

CITY OF ROCK ISLAND
CITY COUNCIL STUDY SESSION
City Council Chambers, City Hall, 3rd Floor,
1528 Third Avenue, Rock Island, IL

5/8/2023 - Minutes

1. Call to Order

Mayor Thoms called the meeting to order at 5:00 p.m. and welcomed everyone.

2. Roll Call

Mayor Thoms asked City Clerk Samantha Gange to call the roll.

Present: Mayor Mike Thoms, Moses Robinson, Judith Gilbert, Jenni Swanson, Dylan Parker (virtual), Mark Poulos and Bill Healy.

Absent: Randy Hurt.

Alderperson Moses Robinson arrived at 5:03 p.m.

Staff: City Manager Todd Thompson, City Attorney Dave Morrison, City Clerk Samantha Gange, and other City Staff.

3. Public Comment

Mayor Thoms asked if anyone in the public wished to speak. No residents were signed up, and none volunteered to speak virtually.

4. Presentations

- a. Presentation from Dave Herrell, Visit Quad Cities

Dave Herrell, President and CEO of Visit Quad Cities (VQC) addressed the Council. He thanked Mayor Thoms for his leadership and effort on the VQC Board, and also thanked Council and City Manager Todd Thompson. He provided an overview of the visitor economy and noted that the pandemic adversely impacted the regional visitor economy and VQC budget. Mr. Herrell said VQC is one of 200 destinations globally that are an accredited destination organization.

Mr. Herrell provided statistical information that detailed the number of visitors, airport passengers, average length of stay, and demographics, among other information. He discussed the current governance structure, which includes the Quad Cities Convention and Visitors Bureau d/b/a Visit Quad Cities, a Quad Cities Sports Commission powered by Visit Quad Cities, and Friends of the Quad Cities. They operate with a Board of Directors, which includes appointed and non-appointed members, and Rock Island is represented by Kevin Maynard with QC Arts and Mayor Mike Thoms. Additionally, they have a professional team of staff with over

90 years of combined experience in tourism.

Next, Mr. Herrell provided several examples of why tourism matters, including: public sector revenue generator "cash in hand" economic development; shapes community positioning perception, brand visibility and story; supports jobs and small businesses; energizes resident pride; and builds quality of life. He noted VQC is globally connected, provides advocacy and cultivates local partnerships.

The various funding sources include local municipalities, the State of Illinois, the State of Iowa, local counties, grant revenues, advertising revenues, cooperative activations, partnership program, investors program, sponsorships, event income and other miscellaneous such as visitor services.

Mr. Herrell explained the relationship with the State of Illinois, which includes a contract with the Department of Commerce and Economic Opportunity (DCEO) and the Illinois Office of Tourism. VQC receives \$320,527 from the Illinois Local Tourism Convention Bureau Program, which is set by state statute and must meet a local match threshold. Additionally, VQC is a State of Illinois certified convention and visitors bureau, official and contracted representative for Rock Island County service area, one of 37 certified bureaus in Illinois, and has cadence with the Governor's Office, IOT and the DCEO.

He said municipalities make up the majority of revenues for Visit Quad Cities through hotel/ motel tax throughout the Quad Cities. He presented a chart that provides the multi-jurisdictional local public sector investments based on the percentage of transient occupancy tax, which includes about a \$51,393 direct investment from the City of Rock Island. He noted VQC has been deficit spending as a result of the pandemic and VQC receives 17% of transient occupancy tax, which is low compared to the national average.

Mr. Herrell referenced the Tourism Master Plan and discussed the eight (8) strategic plan goals. The goals in the plan ranked by order include: brand identity, growth, visitor experience, economic impact, investment, collaboration, quality of life and sustainability. He noted the plan's priorities include destination promotion, destination programming, governance, destination development, destination stewardship and implementation and they are working with community members to implement the plan's goals and priorities.

Next, Ms. Charlotte Morrison, Vice President for Marketing and Communications VQC, addressed the Council regarding marketing and brand acceleration. She said the VQC marketing department functions much like a full-service ad agency that works strictly for the tourism market and promotes all regional destination assets. Their deliberate approach includes target markets in leisure travel, meetings/conventions, sports events and group tour business. Visit Quad Cities also distributes and pitches various stories to national media outlets, tracks media coverage and uses Meltwater to track media coverage and deliver content to targeted media across the country. Ms. Morrison provided an example of media releases that have been sent out and picked up specifically for Rock Island. She said Visit Quad Cities has paid media in key markets such as Chicago, Madison and Des Moines. Additionally, they track the return on investment for their ads to determine if there was value, including using Datafy to track visitors who received the advertisement and whether they visited based on those advertisements. She said the ad value was over \$32 million dollars in 2022.

