

Explore ASHEVILLE

Buncombe County Tourism Development Authority

Buncombe County Tourism Development Authority A Joint Meeting of the Public Authority and Nonprofit Corporation

Via Zoom Webinar due to the COVID-19 Pandemic/State of Emergency

Virtual Board Meeting Minutes

Wednesday, May 26, 2021

- Present (Voting):** Himanshu Karvir, Chair; Gary Froeba, Vice Chair; Leah Ashburn, Andrew Celwyn, Brenda Durden, John Luckett, John McKibbon, Kathleen Mosher, James Poole
- Absent (Voting):** None
- Present (Ex-Officio):** None
- Absent (Ex-Officio):** Asheville City Councilmember Sandra Kilgore
Buncombe County Commissioner Robert Pressley
- CVB Staff:** Victoria Isley, Marla Tambellini, Marshall Hilliard, Pat Kappes, Jennifer Kass-Green, Jonna Sampson, Daniel Bradley
- BC Finance:** Don Warn, Buncombe County/BCTDA Fiscal Agent
- Legal Counsel:** Sabrina Rockoff, McGuire, Wood & Bisette
- Online Attendees:** Glenn Cox, Kathryn Dewey, Connie Holliday, Sarah Lowery, Kathi Petersen, Tina Porter, Charlie Reed, Whitney Smith, Dodie Stephens, Landis Taylor, Nicole Will; Explore Asheville Staff Jane Anderson, Asheville Independent Restaurant Association Madison Davis, Asheville-Buncombe Regional Sports Commission Kit Cramer, Asheville Area Chamber of Commerce Sharon Tabor, Black Mountain/Swannanoa Chamber of Commerce Bob Michel, Asheville Homestay Network Meghan Rogers, Asheville Downtown Association Chip Craig, John Ellis, Jim Muth; Past BCTDA Board Members Rick Bell, Engadine Inn & Cabins/Asheville B&B Association Jason Sandford, Ashvegas Shelby Harris, Asheville Citizen-Times Daniel Walton, Mountain Xpress WLOS TV Sunshine Request

Additional tourism community partners and members of the public registered in advance and viewed the online meeting.

Executive Summary of Meeting Minutes

- Chairman Karvir called the virtual joint regular meeting of the BCTDA, Public Authority and BCTDA, Nonprofit Corporation, to order at 9:00 a.m.
- Minutes from the April 28, 2021, BCTDA regular monthly meeting were approved with a 9-0 vote.
- The April 2021 financial statements were approved with a 9-0 vote.
- In her President & CEO's report, Ms. Isley provided a comprehensive lodging market overview that covered metrics from the past five years.
- Mr. Luckett shared a finance committee report and Ms. Isley and Ms. Kass Green presented two proposed BCTDA FY 22 budget scenarios.
- An amendment to the BCTDA's financial management policy was approved with a 9-0 vote.
- Chairman Karvir presented two proposed BCTDA FY 22 budget ordinances. A motion that the board accept the proposed ordinances as presented for the purposes of the public hearing and to hold the public hearing was approved with a 9-0 vote.
- A virtual public hearing on the proposed BCTDA FY 22 budget took place and an electronic public comment period to receive input on the budget through June 29, 2021, was established.
- Under Comments from the General Public, one written comment was discussed and a live public comment was heard.
- With a 9-0 vote, the BCTDA meeting adjourned at 10:00 a.m.

Call of the Joint BCTDA Meeting to Order

Chairman Karvir called the virtual joint regular meeting of the Buncombe County Tourism Development Authority (BCTDA), a Public Authority and BCTDA, a Nonprofit Corporation, to order at 9:00 a.m. He said meeting documents are provided on AshevilleCVB.com and additional materials will be posted after the meeting.

Board Member Roll Call: Board members responded as Chairman Karvir called roll verifying all BCTDA members were virtually in attendance, except for Councilwoman Kilgore and Commissioner Pressley, who were absent, and Mr. Poole, who was having connectivity issues and joined the meeting at 9:03 a.m.

Approval of Meeting Minutes

Mr. Celwyn made a motion to approve the April 28, 2021, regular meeting minutes as presented. Ms. Durden seconded the motion. There was no discussion and with all in favor via a roll call vote, the motion carried 9-0.

Financial Reports

April 2021 Financial Reports

Mr. Warn reviewed the April 2021 financial reports. There were no questions.

Ms. Ashburn made a motion to approve the April 2021 financial reports as presented. Mr. McKibbin seconded the motion. There was no discussion and with all in favor via a roll call vote, the motion carried 9-0.

