

TOURIST DEVELOPMENT COUNCIL MEETING Minutes

Council President Tommy Hazouri, TDC Chairman
Thursday, June 10th, 2021 - 10:00 A.M.
Don Davis Room, City Hall

Attendance: TDC members Tommy Hazouri (Chair), Jeff Truhlar, Angela Phillips (arr. 10:10), Craig Smith (arr. 10:06), Kirit Patidar, Dennis Chan, and Steve Grossman

Excused: TDC Members Matt Carlucci and Sam Newby

Also: Lillian Graning – TDC Executive Director; Phillip Peterson – Council Auditor’s Office; David Migut – Office of General Counsel; Jeff Clements – City Council Research

Meeting convened: 10:03 a.m.

Chairman Hazouri called the meeting to order.

Public Comments - None

1) Approval of Minutes

The minutes of the April 15, 2021 regular TDC meeting were **approved unanimously as distributed**.

2) Financial Report

Assistant Council Auditor Phillip Peterson gave the financial report. Bed tax collections for the first 8 months of the fiscal year total \$4,267,737, down 5.54% from the same period last year. The total for the last 12 months ending in May is \$6,053,490, down 18.76% from the same 12 month period the previous year. Revenue for May 2021 is up 186.17% over revenue for May 2020 during the height of the COVID pandemic. Actual collections for the current fiscal year through May exceed the average budgeted amount by \$878,737.

Mr. Peterson reviewed the available budgetary balance remaining in each of the TDC budget components: Destination Services - \$100; Marketing - \$27,055.91 (City Council passed a bill Tuesday night to provide additional funds for marketing); Convention/Group Sales - \$12,979.68; Planning and Research - \$1; Event Grants - \$75,001; Remaining to be spent in accordance with TDC plan – TDC operations - \$249,937; TDC administrative budget - \$123,576.34; Convention Grants carryover - \$233,482.77; Equestrian Center Promotion carryover - \$0; Tourist Development Special Revenue Fund - \$105,212.50; Contingency Account - \$1,163,000; Development Account - \$1,371,075.63.

Chairman Hazouri asked for clarification of the need for City Council approval for use of the Contingency and Development accounts. Mr. Peterson said legislation was passed earlier this year that gives the TDC the authority to utilize the Contingency Account without further Council approval; use of the Development Account does require Council approval via legislation.

3) Market Report

TDC Executive Director Lillian Graning gave the market report. Jacksonville’s hotel recovery from the COVID pandemic is very strong, exceeding national and other state markets. Weekly occupancy rates have exceeded pre-pandemic levels multiple times and average daily room rates are improving steadily. The city is experiencing a spending surge as consumer spending and reservations begin to push the pre-pandemic threshold months earlier than anticipated. Consumer and traveler sentiment exceed pre-pandemic levels as 90% of respondents indicate they have travel plans within the upcoming six months with only 26% of those plans being influenced by COVID-19. The hospitality industry is having great difficulty finding sufficient workforce to meet the staffing demands to fully reopen for business. Group sales activity is very strong in the post-pandemic period. Ms. Graning said she is

proposing a fiscally conservative FY 21-22 budget which will allow for recovery efforts to be taken and make space for potential growth in the second half of the year. No conservation or spending/budgeting adjustments are recommended at this time.

Kirit Patidar asked how much new inventory of room capacity has been added in the last 15-18 months. Ms. Graning said there are a number of projects in the pipeline that have not opened yet; she will send out a pipeline report. In response to another question, Michael Corrigan, Visit Jacksonville CEO, said that RevPAR (revenue per available room) is starting to rise as demand increases – up 140% over the COVID-depressed rate for the same month last year. He said that 647 rooms have been added to the area’s supply this year. Ms. Graning noted that the city is a very diverse marketplace and different parts of town are recovering at different rates. The hoteliers on the council said that the labor shortage is driving up wages across the board as hotels struggle to hire workers.

Jake Gordon, CEO of Downtown Vision Inc., reported on the Jax River Jams concert series, which was very successful. He thanked the TDC, Visit Jacksonville and the City for their support in making the events a great success for downtown. Riverfront Plaza is an incredible venue for holding that type of event and helps activate the riverfront. As a result of City Council’s action this week to geographically expand the DVI district, 3 new office positions and 14 additional ambassadors will be hired to provide the services over a much larger territory.

ACTION ITEMS

4) UNF Grant Adjustment Request

Lee Moon, outgoing UNF Athletic Director, thanked the TDC for their support of UNF’s plan to improve Hodges Stadium to make it a mecca for track and field events and be a real boost for the community as a whole. From April through August of this year, events at the stadium will generate 40,000 room nights and \$30 million in economic impact due to the investment. Chairman Hazouri thanked Mr. Moon for all his service to the community. Nick Morrow, Mr. Moon’s successor as UNF Athletic Director, said the activity at the track this summer will likely become the norm for the future, generating great impact for the local economy. The NCAA East Regional track meet generated about 11,000 room night bookings. In response to a question Mr. Morrow explained how the room nights were tallied by Visit Jax and UNF personnel. Ms. Graning said that no TDC supported events are using STR reports to verify their room production any longer, as used to be the case.