Ms. Morrison said VQC develops and markets products that engage visitors and residents with regional destination assets, including the Quad Cities (QC) Ale Trail, Coffee Trail, Art Trail, and family passes that all feature Rock Island attractions. She discussed the annual QC Destination Guide that is available in print format or online and has been distributed throughout the region as another source of advertising and resource for visitors. VQC uses several platforms and products to help frame the QC Story story, including QC insider texts, QC insider blog, and a podcast.

Paulette Day, Business Growth and Service Manager for VQC, approached the podium to discuss the business and growth and service and sports QC. She said VQC actively pursues business opportunities in multiple verticals to sell the destination to meeting planners, event rights holders, and tour operators. She discussed business growth as it relates to meetings and conventions and noted the CRM software system that consists of 10 thousand plus contacts. They target national, midwest, state and regional associations, including targeting various conventions, tradewhows and other associations and work to bring new opportunities to QC hotels and meeting venues. She said they also target Social, Military, Education, Reunion, and Fraternal (SMERF) markets and noted the Rock Island Holiday Inn is a favorite among these markets.

Niki Brus, Business Growth and Service Manager VQC, discussed the group tours market, which included motorcoaches, River Cruise industry service and activation, international business, and tradeshows such as the American Bus Association. She said they have several partners in Rock Island to create educational programming for these markets, including QC Botanical Center, Hauberg Estate, and Circa '21. For 2023, 52 cruises have been scheduled with options to visit Rock Island attractions. From the marketing side, they visit several tradeshows annually, such as the American Bus Association, and work to leverage co-operative programs in Illinois and Iowa through state agency partners.

Mr. Herrell discussed Sports QC, which is powered by VQC and operates as a sports commission organization, with an advisory committee of industry leaders. He said they target youth, collegiate and amateur sporting events with a focus on female athletic events and emerging sports. The sports commission organization is essential to the regional tourism market and it is highly competitive. He noted they recently brought the Mississippi Valley Conference Women's Basketball Championship to the Vibrant Arena, which attracted thousands to the region. Additionally, Sports QC actively prepares proposals, responds to RFP's, and advertises to reach the sports market as well as facilitates and collaborates with venue partners.

Mr. Herrell discussed the destination experience and said VQC implements a boots on the ground approach. They provide destination expertise and customer service and have active destination centers in downtown Moline and Union Station in Davenport. He noted they are hopeful they can open the Rock Island destination center soon. Additionally, VQC provides on-site and hands-on engagement to various sites, such as welcoming new students and their families to the area during Augustana College welcome week. He said VQC is one of 30 destination management organizations nationally to offer a Certified Tourism Ambassador (CTA) program that leads to improved service delivery, builds resident pride, and trains the regions' frontline staff.

Next, Mr. Herrell discussed DATAFY, a company that provides VQC with visitor information in order to make effective marketing decisions. They are able to geofence the entire City of Rock Island, including downtown Rock Island and other key attractions and businesses. VQC is able to track visitors and residents through mobile devices, which includes information on demographics, length of visitation, where they came from, and where they visited and stayed. This is a free service to any VQC partner and can also be used for economic development purposes. Mr. Herrell provided visitor information for 2022 specific to Rock Island and noted total trips, average length of stay, demographics, and the locations visitors are coming from.

Mr. Herrell said VQC is working closely with partners and municipalities to build a destination where people want to visit, frequent, and even permanently locate. He said VQC strongly values the relationships with local partners and municipalities and thanked the City Council and Mayor for their support.

Mayor Thoms asked if the names of the partners and businesses listed in the back of the Visitors Guide get

printed based on paying a fee. Mr. Herrell said they promote everything and everyone, regardless if they pay or not. However, there is only so much space in the Visitor's Guide that they print and highlight those that pay a fee. They do feature all partners whether they pay or not on the VQC website.

Alderson Parker thanked Mr. Herrell and VQC for their presentation and the work they do with tourism in the Quad Cities. He said he is interested in the aspects of destination programming and development and asked what Visit Quad Cities is doing with respect to this and their strategic plan. Mr. Herrell said the plan was designed with input from the community and various partners. The critical piece is working together with communities, partners and people to ensure the plan is a guide post to effect change and carryout the plan. He said a recent example of collaboration of partners and destination development in Rock Island is the Arts Alley project. VQC worked very closely with Jack Cullen at the Quad Cities Chamber of Commerce and Kevin Maynard with Quad Cities Arts to advocate with the Governor and the DCEO to bring the \$267,000 grant to the City. He said the VQC implementation team has been working on a regular basis to ensure the strategic plan is front and center and that the community is using the plan. He noted VQC does not have the funding or capacity to implement the plan alone, but as a partner.

