
Buncombe County Tourism Development Authority

Cedric's at Biltmore

Board Meeting Minutes

Friday, March 24, 2017

- Present (Voting):** Paula Wilber, Chair; Jim Muth, Vice Chair; Chip Craig, John Ellis, Gary Froeba, Himanshu Karvir, John Lockett, John McKibbon
- Absent (Voting):** Leah Ashburn
- Present (Ex-Officio):** Buncombe County Commissioner Joe Belcher
- Absent (Ex-Officio):** Asheville City Councilwoman Julie Mayfield
- BC Finance:** Blair Chamberlain
- Advertising Agency:** Josh Mayer, Jeremy Braud, Michelle Clarke, David Crane, Michelle Edleman
- CVB Staff:** Stephanie Brown, Marla Tambellini, Glenn Cox, Jonna Reiff, Pat Kappes, Dianna Pierce
- CVB Staff Absent:** Tom Roberson
- Guests:** Joe Lathrop, OCG International
John Fisher, Fisher Architects, P.A.
Jakub Markulis, Rusafova Markulis Architects
Martin Lewis, Lewis Real Estate
Bob McMurray, Black Mountain/Swannanoa Chamber of Commerce
Jane Anderson, Asheville Independent Restaurant Association
Demp Bradford, Asheville Buncombe Regional Sports Commission
Chuck Pickering, Biltmore
Jason Sandford, Ashvegas
Laurie Crosswell, Mountain Xpress

Executive Summary of Meeting Minutes

- Chairwoman Wilber called the meeting to order at 8:36 a.m.
- Minutes from the February 22, 2017 BCTDA meeting were approved with an 8-0 vote.
- The February 2017 financial reports were reviewed and approved with an 8-0 vote.

- The Gould Killian FY 2016-17 BCTDA audit contract was approved with an 8-0 vote.
- In her Executive Director report, Ms. Brown briefly reviewed recent CVB activities and metrics.
- Architects John Fisher and Jakub Markulis shared a PowerPoint presentation that provided an overview of plans and design elements for the CVB's new office space at 27 College Place, which is currently under construction.
- A budget resolution in the amount of \$519,325 to cover the CVB's relocation expenses was approved with an 8-0 vote.
- Chairwoman Wilber appointed a nominating committee tasked with nominating members to serve as BCTDA Chair and Vice Chair, effective July 1.
- Ms. Brown shared a PowerPoint presentation related to establishing a revenue objective for the FY 2017-18 budget. The board approved setting the revenue objective at a 5 percent increase in occupancy tax revenue with an 8-0 vote.
- Ms. Brown provided a Wayfinding system update to the board.
- Ms. Brown shared a PowerPoint presentation summarizing the Overview of Tourism in Buncombe County report prepared by Chris Cavanaugh of Magellan Strategy Group.
- Ms. Brown shared a PowerPoint presentation highlighting the CVB's Community Engagement Plan.
- Joe Lathrop facilitated a wrap-up of the annual planning retreat session and assessment exercise.
- A report from Buncombe County Commissioner Joe Belcher was heard.
- Under Comments from the General Public, Demp Bradford and Chuck Pickering thanked the BCTDA for its efforts and support.
- The meeting adjourned at 1:01 p.m.

Call of BCTDA Meeting to Order

Chairwoman Wilber called the regular meeting of the Buncombe County Tourism Development Authority (BCTDA) to order at 8:36 a.m. and welcomed everyone. She thanked the board members for their active participation at yesterday's annual planning retreat and the visitors in attendance introduced themselves.

Approval of Meeting Minutes

Mr. Ellis made a motion to approve the February 22, 2017 regular meeting minutes as presented. Mr. McKibbon seconded the motion. There was no discussion and with all in favor, the motion carried 8-0.

The minutes are on file with the Asheville Convention & Visitors Bureau.

Financial Reports

February 2017 Financial Reports

Ms. Chamberlain reviewed the February financial reports. Occupancy tax revenue received in February for January sales totaled \$679,975. February expenditures totaled \$519,505. YTD revenue exceeded expenditures by \$2,996,539 and includes eight months of expenditures and seven months of revenue. February expenditures for Tourism Administration: \$5,279; Professional Services: \$187,778; General Tourism

(excludes media buys): \$121,024; Net Media: \$171,101; Motorcoach Sales: \$2,721; Meetings and Conventions: \$14,773; Convention Services: \$620; Marketing/Public Relations: \$14,116; International: \$1,950; Public Affairs: \$153; Event Grants Program: \$10. There is currently \$1,936,494 in undedicated dollars in the Tourism Product Development Fund (TPDF).

