

WORK SESSION AGENDA
REDEVELOPMENT COMMISSION

December 10, 2025, at 5:00 p.m.
Bloomington City Hall, 401 North Morton Street
Allison Conference Room, Suite 225

The public may also attend virtually at the following link:
<https://bloomington.zoom.us/j/89917521324?pwd=WkoENKDMrFrAmdqohiSPkjQGzbSLjp.1>
Meeting ID 899 1752 1324 Passcode 848141

The City also offers virtual options, including CATS public access television
(live and tape delayed) found at <https://catstv.net/>.

Redevelopment Commission Members

- Deborah Myerson, President – Term: 1/1/2025-12/31/2025 (Council Appointment)
- Sue Sgambelluri, Vice-President – Term: 1/1/2025-12/31/2025 (Appointed by the Mayor)
- John West, Secretary – Term: 1/1/2025 – 12/31/2025 (Appointed by the Mayor)
- Laurie McRobbie – Term: 1/1/2025 – 12/31/2025 (Appointed by the Mayor)
- Randy Cassady – Term: 1/1/2025 – 12/31/2025 (Council Appointment)
- Sam Fleener – Term: 1/1/2025 – 12/31/2025 (MCCSC Representative, non-voting)
- Anna Killion-Hanson- Redevelopment Commission Executive Director
- Jessica McClellan - Redevelopment Commission Treasurer

- I. ROLL CALL**
- II. PRESENTATION- CONVENTION CENTER HOTEL**
- III. QUESTIONS/ANSWERS- REDEVELOPMENT COMMISSION/CITY COUNCIL**
- IV. PUBLIC COMMENT (15 minutes; 2 minutes per person)**
- V. BUSINESS/GENERAL DISCUSSION**
- VI. ADJOURNMENT**

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The City is committed to providing equal access to information. However, despite our efforts, at times, portions of our board and commission packets are not accessible to some individuals. If you encounter difficulties accessing material in this packet, please get in touch with Anna Killion-Hanson at anna.killionhanson@bloomington.in.gov and provide your name, contact information, and a link to or description of the document or web page you are having problems with.

To: Members of the Bloomington Redevelopment Commission
Cc: Gretchen Knapp, Deputy Mayor, Bloomington City Council
From: Jane Kupersmith, Director, Economic and Sustainable Development; Anna Killion-Hanson, Director of Housing & Neighborhood Development and Executive Director of the Redevelopment Commission; Margie Rice, Corporation Counsel; Dana Kerr, Assistant City Attorney; Jessica McClellan, City Controller
Date: December 9, 2025
Re: Resolution 25-136, Supporting the Convention Center Host Hotel on the College Square Property

Executive Summary

The Bloomington Convention Center expansion is a cornerstone of Bloomington's economic future. While a Convention Center and host hotel will not solve Bloomington's broader economic challenges, it strengthens an important sector: destination tourism and hospitality. Each year, the current facility hosts approximately 450 events, but limited capacity has forced many conferences to relocate elsewhere. The expansion—adding 66,000 square feet of new space—will allow Bloomington to attract larger events, retain regional meetings, and strengthen weekday and summer downtown economic activity. Without a host hotel, Bloomington will not be competitive for these events, and the public's investment in the expansion will produce a far smaller return.

In June 2024, the Capital Improvement Board (CIB) issued a Request for Proposals (RFP) for the host hotel, and in October selected Dora Hospitality as the developer. The Bloomington Redevelopment Commission (RDC)-owned College Avenue parcels were identified by the developer as the preferred location for the hotel because they present fewer utility and infrastructure challenges than other nearby sites, including County-owned parcels, and are ideally located in relation to the Convention Center.

The Hunden study also indicates that the College Avenue property is the ideal location for the host hotel. Staff agrees that this is the highest and best use of this particular parcel. Its proximity to downtown will generate more activity for businesses; it will return this commercial property to the tax rolls, and it will support the major investment already made by the community. The City, RDC, and staff remain focused on production of housing units at other sites where housing is the highest and best use of property.

