

**MINUTES
CITY OF ST. CHARLES, IL
GOVERNMENT OPERATIONS COMMITTEE
MONDAY, MAY 19, 2014**

1. Opening of Meeting

The meeting was convened by Chair. Turner at 7:52p.m.

2. Roll Call

Members Present: Chair. Turner, Ald. Stellato, Silkaitis, Payleitner, Martin, Krieger, and Lewis

Absent: Ald. Lemke, Bancroft, and Bessner

3. Omnibus Vote

None.

4. Human Resources Department

- a. Recommendation of a Resolution Authorizing the Director of Human Resources to Execute a Letter of Agreement between the City of St. Charles and Laurus Strategies.

Kathy Livernois: In your packet tonight is a Resolution for a Letter of Agreement between the City of St. Charles and Laurus Strategies to provide benefit strategy, design, pricing, procurement, and ongoing management of the City's health plans in the amount of \$40,000 for the period May 1, 2014 through April 30, 2015. The fee has not increased since 2008. The next RFP review process of insurance administration services is scheduled for this fall, to be determined by May 1, 2015.

Motion by Ald. Stellato, second by Silkaitis to recommend approval of a Resolution Authorizing the Director of Human Resources to Execute a Letter of Agreement between the City of St. Charles and Laurus Strategies.

Voice Vote: Unanimous; Nays: None; Absent: Lemke, Bancroft, and Bessner. Chrmn. Turner did not vote as Chairman. **Motion carried.**

Ald. Lewis left at 7:55 p.m.

5. Finance Department

- a. Recommendation of consideration of the Convention and Visitor's Bureau funding request of \$585,000 for Fiscal Year 2014/2015 and establishing a \$30,000 reserve for the Scarecrow Festival.

Chris Minick: Each year the City provides financial support to St. Charles Convention and

Visitors Bureau (CVB) in the amount of \$526,500 that is collected from the hotel/motel revenue stream; approximately 31.5% of the hotel/motel tax receipts. Funding was reduced by 10% in FY2009/10 and has remained at this level since then. Representatives of the CVB will make a presentation tonight outlining their activities and marketing plans for their upcoming year and will also be requesting the annual allocation of hotel/motel tax revenue from the City. They will also be coming before you with two additional requests: 1) increase funding to the \$585,000 level which would restore their funding to the pre-recession level of 2009/10, and 2) allow an additional \$30K reserve to protect CVB revenue stream related to Scarecrow Festival to cover additional expenditures and revenue loss in the event of bad weather and poor attendance. Staff is recommending consideration of the CVB's funding requirements of \$585,000 for FY2014/15 and establishing a \$30,000 reserve for Scarecrow Festival.

Amy Egolf, Executive Director, St. Charles Convention and Visitors Bureau, 311 N Second Street, St. Charles: Good evening, I come before you this evening to thank you for the support the City of the St. Charles provides the Greater St Charles Convention & Visitors Bureau, allowing us to focus on our mission of promoting St. Charles as a destination for meetings, motor coach groups, sporting events and leisure travelers. I am happy to report that year-to-date, our Bureau can point to a potential return of over \$18.00 for each of the \$526,500 the City awarded to us this year.

Year-to-date, and with our fourth quarter yet to report, our Bureau has:

- Had 420,000 unique visits to our websites.
- Touched 82,000 potential visitors via marketing initiatives.
- Tracked 2,300 real time reservations referrals sent to our 11 transient hotels through our websites' Jack Rabbit Book Direct widgets – a new initiative this year.
- Sent 56 leads for pieces of group business reflecting a potential of more than 18,000 group room nights to our 12 lodging partners.
- Booked 5,000 potential group room nights.
- Generated \$4 million dollars in estimated spending from visitors OUTSIDE Fox Valley who attended the 28th Annual Scarecrow Fest last fall.
- Created the Three Organizations Brochure highlighting the differences in missions and programs of work of the St. Charles Chamber, Downtown Partnership, and Bureau.
- Participated in Tourism Lobby Day in Springfield, accompanied by DSCP Executive Director Lynne Schwartz .
- Two weeks ago we were named “Best CVB in State”; populations 40,000 and under by readers of Illinois Meetings and Events Magazine – the second time since 2011.

Since 2010 and through March of this year, the City has collected more than \$8,400,000 in local hotel taxes. 30% of those dollars have provided approximately two thirds of the Bureau's annual budget, while 70% of those dollars have gone into the City's General Fund, helping to reduce the tax burden on the residents of St. Charles.

That is the power of tourism of visitor dollars helping to fund initiatives to bring in more visitors who bring in more tax dollars which helps reduce the tax burden for the destination's residents.

A bit of history – at the end of FY2007 our Bureau had a cash balance of approximately \$280,000. A cash balance is necessary to ensure continued operation of the Bureau in the event of a delay in funding. However, the City considered the \$280,000 to be a bit high and placed upon the Bureau a mandate that, in the future, any dollars over \$200,000 in the Bureau's end of year cash balance would be reduced from the following year's local funding distribution. Our bureau has observed the mandate in the seven years since. Fast forward to FY2010 in deference to the recession, the Bureau's funding from the City of St. Charles was reduced by 10% or \$58,500. As stewards of public funds, we understood both the cash balance mandate and the need, during the critical time of 2010, for the 10% budget cut.

