



## MEMORANDUM

**TO:** Mayor Diane Wolfe Marlin and Members of City Council  
**FROM:** William R. Gray, Public Works Director  
Vince H. Gustafson, Public Facilities Manager  
**DATE:** May 24, 2018  
**RE:** Potential Closure of the Urbana Civic Center

### Introduction

Built in the 1970's, the Urbana Civic Center provides the community a low-cost option for meeting and event space. Historically, capital improvement and maintenance funding for the Civic Center has competed with all municipal facility priorities. Because of deferred maintenance and lack of reinvestment, the Civic Center has deteriorated to the point where it is no longer acceptable to continue operating in its current condition.

### Background and Facts

Examples of the various types of hosted gatherings include:

- Weddings and private family gatherings
- Small clubs and civic organizations
- Religious and cultural organizations
- Public exhibitions including craft fairs and stamp collection exhibits

City sponsored events are also hosted at the facility. Examples include:

- Open houses/public forums/development meetings
- Training and supplemental meeting space for City staff
- Food Truck Rally/Shop with a Cop/annual City Health Fair
- Retirements and similar ceremonies

In the past, the Civic Center has been marketed via Yellow Pages, the website, radio advertisements and occasional print advertisements. The budget for marketing is scant.

The operating day is divided into three sessions: Morning (7a.m.-12noon), Afternoon (1p.m.-5p.m.), and Evening (6p.m.-10p.m., 11p.m. Fridays/Saturdays). The Civic Center Coordinator works approximately thirty hours weekly covering morning events and office hours (Monday through Friday, 7a.m.-1p.m.). The two half-time staff work afternoon, evening, and weekend shifts dictated by the event schedule.

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Weekend events are the primary revenue source and are consistently booked throughout the year. Fifty percent or more of the available weekday time slots are rented for events. Over the past 12 months, Civic Center staff spent a total of 3,600 hours staffing office hours and events. Of these, 38% were spent on weekday morning events and office hours, 35% on weekday afternoon/evening sessions, and 27% spent on Saturdays and Sundays (all three sessions).

Staff has considered a reduction of operating hours and determined it not to be a feasible cost-savings measure. A minimum of three part-time employees is required to staff events and maintain office hours. The weekly office hours are required to field phone calls, take reservations and payments, and provide tours, even in a potentially reduced schedule scenario. This work is done while weekday morning and afternoon events are serviced. As another example, a Saturday event can often start as early as 8a.m. and run as late as 1a.m. to close the facility. This requires two employees to split the shift and be prepared to return for a Sunday event, if scheduled. The third employee is then available to cover for illnesses and other leave time.

The condition of the facility has degraded because of years of use and limited funding for facility improvements. The poor condition of the Civic Center reflects negatively on the image the City of Urbana strives to portray. Staff are receiving an increasing number of complaints from the regular customer base. The general deterioration of quality and condition presents a barrier to rental rate increases. Any rate increase is anticipated to be offset by a loss of business.

In 2017, the City considered an offer from the Urbana Business Association to assume a management role of the Civic Center. UBA staff determined that if the Center were to operate successfully, the City would need to invest a significant amount of money to address facilities needs and amenity improvements. The decision was made not to pursue the arrangement at this time.

**Financial Impact**

The Urbana Civic Center has operated as a low-cost meeting venue, with the City subsidizing a loss of approximately \$40,000-\$50,000 annually. Currently, revenues are projected at \$58,000 and expenses are budgeted at \$98,000.

Additional expenses currently not charged to the Civic Center operating budget of \$98,000 include the Facilities Manager’s salary, who is responsible for operation of the Civic Center, and spends about 15% of his time on related activities. In addition, the City spends an estimated \$3,100 on related facilities expenses, which include mowing, pest control, safety inspections, planned and unplanned HVAC maintenance.

Revenues for the Civic Center have been trending upward recently. However, these increases are far from sufficient to meet the required capital expenditures and increased operational costs.

| Fiscal Year | Civic Center Annual Revenue | Fiscal Year | Civic Center Annual Revenue |
|-------------|-----------------------------|-------------|-----------------------------|
| 2006        | 42,685                      | 2012        | 47,775                      |
| 2007        | 45,745                      | 2013        | 55,636                      |
| 2008        | 44,305                      | 2014        | 54,435                      |
| 2009        | 43,615                      | 2015        | 56,283                      |
| 2010        | 40,585                      | 2016        | 56,282                      |
| 2011        | 40,815                      | 2017        | 61,973                      |

Staff have considered adjusting rental rates and determined that an increase of 71% is required to close the existing gap between revenues and expenses. This rental increase would provide no improvement to the quality of the building and likely result in a decrease in customer use. This rental fee increase would also not address the required capital improvement needs.

The Civic Center currently requires an estimated \$750,000 to \$1 million in major replacements. There are no identified funds available to make these replacements. Required near-term expenses include:

- Roof replacement (complete tear off with deck repairs) and metal replacement on cupolas
- Curtain replacement
- Water heater replacement
- Stove and range hood replacement
- Sound system replacement
- Lighting upgrades
- Replacement of tables and chairs for 300 guests
- Updating electric service panels
- Periodic professional deep cleaning
- General remodeling to: front office, conference space, men's and women's restrooms, and kitchen

A Request for Proposals for City-Wide Facilities Master Plan Services has been released. It is anticipated that a consultant will be employed within the next few months. The first phase of this project includes a conditional analysis of all municipal facilities where all short-, immediate-, and long-term repair costs are identified.

### **Options**

1. Close the Civic Center effective December 31, 2018, saving \$40,000 - \$50,000 annually and forestalling the need for \$750,000 to \$1M in costs for improvements. Evaluate the long-term use of the Civic Center as part of the City's facility planning process.
  - a. Impacts
    - i. Service Level: Staff would work to develop information on alternative venues for current customers as part of closure preparations. Staff will also work to identify other venues for City meeting space.
    - ii. Staffing Level: Three part-time positions (1.75 FTE) associated with the Civic Center would be eliminated. Staff will explore the possibility of available job placement options and/or separation incentives to ease the transition.
2. Make other budget reductions of at least \$40,000 to offset costs of continuing to operate the Civic Center as is for an additional year, and spend an additional \$15,000 for minor upgrades including replacing damaged chairs, tables, curtains and range. It should be understood these are sunk-costs should additional capital improvement funding not be allocated in the future. Evaluate the long-term use of the Civic Center as part of the City's facility planning process.

### **Recommendation**

Given the necessity of addressing the budget deficit and addressing long-term financial concerns associated with the City's General Fund, Option 1 is recommended.