Revenue Summary: January operating (75%) collections equaled \$679,975, and TPDF (25%) collections totaled \$226,658.

Ms. Chamberlain then reported on the number of properties delinquent on submitting occupancy tax reports and payments. She noted January hotel sales were 6 percent over last year, however, fell below the 10 percent projection. Ms. Brown reviewed figures related to fund balance including state required and designated contingencies, and the undesignated/unbudgeted line, noting this information will be relevant in an upcoming discussion.

Mr. Luckett made a motion to approve the February 2017 financial reports as presented. Mr. Karvir seconded the motion. There was no discussion and with all in favor, the motion carried 8-0.

The financial reports are on file with the Asheville Convention & Visitors Bureau.

BCTDA/Gould Killian CPA Group FY 2016-17 Audit Contract

The Local Government Commission requires the annual contract between the BCTDA and its independent auditor, Gould Killian CPA Group, P.A., to be approved by the board. Board members received the contract in advance and hard copies were also provided at today's meeting for review. Ms. Chamberlain noted the fee on this standard agreement increased from \$6,300 to \$6,500 this year, and this amount represents the most that can be billed for the audit.

Mr. Ellis made a motion to accept the proposal and approve the contract allowing Gould Killian to perform the BCTDA's audit for FY 2016-17. Mr. Karvir seconded the motion. There was no discussion and with all in favor, the motion carried 8-0.

Chairwoman Wilber will sign the contract and a copy will be kept on file with the Asheville Convention & Visitors Bureau.

Executive Director Report

February CVB Staff Recap

Ms. Brown asked the board to turn to the Recap that was provided in the board books. She said the Hospitality Outlook, which took place last month, was a signature event that is part of the CVB's Community Engagement Strategy. Two-hundred partners attended and program presenters included Chad Church with Smith Travel Research, Chris Cavanaugh with Magellan Strategy Group, and herself. Limited media coverage centering primarily on room rate was generated, and the CVB staff followed-up with the editorial staff of the Asheville Citizen Times to provide additional information.

There were no questions regarding the Recap. The February Recap is on file with the Asheville Convention & Visitors Bureau and is posted on AshevilleCVB.com.

February Visitor Index

Ms. Brown said January hotel revenue was less than budgeted and provided a percentage breakdown by accommodation categories.

The February Index is on file with the Asheville Convention & Visitors Bureau and is posted on AshevilleCVB.com.

February CVB Quick List

Ms. Brown said the February Quick List provides the most up-to-date perspective on hotel metrics and is provided in the board books. Mr. McKibbin noted it will take some time to absorb the new supply that has, and will continue to, come online.

Other Updates

Ms. Brown said the budget planning process is currently underway and due to staff capacity, coupled with the need to fully understand and utilize data received, a new research manager position will be recommended for approval in FY 2017-18. Discussion during the retreat also illuminated additional needs that will be more thoroughly considered during the budget planning process.

Asheville CVB Office Relocation

New Office Presentation

Chairwoman Wilber thanked Ms. Brown, the CVB team, Mr. Froeba, and members of the Fiduciary Task Force for the work that has been done during the process to establish the Asheville CVB as an independent nonprofit organization and relocate to the Asheville Office Park. Ms. Brown expressed her gratitude to the BCTDA for moving forward in such a short time frame. She added the CVB team is looking forward to having the Asheville Independent Restaurant Association and Asheville Buncombe Regional Sports Commission share the new office space, creating a hub for the tourism industry.

John Fisher and Jakub Markulis, architects on the project to renovate and upfit the building, shared a PowerPoint presentation highlighting plans for the new location at 27 College Place. The slides included the site plan and new parking areas, renderings of outside aesthetics, plans for meeting space and a kitchenette on the first floor, office layout for the second floor which the CVB staff will occupy, interior design elements under consideration, and a color palette board. Ms. Brown provided additional information about how the space will be designed and used by staff. During and after the presentation, all questions posed by board members were answered, and a brief update on the permitting process was provided.

Chairwoman Wilber thanked Mr. Fisher, Mr. Markulis and Mr. Lewis for their collaboration on this project.

The PowerPoint presentation is on file with the Asheville Convention & Visitors Bureau.

