

TOURIST DEVELOPMENT COUNCIL MEETING MINUTES

Thursday, October 28th, 2021 - 10:00 A.M.

Lynwood Roberts Room, City Hall

TDC Members In Attendance: Council Member Sam Newby (Chair), Council Member Terrance Freeman (Vice Chair), Angela Phillips, Dennis Chan, Dennis Thompson, Joe Hindsley

Excused: Council Member Aaron Bowman, Steve Grossman, Jeff Truhlar

TDC Staff: Lillian Graning (Executive Director), Phillip Peterson (Council Auditor's Office), David Migut (Office of General Counsel), Jeff Clements (Council Research Division)

WELCOME

- Call to Order: Chairman Newby convened the meeting at 10:00 a.m.
- Public Comments:
Alan Bliss, CEO of the Jacksonville Historical Society, talked about the society's mission to expand historical understanding and about a new initiative to explore Jacksonville's rich musical history. It will start as a virtual project and build into a musical museum on the first floor of the old Florida Casket Company building near the VyStar Arena. The Society has a \$1.1 million fundraising goal with some big donors already helping to make that possible. TDC has granted \$35,000 already and the Society will be seeking more funds for staffing of the museum when it opens. The museum will contribute to heritage tourism and Jacksonville has a long history and a lot to sell.

Chip Story, a board member of the Historical Society, described the scope of the music collection that has been assembled for the museum which is varied and wide-ranging from southern rock to jazz to classical music. In addition to the artifacts and photos, a list of 80 music-related sites has been assembled for a music history tour around the city.

Rev. Allison DeFoor, a board member of the Historical Society, advocated for the music museum as a way to build bridges and enhance understanding among Jacksonville's residents and visitors. He previously served on the boards of the Florida Historical Society and the Florida State Museum and served on the tourist development council in Key West, so understands the power of tourism and history and the potential that exists in Jacksonville to capture a percentage of the large tourist traffic that passes through the city heading to other parts of Florida. Jacksonville has tremendous potential and the Historical Society will be asking the TDC to help tell the story and attract tourists to the city.

OPERATIONS

- 1) **Approval of Minutes:** the minutes of the September 15, 2021 regular TDC meeting were **approved unanimously as distributed.**
- 2) **Financial Report:** Assistant Council Auditor Phillip Peterson gave the financial report. Bed tax revenue for the last 12 months ending September 2021 were \$7.57 million, up by \$1.27 million (20.07%) over the previous year. Revenue for September 2021 was \$767,684, up by \$348,970 (83.34%) over September 2020. The \$7.57 million revenue for FY20-21 well exceeded the budgeted revenue of \$5 million for the year.

Mr. Peterson reviewed the budgetary balances available in the TDC's various accounts at FY20-21 year-end: Destination Services - \$100; Marketing - \$27,055.91; Convention/Group Sales - \$12,979.68; Planning and Research - \$1; Event Grants - \$25,001; Remaining to be Spent in Accordance with TDC Plan - \$258,886.95; TDC Administrative Budget - \$58,320.82; Convention Grants - \$228,337.77; Promotion of Equestrian Center - \$22,645.05; Tourist Development Special Revenue Fund - \$105,212.50; Contingency Account - \$946,060; Development Account - \$1,371,075.63. He noted that the \$25,000 grant for the Beaches Oktoberfest was declined by the applicant and the funds will be rolled over into fund balance. The fiscal year is still in the process of being closed out so there may be some minor changes in some of the budgetary balances as additional items are processed.

- 3) **Market Report:** TDC Executive Director Lillian Graning gave the market report. Jacksonville has set itself apart from other Florida markets in the strength of its tourism recovery. She noted that the tourism industry, like many others, is still suffering large-scale labor shortages which means that many operations that have the demand to support growth

and recovery are not able to hire support staff fast enough to meet that demand. Consumer and traveler sentiment is down slightly with 86% of respondents planning travel within the upcoming six months. For leisure travel September is the first indicator of a new baseline for post-summer/COVID travel, reflecting some of the softening but alleviating many of the dramatic contraction fears the industry was anticipating. October's results will help to fill in this longer-term outlook as well. While group travel/sales are still soft over pre-pandemic levels, traction has been largely maintained through Visit Jacksonville's convention sales and service efforts. Secondly, non-essential international travel is returning, and travelers seem unphased by COVID testing requirements.

ACTION ITEMS

4) Grant Considerations

- THE PLAYERS golf tournament has submitted a multi-year marketing grant request for \$300,000 per year covering 2022, 2023, and 2024. The 2022 event is estimated to produce 78,000 tourists booking 31,184 room nights at a TDC cost of \$9.63 per room night and an economic impact of \$72.99 per dollar granted. This is a signature event that withheld its request in 2021 due to the COVID restrictions in place and yields the largest impact for Duval across all grant activity. Jared Rice, Executive Director of The Players Championship, said the 2021 tournament may have been the best in history and was a tremendous success. The 2022 tournament is being planned in anticipation of no attendance restrictions so the request for a marketing grant is being renewed. The funds are used for tourism marketing and to generate substantial mentions of the city during the national and international telecast of the tournament. Lillian Graning explained the difference between marketing grants and special event grants and the fact that The Players is a designated signature event that is treated differently than other events with regard to multi-year support. Dennis Thompson questioned the need for providing marketing funds to an event that just announced it was raising its total prize money to \$20 million next year, especially in the context of the TDC's limited funding and demand for other potential uses that could potentially use up all available grant funds at today's meeting. Ms. Graning said that there are existing funds in other categories that could be reallocated to marketing grants if that is the council's decision. Council Member Freeman asked if TDC has a way of tracking the secondary economic impact of the tournament through its contributions to charitable organizations. Ms. Graning said it is captured somewhat indirectly in the application process, but not as directly as room night rentals and direct spending by tourists. Mr. Rice said the tournament has contributed over \$100 million to numerous charitable causes in Northeast Florida over the course of its history. Mr. Hindsley said that the tournament is a big part of Jacksonville's image nationally and internationally.