Dora indicated in its presentation to the CIB on September 4, 2024 that the project would require public participation—including tools such as a land contribution, tax increment financing (TIF) support, and/or tax abatement—to be financially viable. The developer ultimately selected the RDC-owned site at 200–226 S. College Avenue. After more than a year of negotiations, it has become clear that significant public support is needed to execute the project. RDC Resolution 25-136 expresses the financial limit of RDC capacity to support the project; it

provides support to the project; it does not fill the entire financial gap; it does not commit to a specific hotelier; but it provides clarity to all parties involved.

The central question before the RDC is not whether a host hotel is valuable. It is why the community should consider contributing land value to make the project possible. The answer is straightforward: a host hotel cannot be delivered in Bloomington without some form of public participation, and a land contribution is the least costly, most practical tool available. Providing land is not a giveaway to a developer—it is an investment that protects a much larger public investment, the Convention Center.

Background

In 2024, the City issued \$50.3 million in lease-rental revenue bonds to fund the hard construction costs of the Convention Center expansion. These bonds are backed by the Food & Beverage Tax, meaning the Convention Center is being financed by visitors and local purchases of prepared food and beverages, not property taxes or the City's general fund. To support the City's capacity to meet the debt service requirement on these bonds, the City must foster reliable visitor spending, particularly through conventions and meetings that occur during Bloomington's weakest economic periods.

A host hotel is a key piece of the economic strategy of the Convention Center. While regular hotels rely on IU games, graduation weekends and parent visits, a host hotel is designed to support conventions and event planners. A host hotel coordinates with Convention Center staff to reserve large blocks of rooms at stable rates long before the conference happens. Planners expect attendees to walk to and from the events easily, making the host hotel part of the Convention Center ecosystem. Host hotels provide guest logistics like check-in timing for large groups and overflow needs with other hotels to support events. A host hotel significantly improves Bloomington's ability to secure major multi-day conventions, thereby supporting the expanded facility in meeting or exceeding its projected outcomes. The proposed 200-room hotel would anchor the Convention Center, meet initial demand, and contribute to overflow business for other local hotels, ensuring that visitor spending benefits the broader hospitality sector. Its location along the B-Line Trail places visitors directly within walking distance of downtown businesses, restaurants, arts venues, parks, and public spaces.

The 2019 Hunden Market Analysis anticipated \$9 million annually in new economic activity within walking distance of downtown. In 2023, Visit Bloomington updated that estimate to \$13–18 million, provided there is a host hotel. Additionally, the Hunden analysis states that, "...the average public subsidy for a headquarters hotel over the past 25 years is approximately 33 percent. Other communities have publicly-funded their headquarters hotel 100% via public bonds." The 2018 study indicated that the City and County needed to be ready to have conversations related to public subsidies to the hotel. In 2024, Dora further reinforced this need in their presentation to the CIB and communications with the City and RDC.

Economic Context

Despite statewide wage growth outpacing national averages, Bloomington's wage disparity is among the highest in the country. Bloomington's wage growth declined 6.2% over the past year, and its permanent population continues to decrease, along with Monroe County Community School Corporation's enrollment. More than 72% of Bloomington's workforce commutes from outside the city each day, reflecting the severe housing affordability challenges in the

community. These structural weaknesses create vulnerability in the local economy and exacerbate seasonal fluctuations.

Downtown businesses consistently report major declines during the summer months and Monday–Thursday, when IU’s student population drops dramatically and when weekday leisure activity is low. Since 2020, IU has shifted most summer instruction online, removing roughly 35,000 students from Bloomington’s May–August population. Hotel occupancy and restaurant performance reach annual lows during this period.

A. Weekday Demand Gap

Nationally, 70–80% of multi-day conferences occur Sunday–Thursday, with peak attendance on Monday–Wednesday. These are precisely the periods when Bloomington’s businesses struggle most. Conventions provide high-spending weekday visitors when they are needed most, offering stable and predictable demand.

