

East Peoria snags new Holiday Inn & Suites

Hotel will include meeting space, upscale restaurant

By Leslie Williams

EAST PEORIA — The Downtown 2010 site has a new tenant that will likely take the flag of Peoria's largest hotel. Developer Heart of America Restaurants and Inns of Moline will build an at least \$20-million Holiday Inn & Suites Hotel on land where Caterpillar Inc. factories once stood. Accompanying the six-story, 137-room building, with a meeting room large enough to hold 300 people will be an upscale restaurant like a Johnny's Italian Steakhouse.

In return, the city agreed to offer a total of \$7 million in incentives to net the project. The city will pay \$3 million up front to Heart of America to help cover construction costs of the development. East Peoria also will reimburse the developer \$2.5 million of the \$13 million it borrowed for the project. That amount will be paid back during the length of the 20-year contract. Lastly, the city is forgoing the \$1.5 million sale value of the property, at the future corner of Edmund Street and Technology Boulevard, on which the hotel and restaurant will be built.

The development and details of the agreement were announced Tuesday at a special meeting of the City Council. The council voted 3-2 to approve the project. Mayor Dave Mingus and Commissioner Michael Unes cast the dissenting votes.

"I feel that the \$7 million incentive package is too much for me to support," Unes said Wednesday. "I otherwise like the project, but especially the city putting \$3 million up front in this project was just too much."

City attorney Dennis Triggs called the agreement "very safe," saying the city will get a "positive cash flow Day 1." "The city also will be paid at least \$150,000 annually, beginning year one, as part of the agreement. It expects to recoup the \$3 million it is paying Heart of America up front from property, sales and hotel/motel taxes it will collect.

"The motivation for this project is to jumpstart East Peoria 2010," Triggs said. "We've been at this for a while. With the economy being in the worst recession since the depression, we don't have anything going vertical. "And furthermore, we are confident this will prompt another building very soon."

Heart of America owns and operates the Johnny's Italian Steakhouse at Peoria's Shoppes of Grand Prairie as well as 27 other hotel and restaurants in six Midwestern states. Mike Whalen, president and CEO of Heart of America, and who called Peoria home during his childhood, said the eatery attached to the hotel will not be a Johnny's, but would likely be another restaurant from the chain, which includes Thunder Bay Grille, Wildwood Lodge or The Machine Shed.

The new Holiday Inn & Suites Hotel, when completed by April 2012 or sooner, will eventually take the flag from Peoria's Holiday Inn City Centre. In June, longtime City Centre owner Kineth Hospitality Cos. of Iowa announced it was getting out of the hotel business and Pyramid Hotel Group of Boston would be taking over ownership.

"What I'm told by Intercontinental Hotels Group (the company that operates several hotel brands including Holiday Inn) the hotel in Peoria has come to the end of its license period," said Whalen on Wednesday. "Right now, Holiday Inn is undergoing a worldwide revitalization replacing older product with new product. "As soon as we finalize an arrangement with East Peoria we will become the franchisee for the Holiday Inn in that area, and the other one would not continue as a Holiday Inn."

East Peoria's Holiday Inn also will be the flagship hotel for Heart of America as it will be the largest of its hotels. It will replace current flagship, Holiday Inn & Suites Hotel in West Des Moines, Iowa, which opened in April 2008. The new hotel boasts more rooms and meeting space, a convertible pool space with a glass wall, larger health facility and expanded restaurant. It will also be LEED certified, meaning the building's design will be green and centered around energy-saving strategies. Between the fullservice hotel and restaurant, about 125 jobs will be created.

"It's going to be cool," said Whalen. "We do all of our design work and we can come up with a property that isn't like anyone else's."

Whalen said he was drawn to East Peoria because of what the city has done in the community. "There are movers and shakers there," he said. "We're excited about the community and about East Peoria 2010. We want to be a part of it. It's going to be a great, great thing."