Mr. Morrow, the incoming UNF Athletic Director, described future Hodges Stadium facility improvements, including a digital scoreboard and improved stadium lighting for night events. He explained that the \$950,000 granted by the TDC to the stadium track and field facilities improvement project only paid for the track resurfacing due to higher than estimated costs after project engineering was completed, leaving the other parts of the project (practice track resurfacing, field turf installation, and fiber/power upgrades) uncompleted. UNF requests \$216,940 in additional TDC funding to complete the project as initially envisioned to match increased university funding. Steve Grossman said that if the TDC was going to continue to invest in facility development grants, there needs a better system of evaluating those requests, possibly with the assistance of the City’s Public Works Department to verify the engineering and construction cost estimates. Ms. Graning agreed that the Development Account has been used very infrequently for a few very specific projects. The TDC funding is required to be supplemental to funding from other entities, and the TDC is not responsible for cost overruns or scope omissions for projects it assists. Phillip Peterson said the Auditor’s Office always recommends that City or TDC funding be provided as reimbursement on the back end of a project so the public funding is protected as best as possible, recognizing that some organizations can’t afford to do a project without some advance City funding. Chairman Hazouri suggested the development of a progress dashboard to provide easy assessment of progress on projects the TDC funds. Mr. Grossman suggested a retainage policy of withholding 10 or 15% of each invoiced amount to be released when the project is fully completed. Ms. Phillips asked about how the practice track played into the overall competitiveness of the facility.

Motion (Smith/2nd Patidar): Pay UNF the \$950,000 already allocated to the Hodges Stadium project, in addition to the \$216,940 funding requested upon full completion of the initial project scope -

Angela Phillips suggested the possibility of awarding at least some funding now since the track is in operation and generating room bookings.

The motion was approved 5-2 (Phillips and Truhlar opposed)

5) FY21-22 Budget Approval

TDC Executive Director Lillian Graning discussed several items for inclusion in the TDC's FY21-22 budget proposal, which is based on expected FY 21-22 revenues that warrant expenditures to be 15% below FY 18-19 budget levels.

- a) Information sources: Visit Jacksonville will be partnering with two new providers to harness never-before seen data related to the Jacksonville market. Zartico provides a vast trove of geolocation and psychogeographic data that will provide a detailed understanding of behavioral patterns of residents and tourists, allowing Visit Jacksonville to target and assess campaigns very specifically. Also, Destination Think is partnering with Trip Advisor to provide a traveler sentiment index that will allow Visit Jacksonville, and the TDC, insight into traveler experiences and reflections of tourism by residents in real time.
- b) Strategic planning: The FY 19-20 budget included \$50,000 for an in-depth discovery and strategic planning process for the TDC. As a result of COVID disruptions, those proposals never transitioned into contracts. The FY 20-21 didn't budget for the function as a means to focus on recovery during the pandemic. The FY 21-22 budget reflects \$42,500 funding to reinstitute that effort and seek a more specific and strategic planning effort, incorporating the knowledge acquired over the last two years to fine-tune the desired outcome.
- c) Salary Adjustment: As a result of eliminating the TDC Administrator position in 2019, the role of Executive Director has changed dramatically. This evolution has increased efficiency and provided a substantial operational savings. Reflecting this adjustment, COJ Employee Services has recommended the Executive Director base salary be increased to \$110,000/yr. To allow for cross training, part-time hours have also been included in the FY 21-22 budget.
- d) Asset Promotion Co-Op: Wander Media Company is the sole provider of in-room destination TV for Northeast Florida. In FY 21-22 Visit Jacksonville will be partnering with them to pilot a co-op trial aimed at removing cost barriers for tourism-focused entities. Details of how the \$12,500 investment will be administered will be included Visit Jacksonville's annual plan.

Ms. Graning discussed Visit Jax's reservation of funds during the COVID pandemic which will produce a carry-over of savings, and the Payroll Protection Plan revenue from the federal government. She has included them in the proposed budget as revenue and although PPP will be handled on a reimbursement basis, it still requires separate treatment in the budget in case the funds aren't forgiven as planned. Jeff Truhlar asked about how those funds will be managed and tracked by Visit Jax and reported to the TDC. Sarina Wiechens of Visit Jax said they will only be allocating the funds to initiatives once they are formally forgiven and will come back to TDC for any/all allocation.