B. Summer Economic Vacuum

With a move to online summer classes, Bloomington no longer benefits from a large, in-town student population during May–August. State associations and regional organizations often seek summer dates, making convention business the most viable strategy for stabilizing Bloomington’s summer economy. The City is partnering with IU on summer programming that will bring students into the community; however, there remains a significant decline in summer economic activity.

C. Rising Business Costs

Restaurant labor and commodity costs have each risen more than 35% since 2019, while wholesale food production is 38% higher than February 2020 levels. With average restaurant margins near 5%, even modest declines in weekday or summer demand threaten business viability. Convention visitors will help fill these gaps.

Economic Impact

The 2023 Monroe County Tourism Economic Impact Report shows \$509.4 million in visitor spending, translating to a \$309 million total economic impact after adjusting for imports and recirculated wages. The Convention Center expansion and host hotel are key drivers for growing this base.

The 2019 Hunden Strategic Partners analysis projected, over 30 years (with a 300-room hotel model):

- \$1.3 billion in net new spending
- 495 new full-time equivalent jobs
- \$60.2 million in new tax revenue

Breaking down the tax impacts:

- \$33.6M property tax
- \$18.8M Innkeeper’s Tax

- \$2.0M Food & Beverage Tax
- \$5.8M local income tax

A host hotel directly increases Innkeeper's Tax revenue, which funds the operation of the Convention Center, and indirectly increases Food and Beverage Tax revenue by concentrating visitors near downtown restaurants. The hotel thereby strengthens the same tax streams that support the expansion's financing.

Project Details

Property and Governance Background

The Barnes & Thornburg Handbook for Indiana Redevelopment Commission Members and their Attorneys states, "The role of the redevelopment commission is maintaining and fortifying the economic health of their communities." In 2019, the RDC purchased the 1.6 acre parcel at 200 South College Avenue, known as the former Bunger & Robertson site, for \$4,995,000. The remaining 0.4 acres of parking lot were acquired in 2023 for \$1,900,000. By the end of 2023, the CIB was fully appointed and the City and County executed an interlocal agreement to move the expansion forward collaboratively. The current zoning district's purpose, Mixed Use Downtown, is to protect and enhance the character of the central business district, to guide new development and redevelopment activities in the downtown area, and to promote a mix of moderate-to high-density development with active street edges.



Fig. 1. Sites that were considered for the location of the host hotel.

Convention Center Expansion

The existing Convention Center regularly turns away business due to lack of capacity. The expanded facility will more than double usable space and support: 600-person conferences; 1,400-person dinners; and 2,000-person concerts and lectures. The Convention Center functions as a traded-sector economic driver, drawing outside dollars into the community rather than recirculating local resources. It will help shift Bloomington from a 9-month economy to a 12-month economy, stabilizing periods of low economic activity.

Host Hotel Development

A host hotel is essential to securing large conferences. Convention planners *expect* an adjacent hotel. Many corporate planners require a minimum number of on-site rooms under one convention contract. A host hotel would allow the Bloomington Convention Center to bid on a wider range of events that were previously out of reach. A host hotel also boosts multi-day stays and more overnight attendees, increasing visitor spending on food, retail and entertainment.

Visit Bloomington's 2019 analysis found 607 rooms within walking distance of the existing center; with the addition of the Posh Hotel, Trades District Hotel, and host hotel, that number increases to 1,005—a threshold necessary for statewide and regional association meetings.

Host hotels operate with thinner margins, because they must guarantee blocks and reduced conference rates years in advance, unlike other local hotels that rely on peaks driven by IU activities. For this reason, nearly all U.S. Convention Center host hotels involve public participation, such as land value contributions, TIF assistance, or tax incentives.

Statewide Comps

There are a number of projects statewide that demonstrate public subsidy for Convention Center hotels and other civic projects. Consistent data is not available.