President & CEO's Report

Lodging Market Overview

Ms. Isley said Mr. Warn's financial report demonstrated how travel was impacted by the pandemic. She shared a PowerPoint presentation in which she provided a comprehensive lodging market overview of metrics by lodging type, based on research provided by Smith Travel Research and AirDNA. The data was broken down into the categories of hotels, vacation rentals, and hotel comps, covered a five-year period to include 2016 through 2020, and focused on average occupancy, average daily rate, revenue per available room, number of properties, rooms available per night, and room demand. Ms. Isley clarified definitions of what types of properties are included in the vacation rentals and hotel comps categories, and noted that those average daily rates include cleaning fees but not other service fees or taxes.

Throughout her presentation, Ms. Isley noted there was a common theme of the upward trend of vacation rentals metrics in all areas over the past year of the pandemic, compared to hotel metrics, which fell significantly and continue to lag in FY 21. This trend is a direct benefit for area residents who own vacation rental properties in Buncombe County.

Following the presentation, Ms. Isley received comments and answered all related questions. Chairman Karvir thanked her for providing the information. The PowerPoint slides can be found on AshevilleCVB.com.

Other Updates

The CVB Staff Recap, Destination Dashboard, and Quick List are posted on AshevilleCVB.com.

Proposed BCTDA FY 22 Budget

Finance Committee Report

Mr. Luckett, BCTDA finance committee chair, said the committee met this month to review the details of the proposed BCTDA FY 22 budget. He reminded everyone that at the March meeting, the board approved a revenue objective of \$27,159,586 on which to base the FY 22 budget, which represents a 9% increase over revenue received in FY 19 and includes the total projected revenue for the marketing and the Tourism Product Development Fund (TPDF) budgets.

Mr. Luckett said the proposed budget takes into consideration potential legislative changes that, if introduced and passed, will impact the allocation from the current three-quarters/one-quarter split disbursement to operating/TPDF respectively, to a two-thirds/one-third split. He noted the proposed percentage split is the maximum amount allowed under North Carolina's occupancy tax guidelines and the local hotel community is advocating for this change. Mr. Luckett said should the legislation change pass and more funding is allocated for TPDF expenditures, the committee recommends allocating \$2 million from fund balance into the FY 22 operating budget.





Additionally, Mr. Luckett shared changes to the financial policy are being recommended:

- Include a designated contingency fund of 6 months of operating costs in accordance with organizational best practices.
- The Earned Revenue fund will maintain 50% of the beginning fund balance each year, with CEO approval authorization of up to \$25,000 for any one sponsorship, and the board chair having the authority to approve expenditures over \$25,000.

BCTDA Proposed FY Budget Presentation

Ms. Isley reviewed the strategic imperatives that Explore Asheville has adopted to drive how occupancy dollars are invested.

STRATEGIC IMPERATIVES

 <p>Deliver Balanced Recovery & Sustainable Growth</p> <p>Balance resident and visitor needs, recognizing the necessary role that sustainable, long-term growth of travel has in achieving a healthy, collective economy.</p> <p>Focus on the quality of each visit to our community – balancing growth across the seasons, business and leisure travel, and throughout Asheville and Buncombe County.</p>	 <p>Engage & Invite More Diverse Audiences</p> <p>Extend a genuine invitation to Black travelers and other diverse audiences including LGBTQ visitors – connecting them with local neighborhoods, businesses and entrepreneurs – creating more opportunities for all to win.</p> <p>Support product development, place making and community connections, enabling new experiences and business opportunities throughout our community.</p>
 <p>Encourage Safe & Responsible Travel</p> <p>Engage residents and visitors with shared values to care for and respect natural, cultural and human resources vital in delivering quality guest experiences.</p> <p>Collaborate with community organizations, local businesses and environmentally focused partners to support the sustainability and growth of our outdoor economy.</p>	 <p>Promote & Support Asheville's Creative Spirit</p> <p>Share stories of creators and makers who help differentiate our destination through food and drink, visual and performing arts, experiences and more.</p> <p>Support product development, place making and community connections, enabling new experiences and business opportunities throughout our community.</p>

Ms. Kass-Green shared a PowerPoint presentation in which she reviewed the status of the current FY 21 budget and forecasted year-end fund balances. She explained that staff has created two proposed BCTDA FY 22 budget scenarios, one of which will be approved based on the current occupancy tax legislation in place at the time of the June 30, 2021, BCTDA meeting.

