

Is Rock Island Draining Its Cash Cow?

Written by Jeff Ignatius

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“The only red tape you’ll find in Rock Island is the one you cut at your grand opening,” says the new marketing campaign for the city. Some bar owners in The District of Rock Island view things a little differently. “I would never do business in Rock Island again,” said David Delvichio, president of Del’s in The District. “I would sell my club in a heartbeat.”

The source of Delvichio’s agitation is the passage by the Rock Island City Council of an ordinance establishing a “downtown security area” for The District. In essence, the city replaced a voluntary system with a mandatory fee to pay for late-night police patrols on weekends in The District. “My cost almost doubled,” Delvichio said. He said he paid \$2,700 a year into the voluntary system, but under the new policy pays \$4,690.

The downtown security area, which was approved May 23, comes a year after Rock Island instituted a 1-percent tax on all food and beverage sales in the city. That’s been a double-whammy for many business owners in The District. The food-and-beverage tax generated just over \$480,000 for the city in its first year.

Many District bar owners feel that Rock Island is penalizing them for being the city’s most reliable source of tax revenue outside of property taxes. With little retail but a wealth of restaurants and bars, the city has looked to the food industry to shore up its budget in the face of cutbacks from the state.

Rock Island Mayor Mark Schwiebert said the city must “assure a secure environment” in the District because of the large numbers of people in the area in the early morning hours on weekends. “We have to deal with the security issue. ... The thing we’re trying to avoid is having a [crime] problem.”

“Security of any area of Rock Island is the responsibility of everybody in Rock Island,” said Alderman David Conroy, who cast the only vote against the downtown security area. Bar owners already pay property taxes and fees for the liquor licenses, he added. The cost of patrolling The District “should be paid by the city,” he said.

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Bar owners don't dispute that added security is necessary in The District but question who should pay for it.

"To single out one group of businesses ... is wrong," said Terry Tilka, owner of RIBCO. Tilka met several weeks ago with Schwiebert to talk about issues related to the city and The District. Tilka said they discussed topics such as the cleanliness of downtown, lighting in alleys, the possibility of installing security cameras downtown, and District governance. Tilka, the mayor, and several other representatives of downtown organizations are scheduled to meet again on Thursday. Schwiebert called the initial discussion wide-ranging and said he's willing to re-visit the issue of the mandatory fee for patrolling downtown.

Tilka said that he felt good about the situation after the initial meeting. The relationship between city government and District bars "can go nowhere but up," he said. The city "didn't understand the scope of the problem."

The newly established downtown security area covers from First to Fifth avenues and 17th to 19th streets. Bars and nightclubs that choose to be open until 3 a.m. pay an \$800 fee for an extended-hours liquor license and then pay a downtown-security-area surcharge based on capacity. For example, a club that holds 180 or more people pays an annual security fee of \$4,690, while bars that hold between 71 and 179 people pay \$2,345. Those that hold 70 or fewer pay \$585 a year. The fee took effect in late June.

The surcharge is expected to cover the \$35,000 annual cost of two or four (depending on the day and time of year) uniformed officers patrolling and conducting random bar checks from midnight to 3:30 a.m. on Saturday and Sunday mornings.

The system replaces a voluntary one in which clubs shared the cost of hiring police officers to patrol The District on weekends. That effort started in late 2001 and lasted through 2004. Tilka had been coordinating the initiative, but he said he was aggravated by aspects of the program, including additional fees that were getting tacked on by the city. Furthermore, bars dropped out when they changed hands, leaving the cost to a few stable clubs. In December 2004, Tilka sent a letter to the city announcing that he was pulling out. That's when the city began discussing a mandatory fee.

District bars have two distinct complaints about the mandatory system. First, they argue, the security fee is an added burden on bars in The District when they're already struggling. Second, they say, while there might be security problems in The District, the bars aren't necessarily the source of them.

"We need a shot in the arm," Tilka said after his meeting with Schwiebert.

Delvichio agreed. Looking to District bars for new funds is counterproductive, he said, because the area is suffering. "They're living in the past," he said. In 1999, he said, Lollies – a previous incarnation of Del's in the same location – did \$1.3 million in business, Delvichio said. Del's did \$300,000 last year. "Business in The District was 50 to 70 percent higher," he said.

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Tilka said his business has been down in the past few years, although not to the same extent as Delvichio's. "There's a definite change downtown," he said.

While Rock Island has added new taxes and fees to District bars, "other cities are enhancing to bring people to their downtowns," Delvichio said.

Schwiebert insists that the city council acted because the voluntary system collapsed. "That was forced on us," he said.

Schwiebert also said that under the new system, smaller bars are paying less than they would have under the voluntary system.

But why not put the cost on problem bars? Schwiebert, who as mayor is also the city's liquor commissioner, said he has a standing order to the police department to report troubled bars to him for enforcement action. "My instruction is very clear: If there is a problem with a particular bar, I want to hear about it," he said. "I haven't seen a lot of that coming from the police department." He added that the city's liquor commission has only had two enforcement actions in the entire city over the past year.

That jibes with Tilka's view that any crime or security problem in The District isn't coming from the bars as whole. "A lot of it is on the street," he said. When tires were slashed this past weekend, he said, the culprits were likely kids, not bar patrons, for example.

Schwiebert said that bars that don't like the fee can "simply opt out of the 3 a.m. closing time" and close at 1 a.m. But Delvichio said that most bar business in The District happens between 1 and 3 a.m., with Iowa bars closing at 2 a.m.

There's also a question about the boundaries of the downtown security area. It includes clubs such as Copia and Blue Cat but not bars to the south of the area, such as Hunter's (a participant in the voluntary system) and two strip joints. Tilka said that those businesses are part of the lottery system for the rights to run beer trucks during District festivals and should be included in any mandatory security zones. Schwiebert said he would have been happy to expand the boundaries, but the city council decided against it.

The mayor also acknowledged that with the city touting its business climate, it needs to be sure that it doesn't drive entrepreneurs away. When asked whether the district security area contradicted the marketing-campaign message of a business-friendly city, Schwiebert said: "It's a fair question, and it's something we need to be sensitive to."