City	Total Hotel Cost	Public Subsidy	Private Contribution	Description
Indianapolis (current)	\$500-571M	\$625M	NA	Revenue bonds
Evansville (2014)	\$60.8M-\$74M	\$20M \$3.6M \$4.65 M	\$34M	Revenue bonds Cash from CVB Medical campus bond (garage) Hotel Developer
Ft. Wayne (2007)	\$130M	\$250k \$? Tax abatement \$? Innkeepers Tax		Annual operating subsidy 10 year tax abatement (RP/PP) Portion paid to developer

			\$68M	Private contribution
South Bend (2019)	\$155M	\$?	NA	TIF bonds, innkeeper's tax
Carmel (2018)	\$58.5M		\$40M \$18.5M	TIF bonds; loan (backed by hotel revenue) Project originally est. @ \$40m. Cost overruns absorbed by Carmel RDC
Carmel (2025)	\$10-15M		\$10-15M	60-room, developer-funded expansion
Madison (2019)	\$22M		\$4.75M	Redevelopment Tax credits

Capital Stack and Public Participation

The capital stack for the Bloomington host hotel requires public investment of some kind. The developer has made it clear that the project needs some level of public support. Even with some form of land value included, the project is still short of what it needs to get financed. Resolution 25-136 is intentionally structured to give the RDC room to decide what kind of help makes the most sense. Direct financial contributions are not feasible for the City or the CIB, leaving a land based contribution as the most feasible option.

Possible structures include:

- Long-term land lease, allowing the RDC to retain ownership while enabling the developer to leverage land value for financing.
- Land as equity. The RDC transfers ownership and the land value is included in the project.

Other financial structures—such as shared revenue models or co-ownership—were evaluated and found to impose disproportionate financial and operational risks on the RDC with insufficient return. Regardless of whether or how the RDC transfers land to the project, there remains a major gap.

The CIB cannot contribute directly to hotel development. However, it helped shrink the gap by allowing scope reductions, such as less meeting space and removing the rooftop bar, without affecting the hotel's core purpose.

Negotiations and Legislative Intent

With Resolution 25-136, staff seeks to:

1. Acknowledge the necessity and importance of the host hotel to the success of the Convention Center expansion;
2. Make transparent to Dora Hospitality—or any future developer—the limits of the RDC's financial participation, given other long-term commitments and statutory responsibilities; and,
3. Preserve flexibility for the RDC to structure a land contribution or participation method in the manner most beneficial to the community.

The resolution reflects a balanced approach: recognizing that the host hotel is critical infrastructure for a \$50.3 million public investment, while ensuring that Bloomington does not overextend public resources. Time is of the essence. The Convention Center is slated to open in February 2027. The hotel developer will engage in at least six months if not longer of design and planning for the project. Construction will take at least another 12–18 months. This means that Bloomington is likely two years away from having a host hotel to support its expanded Convention Center. This is a critical risk to the project.

Conclusion:

Bloomington has already made a bold and necessary investment in its economic future through the expansion of the Bloomington Convention Center. The evidence is unequivocal: without a host hotel, the expanded Convention Center cannot reliably secure the multi-day events that stabilize weekday and summer demand, strengthen the Food & Beverage Tax base, and support the long-term debt service of the bonds that fund the project.

The financial realities of developing a host hotel, combined with national precedent, make clear that public participation is both industry standard, expected, and necessary. The RDC owns the location of the preferred hotel site. Given that RDC's directive is economic development, and given the disproportionate benefits of the Bloomington Convention Center and host hotel to Bloomington, it is appropriate that the RDC consider ways to support the creation of a host hotel. The RDC's role is therefore not to determine *whether* to participate, but *how* to do so responsibly, sustainably, and within the limits of its statutory obligations.

Recommendation:

Staff recommends that the RDC adopt Resolution 25-136, which outlines the limits and availability of support. Doing so ensures that Bloomington's \$50.3 million public investment is supported by the complementary infrastructure required for success, protects the community's long-term economic interests, and positions the Convention Center to deliver the full benefits envisioned for residents, businesses, and visitors alike.

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