Alderson Glibert said she concurred with Alderson Parker on all that VQC is doing for the region and the City of Rock Island. She remarked that last time VQC provided a presentation to the City Council was in April 2021 and there were several things that were discussed that have not been accomplished, such as cultural tourism. She asked what has been accomplished with cultural tourism. Mr. Herrell responded at the time of the conversation, that there was a unique scenario with the potential for additional funds for cultural tourism for VQC to leverage. However, the City made the decision at that time not to proceed with cultural tourism and to focus the funds on special events, which VQC helped support and promote. Also, because of the pandemic, VQC lost over \$800,000 and the board made the decision to focus on programming. He noted VQC promotes and provides funding for the QC PastPort program, which is a component of cultural tourism as it provides narratives and tours on the culture and history of the Quad Cities.

Alderson Gilbert asked if the Rock Island Visit Quad Cities Center would be opening soon. Mr. Harrell said that VQC does not own the space inside the Holiday Inn and there is work that needs to be done prior to VQC occupying the space. He noted they are in communication with the Holiday Inn and when the space is ready to be occupied VQC has every intention of occupying it. Alderson Gilbert remarked that Rock Island has several other vacant spaces in the downtown that could be occupied immediately and asked Mr. Herrell if they have looked at other options. Mr. Herrell said they made a verbal commitment to the Holiday Inn. He noted visitor centers are not destinations or attraction centers and they are meant to be a resource for information.

Alderson Parker said the City of Rock Island has strong assets with heritage, history and culture and this should be the focus on bringing visitors to Rock Island. He remarked he was at a loss as to which direction to go in with regards to developing a heritage resource plan and promoting cultural tourism. Alderson Parker said he understood that Visit Quad Cities is busy with other aspects of tourism. However, Rock Island makes financial contributions to VQC and has allocated \$250,000 to tourism in the ARPA plan. The City does not have the capacity to promote and develop these cultural tourism events and assets and asked how they can get the resources to develop the programming needed for Rock Island. Mr. Herrell responded that the Tourism Master Plan includes several specific programming scenarios for cultural tourism. He said the City and region have many amazing attractions to offer and VQC can serve as a partner in assisting with cultural tourism.

b. Sunset Marina Presentation

Public Works Director Mike Bartels approached the podium to present on the Sunset Marina. He said Greg Weykamp from Edgewater Resources, who completed the feasibility study, was available via remote connection to answer questions if needed. Mr. Bartels provided an overview of the presentation. He discussed the background information on the marina, including the recent feasibility study and the recommendation that was provided, scope of the work needed, costs, and possible funding options. In 2021, the marina was in need of major improvements, and the staff at the time recommended to the Council to consider the sale or lease option and an RFP was issued. Only two companies responded, and neither company would commit as the marina needed many improvements. During the 2019 flood, 400 dock was damaged. In February 2023, Edgewater Resources conducted a feasibility study and recommended the City maintain full ownership and initiate a renovation of a smaller facility while having a third party maintain and operate the marina. During the February City Council Study Session, it was recommended to come back to Council with the proposal for engineering design services and present the proposed project scope.

Mr. Bartels said the project scope includes replacing the 400 docks that would allow for 78 new slips; decommissioning the 200 dock, marina maintenance dock, and docks 600 through 900 as there are many safety concerns; dredging along dock 400 and areas out to the river channel and docks 100, 300 and liftwell area; and marina office roof replacement and electrical upgrades to docks 100 and 300. The scope would decrease the size of the marina from 395 slips to 222 slips, which is consistent with the current numbers during peak season. He provided an aerial map of the proposed scope and noted the area where the dredging needed to occur.

The cost estimate for the project is \$4.1M, with a 10% contingency build in and an additional \$500,000 for dredging. He noted the cost estimates are high, but they intentionally estimated a higher amount in order to create some cushion for any unforeseen expenses. Mr. Bartels discussed the funding sources for the project, which currently include a FEMA grant of \$1,896,378.53 (reimbursement based) and \$976,000 in ARPA unrestricted funds.

Mr. Bartels said additional funding will need to be secured. Funding options for this project include: debt service, Port District funding and possible grants and the rate increases proposed for the updated marina. He provided information on proposed rates for the boat slips at the marina, which came from Edgewater Marina's feasibility study and is based off of rates at other comparable marinas in the region. The rate increase would be significant and is dependent on the slip size, but could be anywhere from a 10 to 40 percent increase. However, the new rates will be competitive with the other marinas. The new rates would generate an additional \$170,000 in revenue if there is 100 percent occupancy. Edgewater Resources estimated a 95 percent occupancy rate with the new marina compared to only a 60 percent occupancy rate currently. Mr. Bartels discussed the eligible funding and an estimated deficit, which includes a deficit of \$1,709,116. He said the 400 dock replacement, engineering and design and the electrical upgrades are all eligible under the FEMA grant.