Steve Grossman suggested the need to set a cap on the accumulation of the Contingency and Development accounts (perhaps \$2 million) and adopt a policy of halting contributions to either once that cap is reached. Kirit Patidar said that that policy should apply to both the Contingency and Development accounts and that revenue above the caps should be allocated to marketing and operational purposes. Phillip Peterson said that caps on those accounts could be established either by requesting legislation via City Council to amend the Tourist Development Plan in the Ordinance Code or by establishing an internal TDC policy to that effect. TDC funds always stay in the TDC budget and roll over from year to year and are not swept into General Fund balance like funding for other City departments.

Motion (Grossman/2nd Patidar): establish a TDC policy to cap the Contingency and Development accounts at \$2 million each, with annual allocation to the two funds to be determined each year in the budget process

Public Comment

Michael Corrigan said Visit Jax supports the general concept but questioned whether \$2 million is the correct amount, given that the TDC just went through the most drastic fiscal year in memory and did not have to tap the current \$1.1M Contingency Account.

The Grossman motion was approved unanimously.

Motion (Patidar /2nd Smith): approve the FY21-22 TDC budget as outlined in the handout for submittal to City Council – **approved unanimously.**

DISCUSSION ITEMS

6) Visit Jacksonville Update

Visit Jax CEO Michael Corrigan said he is extremely proud of the many partnerships currently happening in the City among Visit Jax, Downtown Vision, the TDC, the City, and many other participants to make great things happen. Room occupancy, average daily room rate, and revenue per available room are all increasing substantially even as the inventory of rooms grows. He has high hopes for group travel to resume normal levels in the fall of the year after the summer tourism travel season winds down. Over 70% of the bookings for group travel are for groups that have not previously met in Jacksonville, which shows that the market is broadening. \$29,250 has been committed thus far to numerous groups (averaging about \$3,000) in the form of incentives to close booking deals. The group travel employees are back on the road and recruiting heavily. Working with the Dalton Agency, Visit Jax has been continually adjusting its marketing messages as conditions change. The agency is hosting media influencers and doing lots of media relations work, which has paid off in several favorable articles. Visit Jax has hired a new director for the Destination Services group, who is a returning former Visit Jax employee.

Mr. Corrigan said that the Riverfront Jacksonville development proposal recently announced by the Southeast Group proposes an exhibition center adjacent to the Hyatt Hotel and the First Downtown Jax proposal by the Jaguars organization proposes a new team training facility which would mean that the current indoor Flex Field facility would be turned over to the City for reuse. Both of these proposed facilities would be very valuable for hosting large gatherings and would be great meeting/event assets. He said the collaboration going on currently is great and things are really beginning to happen in Jacksonville.

Mr. Grossman asked how confident Visit Jax is in its computer security, given recent events in the news. Mr. Corrigan said he is very confident since the agencies move to its new headquarters building. Mr. Truhlar asked if group sales targets been reestablished after the disruption of the COVID pandemic. Ms. Graning said the contractual targets were never suspended. Data about group sales recruitment and commitments is available online. Bothwell, Director of Convention Sales for Visit Jax, said that the targets were revised based on the realities of the COVID impact but were never suspended. They do quarterly reports with lots of detail which are circulated to TDC members before each meeting and are listed on the website. She said the market is recovering differently in different sectors (group events, business travel, leisure) and different parts of town. The recruitment strategy will constantly adjust as conditions change.

Chairman Hazouri asked if the major hotels with conference facilities are recruiting group business on their own. Mr. Corrigan said they are, but they talk to Visit Jax all the time and share leads and facilities to meet particular group needs. Mr. Hazouri asked if competing cities are offering incentives to attract group sales; Mr. Corrigan said that has become a standard industry practice. Visit Jax talks to incoming groups and customizes events, activities and outings for exactly what they want.

Mr. Hazouri announced that this is his last meeting as TDC Chair; incoming Council President Sam Newby will take over as Chair at the next meeting and incoming Council Vice President Terrance Freeman will be the new Vice-Chair and he will be replacing Council Member Carlucci.

7) TDC Member Departures

Chairman Hazouri noted the final meeting for TDC board members Craig Smith, Kirit Patidar and Matt Carlucci. Mr. Smith said the TDC has done some great things in the 8 years he's been on the board and thanked Lillian Graning, Phillip Peterson and Visit Jacksonville for their great work. Mr. Patidar said he's greatly enjoyed his service on TDC and Jacksonville tourism is very much advanced from where it was 10 years ago. Ms. Graning distributed parting gifts to the outgoing members.

INFORMATION MATERIALS (NO DISCUSSION REQUIRED)

- CVB Grant Commitments
- Equestrian Center Grant Commitments

Next meeting: Thursday, August 26th, 2021 at 10 am, Lynwood Roberts Room, 1st floor, City Hall

Adjourn 12:07 p.m.