Ms. Kass-Green then shared the proposed fund balance amounts based on the recommended change to the financial management policy as previously shared by Mr. Luckett. She said since the designated contingency will now be increased to reserve six months of operating expenses based on best practices, the undesignated fund balance will decrease in FY 22. She reviewed the parameters under which those dollars can be spent.

Next, Ms. Kass-Green reviewed the proposed budget amounts based on the two legislative scenarios. It was noted that if the proposed change in legislation does not happen and we stay at the current 75%/25% split, there will not be a \$2 million appropriation from fund balance.

Regarding Earned Revenue as noted by Mr. Luckett, Ms. Kass-Green said for FY 22, the finance committee approved including a recommendation to establish a practice of maintaining 50% of beginning fund balance in reserves each year. Additionally, the President and CEO would have the authority to approve Earned Revenue expenditures up to \$25,000 for any one sponsorship/event, and the BCTDA's board chair can approve amounts more than \$25,000, which increases the previously board-approved amount of \$5,000. In response to Mr. Celwyn's question regarding how Earned Revenue (income received from advertising not subject to occupancy tax restrictions, which is primarily used to support local events) will be spent, Ms. Isley said an application and review process will be established, in alignment with the strategic pillars. A brief question and answer period on this topic took place.

Ms. Isley presented a top-level overview of strategies and initiatives in each area of the proposed budget related to Salaries and Benefits, Administration and Facilities, Marketing, Group Sales, Community Engagement, and the Tourism Product Development Fund. She then summarized the information previously shared by Mr. Lockett and Ms. Kass-Green related to the two budget scenarios and changes to the BCTDA's financial management policy.

During and after the presentation, Ms. Isley and Ms. Kass-Green received comments from board members and answered all related questions. The PowerPoint presentation and related budget documents are on file with the Explore Asheville Convention & Visitors Bureau.

Chairman Karvir thanked Mr. Lockett, Ms. Isley, and Ms. Kass-Green for the proposed budget presentation, noting it was more complex this year due to the need to present two different scenarios. There were no additional questions posed by board members.

BCTDA Financial Management Policy

Mr. Lockett made a motion to approve the revised BCTDA Financial Management Policy as presented. Vice Chairman Froeba seconded the motion. There was no discussion and with all in favor via a roll call vote, the motion carried 9-0. The revised policy reads as follows:

BCTDA FINANCIAL MANAGEMENT POLICY

(Adopted April 24, 2013; Revised November 19, 2014, May 25, 2016, October 30, 2019, May 26, 2021)

The Buncombe County Tourism Development Authority adopted the following Financial Management Policy on April 24, 2013, revised November 19, 2014, May 25, 2016, October 30, 2019, May 26, 2021, to direct the allocation of surplus funds.

The purpose of the Financial Management Policy is to comply with state guidelines, ensure stability, employment, and ongoing operations of the organization. This policy sets forth the different operating reserves of the BCTDA, whether each can be accessed and under what conditions.

A fund balance equal to 8% of tax receipts identified for operations (4.5% collections) will be maintained to satisfy state guidelines for county government reserves. This fund will be identified as "State Required Contingency."

A designated contingency of six (6) months of the average operating costs will be maintained in alignment with best practices for emergency, crisis management, and recovery. This fund will be identified as the "Designated Contingency." The calculation of average monthly operating costs includes all recurring, predictable expenses. The amount of the Designated Contingency target will be calculated each year after approval of the annual budget, reported to the Board of Directors, and included in the regular financial reports. Any use of the Designated Contingency must be approved by the BCTDA Board upon the presentation of a request for such use that includes an analysis of the use, its compliance with this policy and applicable law, and plans for replenishment of the Designated Contingency to meet the requirements of this policy. If the use of the Designated Contingency will result in a replenishment time of 12 months or more, the BCTDA Board must approve the use by a vote of two-thirds of its voting members.

Additional funds may be held in an undesignated fund for non-recurring investments as needed and may be appropriated by the board. This fund will be identified as "Undesignated." This fund also acts as the operating reserve, holding unspent budgeted earnings and is available for cash flow management.

Earned Revenue Fund. Funds earned by the BCTDA (not tax receipts) will be maintained in the Earned Revenue Fund. The BCTDA will maintain 50% of the beginning fund balance in the Earned Revenue Fund each year. The President & CEO is authorized to approve expenditures from the Earned Revenue Fund for any one sponsorship or event for amounts up to \$25,000. The Chair of the BCTDA may approve such sponsorships or event expenditures from the Earned Revenue Funds for amounts greater than \$25,000.