Budget Resolution

Ms. Brown asked everyone to turn to the office relocation budget resolution and related documentation provided in the board books. She said the tight time frame for achieving

the move necessitates a request for funding while system designs are still in progress. Estimates are being provided and will continue to be revised. She said a budget resolution in the amount of \$519,325 is being requested to cover the costs associated with relocating to include: moving, premises upfit, furniture, phones, computer systems, A/V and security. She added staff and the relevant vendors are working as quickly as they can to finalize budgets and at this time, staff does not anticipate exceeding this amount and hopes this is a worst-case scenario. Ms. Brown shared an overview of the estimates received so far to date and answered all related questions. She added funds will be transferred from the undesignated fund balance line and these are expenses directly related to the move, and not ongoing expenses that will be included in next year's budget. Chairwoman Wilber noted these amounts have been vetted by the Fiduciary Task Force and also said she is grateful that Buncombe County is working with the CVB on the transition.

Mr. Froeba made a motion to adopt the budget resolution as presented, not to exceed \$519,325, for office upfit, IT, furniture, and moving expenses related to the CVB's relocation to 27 College Place. Mr. Ellis seconded the motion. A vote was taken and with all in favor, the motion carried 8-0.

Chairwoman Wilber will sign the resolution and it will be kept on file with the Buncombe County Finance Department and Asheville Convention & Visitors Bureau.

Nominating Committee

Chairwoman Wilber said that with her two-year term as BCTDA chair coming to an end on June 30, it is necessary to appoint a nominating committee tasked with the responsibility of presenting nominations for a new chair and vice chair to the board in May. This will allow the new officers to be in place by July 1, 2017. Chairwoman Wilber added that even though she will rotate off as chair, she will remain on the BCTDA for one more full year. When she asked for volunteers to serve in this capacity, Mr. Froeba's and Mr. Ellis' names were offered as suggestions, as well as Ms. Ashburn in absentia. Chairwoman Wilber thanked Mr. Froeba and Mr. Ellis for their willingness to serve and appointed them to the BCTDA's nominating committee, along with Ms. Ashburn if she is willing.

Establishing Revenue Objective

Ms. Brown shared a PowerPoint presentation outlining the steps the CVB staff follows to develop the next fiscal year's budget. She noted that with Mr. Lathrop being present to speak about trends at this year's retreat, coupled with the time requirements on members of the Fiduciary Task Force, this year's process will differ slightly from prior years. She said staff would like to receive budget guidance to establish the revenue objective today, which is the percentage of increase or decrease that next year's budget will be predicated upon, so that we have a base budget number to work with. Next week, she will meet with the finance committee to further refine guidelines, adding budget assumptions will be presented at the April board meeting. Staff will scope the program of work and prepare the draft budget, which the finance committee reviews and provides feedback on prior to being presented to the BCTDA in May. After a 30-day public notice period passes, the budget is approved at the June meeting and goes into effect on July 1, 2017.

Ms. Brown then reviewed several items including the Financial Management Policy, a history of taxable lodging sales, the impact of short-term rentals, the hotel development pipeline, budget resolutions, and several BCTDA business considerations. Ms. Brown then said the staff recommendation for next year's budget is to establish a conservative objective of a 5 percent increase in occupancy tax revenue and budget wayfinding maintenance and enhancement as part of the TPDF administration budget. She noted the undesignated fund balance would still be available for non-recurring opportunities that arise during the fiscal year and answered all related questions.

A discussion took place regarding revenue and variables that can affect the next year's budget, specifically the impact of new hotels on supply and demand, occupancy and ADR, the success of investing in marketing, research benefits, staff capacity, Tryon Equestrian Center, new organization-related expenses, agency retainer, building reserves for potential challenges in FY 2018-19, national trends, and media buys.

When the discussion ended, Chairwoman Wilber thanked everyone for their input on planning for next year's budget.

Mr. Ellis made a motion to set the BCTDA's revenue objective for FY 2017-18 at a 5 percent increase in occupancy tax revenue. Mr. Craig seconded the motion. There was no further discussion and with all in favor, the motion carried 8-0. The CVB staff will develop the budget based on this directive.

The PowerPoint presentation is on file with the Asheville Convention & Visitors Bureau.

Wayfinding System Update

Ms. Brown shared a PowerPoint presentation outlining the history and proposed future of the Wayfinding program. The background information provided covered the initial planning process, TPDF funding parameters, installation, and ongoing maintenance. Ms. Brown said changes that have already happened or will be occurring in the destination, including the River Arts District, downtown's South Slope and other areas, necessitate the need to update signage in upcoming fiscal years. Ms. Brown reviewed anticipated work to be done in FY 2017-18, to include annual maintenance, assessment/design and legal fees, estimated at \$110,000. Since this is an ongoing administrative function, allowable in the parameters of the legislation, she recommended staff refine the estimates and include in the TPDF administrative budget next year.