He discussed the next steps, which include City Council approving the engineering services contract and then beginning project design, identifying additional funding source(s) and create an amortization schedule, establishing a new rate model to match the local market and fund for future maintenance, and negotiating a contract for third party management as the current contract expires this year. He said construction for the project would start in early 2024.

Alderson Poulos asked if the Army Corps of Engineering was responsible for maintaining the entrance from the river itself into the marina. Mr. Bartels responded affirmatively and noted the map is just a conceptual drawing and there would probably be some overlap and shared responsibilities between the Corps and the City through the Safe Harbor Act. He said they had been unsuccessful in getting in contact with the Army Corps Engineer, but they continue to get a meeting set up with them.

Alderson Poulos said there is no way of knowing specifically what the return on investment would be and there is additional work that needs to be done beyond this project scope and at some point they will need to look at the northern part of the lake. Mr. Bartels said this scope is based on the bare minimum and a reduced marina size with a focus on getting boats in and out of the 400 dock. When the allocation of ARPA funds first began, Public Works requested \$3.5 million for the marina and they received \$1 million.

Mayor Thoms said if they get authorization for the port district, there will be a potential for additional funding opportunities.

In response to a question from Alderson Poulos regarding a backup plan for replacing the maintenance dock, Mr. Bartels responded that they planned to have an open slip for the barge and if that wasn't possible there were other options, including the marina office.

Alderson Gilbert asked how long it would take to get an updated spreadsheet with potential revenue at various levels of occupancy along with recognizing the new costs or fees for the remaining 142 slips and then laying out all the expenditures of operating and maintenance costs and the existing debt service. Mr. Bartels said he could provide the information or pro forma prior to the May 22, 2023 Council meeting. City Manager Todd Thompson said he would work with Mr. Bartels and Finance Director Linda Barnes on providing a detailed pro forma to the Council.

Mayor Thoms remarked the marina should be viewed and treated similar to the parks in that it will not generate enough revenue to pay for it to be self-maintaining, but has the benefit of bringing people to Rock Island.

Alderson Swanson said the return on an investment should be considered, but also the return on opportunity. Although there would be no return on investment, this is an opportunity for tourism and to draw people in. Mayor Thoms noted the ancillary businesses such as Unley Marina that creates jobs. City Manager Thompson referenced the February 2023 presentation and that Edgewater provided details of the direct and indirect benefits of the marina.

Alderson Healy said it is a sunk cost either way as the capital investment does not guarantee revenue. However, there are people that will leave if nothing is done and the City will not be able to sell it. Mr. Bartels said there is not much value in the marina now with the number of improvements needed and this is what stopped the sale from happening in 2010. City Manager Thompson remarked the goal of the pro forma would be to not increase the marina deficit more than it is now.

Alderson Gilbert asked City Manager Thompson what his recommendation is on where the \$1.7 million in funds should come from. Mr. Thompson responded that the strategy would be use some of the anticipated new revenue from the rate increases to cover debt and also look at the gap and determine another funding structure such as debt service to offset that. He said it is unrealistic to anticipate a 95 percent occupancy rate

in the first few years, but the goal would be to have it at full occupancy. The additional funding would be some sort of debt service, whether an internal loan or some other financing structure.

Mr. Thompson said if this is a project council members want to move forward with, then he will work with Mr. Bartels and Ms. Barnes on getting the additional details, including the pro forma to Council. Alderperson Healy said the City is at the tipping point with the marina and needs to figure out if there are resources to actually put money into the marina. Mr. Bartels remarked they can apply for the extension of the FEMA grant in August. He has been in correspondence with the FEMA representatives to get the additional extension and they are in agreement with providing the extension. He noted the additional extension would also allow for dredging.

Mayor Thoms commented that with the Safe Harbor Act the City is responsible for maintaining the water and area.

Alderperson Healy said he was in favor of the project, but challenged the City to find the money elsewhere, such as the port authority assuming Rock Island receives the approval from the state. He said making the marina more attractive to draw in people such as selling beer and pop and adding a campground would also offset maintenance costs.

Alderperson Gilbert said the costs for ongoing dredging should also be included, as well as the costs for maintenance and operations. Mr. Bartels and Mr. Thompson confirmed they would provide the detailed information prior to the next Council meeting. He said the last major improvements at the marina were about 25 years ago and it was nothing to do with the water.

5. Adjourn

a. Motion to Adjourn

Motion: Motion whether or not to adjourn.

RC Roll Call vote is needed.

MOTION:

Alderperson Healy moved to adjourn; Alderperson Poulos seconded.

VOTE:

Motion PASSED on a 6-0-1 roll call vote. Aye: Healy, Robinson, Gilbert, Swanson, Parker, and Poulos. Nay: None. Absent: Hurt.

The meeting adjourned at 6:45 p.m.

Samantha Gange, City Clerk