Proposed BCTDA FY 22 Budget Ordinances

Chairman Karvir presented Proposed Budget Ordinance #1, which is based on potential legislative changes that, if introduced and passed, will change the occupancy tax allocation from the current three-quarters/one-quarter Operating/TPDF split, to a two-thirds/one-third split. Ms. Isley said this budget ordinance includes the proposed operating budget, totaling \$20,107,297 (includes a \$2 million transfer from fund balance), the TPDF administrative budget, totaling \$440,000, and the Earned Revenue budget, totaling \$200,564.

Next, Chairman Karvir presented Proposed Budget Ordinance #2, which is based on the current occupancy tax legislation, directing 75% to the operating fund and 25% to the Tourism Product Development Fund. He said this budget ordinance includes the proposed operating budget, totaling \$20,369,690 (does not include a transfer from fund balance), the TPDF administrative budget, totaling \$440,000, and the Earned Revenue budget, totaling \$200,564.

Mr. Celwyn made a motion that the board accept the proposed BCTDA FY 22 budget ordinances as presented for the purposes of the public hearing, and to hold the public hearing. Ms. Mosher seconded the motion. There was no discussion and with all in favor via a roll call vote, the motion carried 9-0.

The proposed budget ordinances are on file with the Explore Asheville Convention & Visitors Bureau and are posted on [AshevilleCVB.com](https://www.exploreasheville.com).

Public Hearing on Proposed BCTDA FY 22 Budget

At 9:54 a.m., Chairman Karvir opened the public budget hearing which, pursuant to N.C. General Statute 166A-19.24 (e) during the COVID-19 state of emergency, may be held electronically. He announced the board will receive public comments on the proposed BCTDA FY 22 budget via email to Reply@ExploreAsheville.com through Tuesday, June 29, 2021, at 4:00 p.m. Chairman Karvir then closed the public budget hearing at 9:55 a.m.

Asheville City Council Update

Councilwoman Kilgore was absent from the meeting, therefore, there was no Asheville City Council update provided.

Buncombe County Commission Update

Commissioner Pressley was absent from the meeting, therefore, there was no Buncombe County Commission update provided.

Miscellaneous Business

There was no miscellaneous business shared at this meeting.

Comments from the General Public

Written Public Comments

Chairman Karvir said members of the public were invited to submit comments via email to reply@ExploreAsheville.com through 4:00 p.m. on Tuesday, May 25, 2021. He reported there was one comment received and it was sent to the board.

Mr. Celwyn noted that the comment received was from Mary Standaert, who suggested expanding upon some of the work Explore Asheville has been doing on the African American Heritage Trail (AAHT) to include including a walking tour into other parts of Buncombe County. He said he hopes this suggestion will be taken into consideration at some point.

Ms. Kappes said she met with Ms. Standaert and provided a tour of the Allen School, and discussed her suggestion to expand the AAHT outside of the downtown area. Ms. Kappes said she explained that while the initial scope and approved budget for the project does focus on the downtown area, the plan includes developing an online version of the trail, which can incorporate sites outside of the walking trail. She added this will definitely be a consideration for future expansion.

Live Public Comments

Chairman Karvir said members of the public are invited to sign-up to verbally share live comments during monthly virtual BCTDA meetings. He reported that as of yesterday's 12:00 p.m. deadline, one request to speak had been received and he invited Mr. Bob Michel from the Chestnut Hills/Charlotte Street neighborhood to share his comments.

On behalf of the Asheville Homestay Network, Mr. Michel thanked Ms. Isley for providing the comprehensive and thorough analysis of market trends related to short-term rentals in her President & CEOs report. He added homestay network members anticipate things will settle into a different "new normal" in the future and her report was very informative.

Chairman Karvir thanked Mr. Michel for his comments.

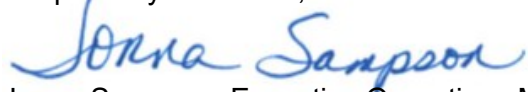
Adjournment

Ms. Durden moved to adjourn the meeting and Mr. Lockett seconded the motion. There was no discussion and with all in favor via a roll call vote, the motion carried 9-0 and the virtual meeting ended at 10:00 a.m.

The meeting PowerPoint presentation and relevant documents are on file with the Explore Asheville Convention & Visitors Bureau and are posted on AshevilleCVB.com.

The next joint BCTDA meeting will be on Wednesday, June 30, 2021, beginning at 9:00 a.m., via Zoom Webinar.

Respectfully submitted,



Jonna Sampson, Executive Operations Manager