Chairwoman Wilber said the Wayfinding program has been extremely helpful and purposeful and is a benefit to residents and visitors alike. She asked board members if they were in agreement to include Wayfinding maintenance in the TPDF administrative budget, to which everyone nodded in agreement.

The PowerPoint presentation is on file with the Asheville Convention & Visitors Bureau.

Overview of Tourism in Buncombe County

Ms. Brown shared a PowerPoint presentation summarizing the "Assessment of the Impacts of Buncombe County Tourism" report recently completed by Chris Cavanaugh of Magellan Strategy Group, which was sent to the BCTDA in advance and is included in the board books. She said the report is a compendium resource document compiled using a variety of sources to document some of the benefits of tourism and can be used for community discussions.

Key findings from the presentation/report included:

Property Taxes:

- Visitor spending accounted for \$43 million in property taxes
 - 16.5% of property taxes paid in the county
- Lodging properties paid \$6.1 million in property taxes in 2015
- Hotel valuation up 70% in the 2017 reassessment
- New hotels will generate \$3 million in new property taxes

Sales Taxes

- Visitor spending accounted for \$59 million in state and local sales taxes
 - 29% of total county sales taxes
- Hotels generated \$21.8 million in sales taxes
 - 10% of sales tax collected

Jobs

- Visitor spending supports 25,000 jobs in Buncombe County, that's 1-in-7
- Buncombe County's unemployment rate is the lowest in the state
- Buncombe County ranked 24th in wage growth and 29th in job growth among the 345 largest counties in the US
- Hotel wages are up 11.8% since 2010. Manufacturing wages rose 5.8%
- Hotel wages in Buncombe County exceed the state average by 12%

Local Business Support

- The Asheville CVB provides free sales and marketing support for more than 1,200 local tourism partners
- 90% are non-lodging businesses
- Visitor spending by category:
 - Lodging - \$329 million
 - Food and Beverage - \$449 million
 - Retail - \$399 million
 - Recreation - \$237 million
 - Other - \$297 million

The report also covers:

- Lodging properties are often locally-owned family businesses
- Tourism marketing enhances the Asheville Brand for all businesses
- The TPDF is an important source of capital investment, and it enhances our quality of life
- Infrastructure impacts
- Emergency services impacts

A brief discussion took place with Mr. McKibbin suggesting that the property tax figures be further broken down to show the amounts that go to the city and county. He also added it's important to know what city services are provided to hotels, so that those facts can be shared. The board suggested breaking down the direct and indirect jobs numbers and providing an estimate of the number of jobs the new hotels will generate. Mr. Karvir said 85% of area hotels are locally owned and operated.

Chairwoman Wilber thanked Ms. Brown for sharing the report and everyone for providing input.

The PowerPoint presentation and the full report are on file with the Asheville Convention & Visitors Bureau.

Community Engagement Plan

Ms. Brown shared a PowerPoint presentation highlighting the CVB's FY 2016-17 Community Engagement Plan, which continues to serve as a guidepost for staff to engage with industry partners and share the efforts and successes of the BCTDA and CVB with public officials and community stakeholders. Ms. Brown said that over the past year, an emphasis has been placed on further developing print and website collateral support, including the redesign of AshevilleCVB.com and program of work-related reports and presentations. She also reviewed local media strategies, how staff engages with elected officials and community groups and associations, staff and industry community services efforts, government relations, and partner engagement, including partner forums, headliner events, and email communications.

Ms. Brown said one area where the board could assist with these efforts would be to form a BCTDA Advocacy Committee, to engage with elected officials and encourage their attendance at industry events and learn more about the efforts of the BCTDA and Asheville CVB.

Chairwoman Wilber thanked Commissioner Belcher for his commitment, passion, and regular attendance at events.

A brief discussion took place centering on the need to establish strategies around retail/shopping, and the challenges staff has experienced with engaging shop owners in the past.

Ms. Brown recommended the board form a committee, which would supplement the CVB's efforts to expand reach and strategy. Chairwoman Wilber thanked Ms. Brown for the update.

The PowerPoint presentation is on file with the Asheville Convention & Visitors Bureau.

Working Lunch/Facilitator Wrap-Up

Over a working lunch, Mr. Lathrop continued his PowerPoint presentation from Thursday's annual planning retreat. He reviewed several data slides related to hotels, supply, occupancy and demand. Mr. Lathrop said the challenges and opportunities being discussed are related to the success of the organization and today's goal is to establish priorities for the board to address over the next one to five years.

