising dollars be returned to the Commission. This building should be a private/public sector venture. If there was a market and/or need in the community for this project, then dollars could be raised privately. He acknowledged that the City owned the building. He believed that the City had spent enough money on entertainment. This project should be delayed. If the City could not move ahead, then the building should be given away.**

**Motion by Alderman McDade, seconded by Alderman Hanson to return to order.**

**Motion carried.**

**Alderman Huette recommended that a separate non for profit organization be formed to address this building.**

**Alderman McDade believed that the Council would be setting a bad precedent. The building would have to be declared surplus property. This building was under the Parks, Recreation & Cultural Arts Department. She cited her recent experience with Ewing Park and would not support this idea. She expressed her confusion regarding the discussion of this item.**

**Alderman Purcell cited budget concerns. He specifically cited Fire Station #5 and employee lay offs. He believed that this project would require a budget adjustment. The Commission needed to raise \$2.5 million. He recommended that the building be sold for \$800,000. He believed that the plan called for the building's remodeling to be completed by the end of 2010.**

**Alderman Schmidt noted that the design phase would be completed by then.**

**Alderman Hanson expressed his opinion that no further Council action would be required for over a year.**

**Mayor Stockton noted that concerns had been raised regarding the City's budget. In addition, concerns had been raised regarding the City's need to subsidize this project. This project could be a free enhancement for the people of the county. If done correctly, there will be no cost to the City. Changing rules at this time would complicate the fundraising efforts and potentially kill the project.**

**Alderman Huette stated that was not his intention. His intention was to give the building to the Commission.**

**Mayor Stockton expressed his concern on other fundraising entities. He cited the Ewing Zoo Foundation. It was a partnership. The Council would be sending a message which could have a long term impact. He believed that future donors would be discouraged. He recommended that the Council release the privately raised dollars for the design phase and that the fundraising efforts be continued. The motion before the Council would not release these privately raised dollars.**

**Alderman Sage noted that these dollars could not be spent for any other purpose. He shared concerns raised regarding projected revenues and expenditures. He acknowledged that the City owned the building. He expressed his opinion that this should have been a private sector project not a private/public sector one. The City did not have a good financial forecasting track record. He questioned the accuracy of the estimate costs and the potential subsidy requirements.**

**Alderman Anderson questioned if the Council should delay taking action on this item. He suggested a two to four (2 – 4) week time line. Mr. Hales believed more time would be needed. The Council's focus would be on the budget for the next couple of months. He recommended that the Council allow ninety (90) days for staff to develop a plan with options/alternatives.**

**Alderman Schmidt expressed her concern regarding the consequences of a ninety (90) day delay. Donors were requesting that their dollars be returned. The City currently owns the building with its inferior HVAC system.**

**Mayor Stockton expressed his concern regarding Council denial to access fundraising dollars. Mr. Hales presented another option. Dollars would be released for design work subject to the condition/requirement that Commission undertake a study of this project addressing the management, operations and fiscal policy. This study would cover operations and maintenance costs. In addition, there could be an independent cost analysis done. Dollars would be released to allow the design study. An alternative would be that the Commission develop a long term model for the Cultural District. He acknowledged that this option would put a damper on fundraising.**

**Alderman Anderson expressed his support for Mr. Hales' suggestions. He wanted to abstain from voting. The Council needed to send a signal to the community that the City was not willing to subsidize this building. The Council was attempting to hold the line on spending.**

**Motion by Alderman Huette, seconded by Alderman Stearns that City staff meet with the Cultural District Commission to facilitate the sale of the building in order to minimize the City's economic exposure.**

**By agreement of Aldermen Huette and Stearns this motion was withdrawn.**

**Motion by Alderman Huette, seconded by Alderman Stearns that the Request for Proposal for Design Services for the Creativity Center be awarded to the Farnsworth Group and that the Mayor and City Clerk be authorized to execute the necessary documents with the following conditions: 1.) City staff undertake a study of the Creativity Center which would address the building's management, operations, and fiscal policy; and 2.) City staff present the Council with a long term model for the Creativity Center.**

**The Mayor directed the clerk to call the roll which resulted in the following:**

**Ayes: Aldermen Stearns, Huette, Schmidt, McDade, Anderson, Hanson, Sage, and Fruin.**

**Nays: Alderman Purcell.**

**Motion carried.**

**Alderman McDade noted that the Council could have accepted staff's recommendation regarding this item. She stressed that the Council's intention was not to place this building on the taxpayers' backs.**

**Alderman Anderson noted the lengthy discussion regarding this project. He hoped the Council would adhere to the discussion and no longer continue to subsidize the Creativity Center.**

**The following was presented:**

**SUBJECT: Fiscal Year 2010 Midyear Budget Amendment**

**RECOMMENDATION: That the Fiscal Year 2010 Midyear Budget Amendment be approved, and the Ordinance passed.**

**BACKGROUND: State of Illinois statutes require expenditures incurred within each individual fund not to exceed the appropriation amount set forth in the annual budget of an established fiscal period. In an effort to strengthen the fiscal controls of the budgetary process, staff has**