Tonight we come before you with two specific requests. One designed to increase efficiencies of the dollars the Bureau receives each year, and the second is designed for the ultimate goal of increasing the local hotel tax collections through additional sales and marketing initiatives by the Bureau in the coming fiscal year, which, for the Bureau begins July 1.

Request#1: We ask the council to consider approval to permit the Bureau to begin a rainy day reserve account for Scarecrow Fest that will not be “counted against” the \$200,000 cash balance mandate. Though the financial success of Scarecrow Fest has improved since hiring a management company, the fest's fiscal success is weather dependent. Bad weather means low attendance which raises the possibility of fest revenue not meeting expenses. Dollars to cover that shortfall are redirected from the Bureau's overall program of work and reduce our ability to conduct programs designed to increase visitor stays all year long. We ask the council to consider our request to begin to build a festival reserve account not to exceed \$30,000 which would be used to offset any festival short fall and, therefore protect funds needed for our year long program of work. Because these dollars would come from fest profit, if and when available, it may take years to reach that \$30,000 cap. But, please note, the dollars would not come directly from city funds.

Request #2 : We are asking the council to consider restoration of the 10% in dollars cut from the Bureau's funding in 2010 which would restore \$58,500 in funding, bringing our allocation to \$585,000. This flat amount, based on the historical average of total local hotel tax collections since 2010, would reflect an increase from 30% to 33.6% of the total hotel tax collected locally. To be clear, we are not asking that these additional dollars be taken from the city's reserves. Those additional dollars will be directed to sales and marketing initiatives primarily targeting the group market meetings, corporate training, hobby groups, sports groups, etc. because at least 60% of St. Charles hotel inventory is devoted to group room consumption. Nationally, overall hotel revenue is back to pre-2008 levels, but that recovery has been driven by the transient market (leisure visitors and individual business travelers).

Group business continues to lag and competition to secure group business is fierce. The year-to-date decrease compared to last year in St. Charles' local hotel tax collections is reflective of the fight for group business.

These requests are not made lightly and discussions regarding the need for their consideration began with city staff and Mayor Rogina several months ago. We wish to thank Mayor Rogina,

Chris Minick, Mark Koenen, and Bureau/City Liaison Dan Stellato for their openness in speaking with us about the challenges that have led to these two requests.

With me this evening are representatives from three signature lodging properties: Tom Donahue, General Manager of the Q Center, Jeanne Hahn, Director of Sales & Marketing, Pheasant Run Resort, and Robert Frejlich, General Manager of the Hilton Garden Inn/Advanced Center for Training; each of whom has volunteered to speak with you about the importance of the Bureau's request for restoration of funding from the local hotel tax collections.

(Tom Donahue – Q Center, Jeanne Hahn – Pheasant Run, and Robert Frejlich – Hilton Garden Inn all gave a brief presentation of what and how their hotels business were doing, as well as asking for support of the CVB for what they do and bring to their businesses and what they bring to the City of St. Charles.)

I'd like to take a moment to introduce our Board of Directors and staff: Jim Breen, President and Lynn Caldwell, Vice President/Treasurer, who both couldn't be with us tonight. Also with us tonight are Steve Martin, Secretary and former President, Tom Donahue and Jeanne Hahn, and David Hunt. Alderman Stellato serves as board ex-officio and liaison with the City of St Charles, and Directors Joe Salas and Ron Onesti who are not with us this evening.

Our entire staff is here: Associate Director DeAnn Wagner who has been with us since 2007 as Operations Manager, DeAnn was recently promoted to the Bureau's second-in-command position; Senior Sales Manager Brenda Littell who, when she joined our staff this past January, brought 17 years' Chicagoland CVB in addition to hotel sales experience with her; Sports Sales Manager Nick Bacik joined us last July and is responsible for 80% of the FY14 to date booked room nights; Tour & Travel Sales Manager Michelle Cianferri has been with us since 2009; Jason Pawlowski, Marketing Manager & Fest Liaison also joined us last July and was instrumental in last year's festival's coordination. He also waged this year's first social media leisure visitor campaign during the winter months which resulted in a significant uptick in our online hotel reservation referrals; and Diane Lynch, Communications Support, has been with us since 2004.

As I close, please know that if the Council restores the Bureau funding, 60% of those additional dollars will be directed to specific group business sales and marketing initiatives and the remaining 40% will be directed toward enhanced overall digital marketing initiatives designed to impact both the group and transient markets. We thank you sincerely for your consideration and, at this time, I'd like to open the floor for your questions.

Motion by Ald. Stellato, second by Silkaitis to recommend approval of the Convention and Visitor's Bureau funding request of \$585,000 for Fiscal Year 2014/2015 and establishing a \$30,000 reserve for the Scarecrow Festival.

Roll Call: Ayes: Stellato, Silkaitis, Payleitner, Martin, Krieger, Turner; Nays: None; Absent: Lemke, Bancroft, Bessner, Lewis. Chrmn. Turner did vote as Chairman. **Motion carried.**

6. Executive Session - None

- Personnel
- Pending Litigation
- Probable or Imminent Litigation
- Property Acquisition
- Collective Bargaining
- Review of Minutes of Executive Sessions

7. Additional Items

None.

8. Adjournment

Motion by Ald. Stellato, second by Payleitner to adjourn meeting at 8:30 p.m.

Voice Vote: Unanimous; Nays: None; Absent: Lemke, Bancroft, Bessner, Lewis. Chrmn. Turner did not vote as Chairman. **Motion carried.**

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