

Opinion

Our View

More questions, fewer answers on Promenade

Although no thermometer was available to confirm it, it's likely that Peoria Mayor Bud Grievess' blood actually began to boil a full week before he and former City Attorney Jack Teplitz got into a chest-bumping exercise about who was more "clueless" regarding the Promenade.

Rarely, Teplitz said on Nov. 30, had he seen a city council as ill-prepared to make such a gargantuan decision as Peoria's was on Diane Cullinan's mall, the largest city investment since the Civic Center.

"Defer this project. Get the information you need," Teplitz urged the council. "Or otherwise Peoria will be Chapter One in the book of 'How Not To Do Economic Development.'"

The Promenade has been one of the most hotly contested issues we can remember. The level of hypocrisy and twisted rationalization on both sides has reached a level that is remarkable, even by Peoria standards. Nevertheless, if we had to pick a "clueless" champion at this point, it would be those City Council members willing to approve this project when so many critical questions and concerns remain unaddressed.

Bob Scott is a Bradley University economist hired by the Promenade's opponents to analyze the assumptions made by the city's consultant — Development Strategies, Inc. (DSI). His evaluation, despite his ties, ought to be a major "heads up" at City Hall. (It's noteworthy that Cullinan herself thought enough of Scott's number-crunching abilities to hire him on her Weaver Ridge golf development.)

First, Scott says DSI predicted annual per-capita income growth in central Illinois at a phenomenal 5½ percent over the next 20 years. That's more than triple the entire state's rate of growth over the last decade, the most prosperous of this century.

"It just leaped off the page at me. It's not very realistic," said Scott. "We'd be on the front page of Money Magazine if we were growing real income at 5 percent for the next 10 to 20 years." Indeed, if incomes were to grow that much, why would Von Maur even need a subsidy?

Second, DSI assumes a significantly higher "capture" rate if the Promenade is developed. "Capture" refers to that percentage of the retail dollar which stays within a given market. Currently, Peorians spend 80 cents of their retail dollar in Peoria, 20 cents elsewhere.

DSI's sales projections count on a general jump of 5 percentage points

in this market's capture rate, so Peorians presumably would spend 85 cents of their retail dollar locally if the Promenade happens. Capture from nearby areas also would increase. From that, DSI infers a significant net revenue gain for the city by 2010, despite the sales tax rebates and the amount of "shift," or business lost, from existing retailers.

Problem is, DSI's revenue projections are highly sensitive to even slight shifts in the capture rate, said Scott. If the actual rate were as little as one point below projections, that coupled with more realistic income growth would make the Promenade no better than a break-even proposition for the city by 2010, he said.

And if DSI is off by more than that — say three percentage points — then Cullinan's mall could be a net loser for the city, to the tune of \$2.3 million in sales tax red ink a decade from now, said Scott.

That's not all that's troubling. DSI used the same sales and capture rate projections for the Promenade as it did for the defunct Galleria. But the Galleria had four major department store anchors, and the Promenade has Von Maur for sure, another unnamed anchor and a theater chain. To suggest the Promenade would generate identical retail sales seems ridiculous on its face.

An economic recession would cripple DSI's projections. And how can anyone even bother to make a capture rate prediction without knowing who the other retailers are? Wouldn't an Old Navy or a Restoration Hardware be a different story than a run-of-the-mill book or shoe store? If DSI's income and capture assumptions are wrong, then everything is wrong. The council should not fly blind here.

That's not where the questions end. DSI is projecting annual sales figures of \$300 and \$400 per square foot, which opponents like rival developer Les Cohen say are Chicago, New York and Los Angeles numbers, not Peoria numbers. Even if you discount Cohen's comments because of his vested interest, shouldn't City Hall be finding out how realistic those numbers are for central Illinois?

Look, we are emphatically not saying that Scott's numbers are right and DSI's are all wrong. There may be a perfectly rational and defensible reason that DSI arrived at the numbers it did. Scott doesn't know. We don't know. But the City Council doesn't, either. And that's precisely the point.

To be sure, the research we're asking of council members is hard and complicated. But they have a responsibility to taxpayers to suffer through it, all the same.

At the very least, this City Council can't possibly vote on the Promenade — not a week from Tuesday, and not before a scheduled policy session on this matter in early January — until they have answers to these questions. Risk can't be managed if you don't know what it is. Good government demands good and thorough thinking. We need more of that here.