A discussion took place centering on what success and challenges would look like in future year(s), and included the topics of continued positive hotel metrics, maintaining Asheville as a cultural, quirky and experiential place to visit, reducing traffic woes, keeping downtown desirable and businesses primarily locally owned and operated, and being an integral partner with the City of Asheville on the ongoing development of the River Arts District and South Slope area of downtown.

Mr. Lathrop reviewed a summary of the recurring themes gleaned from yesterday's assessment exercise, which included:

Strengths of the Destination:

- Authentic, unique, attractive and diverse activities
- Diverse accommodations
- Location as a drive market
- Natural beauty, i.e. mountains, waterfalls
- Downtown
- Eclectic
- Friendly people

A discussion took place centering on risks and managing growth, the perception by many locals that all tourism is negative, and the increasing room count.

Strengths of the BCTDA and Asheville CVB:

- Make up, talent and commitment of the board
- Staff skills, passion, professionalism and efficiency
- Data driven decisions
- Level of resources
- Leadership capabilities

Challenges for the BCTDA

- Public perception of tourism and the BCTDA
- Ongoing challenges to occupancy tax legislation
- Growth of accommodation supply
- Creating adequate demand
- Air lift

A discussion took place centering on topics including public perception, the value of tourism to the community, public official and stakeholder relationships, community outreach, messaging, and the desire to support community/downtown needs via the Tourism Product Development Fund.

Ms. Brown said there is a community need that fits within the legislative mandate, which is dedicating TPDF money to preserve the visitor experience in Downtown Asheville. She said there are many competing demands on the Fund, therefore, a process is needed to award resources to areas and/or projects that fit the legislative funding criteria and are supported by the community.

Discussion continued with a focus on how the BCTDA's marketing efforts directly benefit 1,200 tourism-related businesses, and it would be helpful to have business owners tell their stories. Mr. McKibbon suggested creating a video of testimonies and deploy it to locals when shared.

Mr. McKibbon said a priority for the BCTDA should be to prepare for FY 2018-19 and beyond, since that is the time frame in which the increase in room supply will be fully realized for the most part. Ms. Brown and Ms. Pierce shared efforts related to sporting events that have the potential to make a significant impact, adding the facilities and feasibility study being done for the Asheville Buncombe Regional Sports Commission will be helpful in that respect.

In response to Mr. Lathrop's question asking about the status of a priority included in the Strategic Plan to be more proactive with the TPDF, Chairwoman Wilber said the BCTDA has come a long way with refining the application process, tracking and understanding

metrics, and providing the TPDF committee with new funding options and tools. Ms. Brown reiterated there is a need to further develop the process to better allow for increased collaboration with municipalities and nonprofits to partner on larger/higher priority projects that are beneficial to the community at large.

Mr. Lathrop said the input received will be fine-tuned and brought back to the board at a later date. Chairwoman Wilber thanked Mr. Lathrop for being the facilitator for the BCTDA's annual planning retreat and March meeting.

Asheville City Council Update

Asheville City Councilwoman Julie Mayfield was unable to attend today's meeting, therefore, an update was not provided.

Buncombe County Commission Update

Commissioner Belcher reported on county-related business, including the Commission hearing presentations from 46 local nonprofits for grants; the approval of \$28 million in additional school funding; the budget planning process; and a commitment to support a program to combat opioid abuse and other difficult community issues.

Chairwoman Wilber thanked Commissioner Belcher for his report.

Miscellaneous Business

There was no miscellaneous business discussed at this meeting.

Comments from the General Public

Demp Bradford thanked the BCTDA for its support of the Asheville Buncombe Regional Sports Commission. He highlighted recent activities and successes, including Southern Conference and the new VIP reception, the ongoing facilities analysis study, the impact of HB2 on sporting events, and upcoming sports-related travel plans and events.

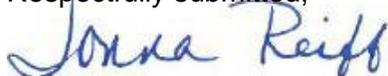
Chuck Pickering welcomed everyone to Cedric's and thanked the BCTDA for the effort it puts into marketing the Asheville area. He said the advertising investment to bring visitors to the area has brought jobs to Biltmore and he encouraged the board to continue moving forward.

Adjournment

Chairwoman Wilber thanked Vice Chair Muth, the BCTDA board members, Ms. Brown, the Peter Mayer team, the CVB staff, and Mr. Lathrop for the presentations and everyone's participation over the past two days. She said it has been her pleasure to serve as host and the meeting adjourned at 1:01 p.m.

The BCTDA will next meet on Wednesday, April 26, 2017, at 9:00 a.m., in the Boardroom of the Asheville Area Chamber of Commerce.

Respectfully submitted,



Jonna Reiff, Executive Operations Manager