Motion: approve an application score 58 out of 60 and approve the 3-year marketing grant at \$300,000 per year as requested with the first year funding coming from FY 21-22 event grant budget. – **approved unanimously.**

- High School Track and Field National Championships: Joe Lee, CEO of Champion Speed Development, submitted a special event grant request for the first year of production of the event in June 2022 which is expected to produce more than 7,000 tourists to Jacksonville and will utilize the Hodges Stadium facilities at UNF in which the TDC has invested heavily. Several large companies in the athletic apparel market are interested in sponsorships for the event. The event is estimated to produce 4,636 room night bookings (3,000 guaranteed) at a TDC cost of \$21.57 per night and producing an economic impact of \$30.49 per dollar granted. A River City Showcase track and field meet will be held by the company in March of 2022 at UNF without any TDC support to demonstrate the company's interest in developing a relationship with the Jacksonville market.

Council Member Freeman asked about Ms. Graning's rating of 44 out of 60 points for the project and her funding recommendation of \$70,000. Ms. Graning described the widely varying nature of events applying for TDC funding and her method for judging the impact of such different events and recommending funding based on anticipated return on investment. Mr. Lee described some of the costs his organization faces in putting on the event in Jacksonville and the reason for the request for \$100,000. He said his estimates of attendees and room nights are fairly conservative and he expects results to exceed the minimum guarantees.

Motion: approve an application score of 44 of out of 60 and approve a special events grant of \$70,000 to be funded in the FY 21-22 from TDC's special revenue account. – **approved unanimously.**

- Sandlot JAX Fitness Festival: Emily McCarthy of Sandlot: Make Fitness Fun, a local business, requested special event and marketing grants (\$100,000 and \$50,000, respectively) for a fitness event drawing participants and an audience similar to the Spartan events to Jacksonville's urban core in April 2022. This would be the first of its kind and is anticipated to draw 12,000 tourists to Jacksonville producing 5,451 room night bookings (3,000 guaranteed) at a TDC cost of \$27.52 per night and producing an economic impact of \$12.58 per dollar granted. Ms. Graning explained the nature of the event and its potential positive impact on downtown. She recommended a \$100,000 special event grant and \$20,000 marketing grant.

Motion: approve an application score of 52 out of 60 in each category and approve a \$100,000 special event grant and a \$20,000 marketing grant to be funded from FY 21-22 event grant funds. – **approved unanimously**

Ms. Graning pointed out that the three requests total \$550,000 but the commission only has \$422,000 left to award for the remainder of the fiscal year. Her recommendation is to fund the \$490,000 approved today by tapping either the TDC's special revenue or contingency funds to make up the difference. She then recommends that the commission discuss a policy regarding how best to allocate funding throughout the fiscal year so that all available funds are not committed early in the year, leaving no capacity to deal with subsequent requests. She suggested having two grant application windows, the first being at the September/October meeting and the second being at the March/April meeting.

Dennis Thompson said it is very difficult to judge the relative value of events when applications come in continuously and funds get allocated before other worthy projects come before TDC. He feels it would be better to group applications into windows so they could be compared against each other. Council Member Freeman asked if there is a seasonal pattern for when applications come in. He said there is never enough money to go around so some applicants will always be disappointed when funding is gone. Joe Hindsley agreed with grouping applications into windows and said there's still a lot of uncertainty in the travel market. The TDC should talk with Visit Jax about potential means of increasing revenues. Angela Phillips recommended continuing to approve grants to the things that are currently working (i.e. sports) since some areas (conventions and business travel) have not come back post-COVID.

Ms. Graning said the TDC process is foreign to most applicants so there's a lot of education that needs to happen. There are more requests for funding as more people learn about TDC and what it can offer. She thinks the application process could be made simpler and grouping applications in windows could help organize things and clarify TDC expectations for applicants. Visit Jax also has several additional funding sources at its disposal. Visit Jax CEO Michael Corrigan suggested making grants twice a year but taking applications continuously to build a pool of potential uses.

5) Grant Guideline Adjustment

Mr. Corrigan said that the group and conference travel market probably won't fully come back until 2024, but competition is heated to line up events for out-years. He requested the commission to raise its cap on CVB room night incentives from \$5 to \$10 per night in order to make Jacksonville more competitive in the marketplace for attracting group bookings as the travel market recovers from the COVID pandemic. Jacksonville particularly needs funding help for transportation to our convention center and other cities are offering as much as \$15 per room night to attract business. Ms. Graning said every city is competing hard for a reduced pool of business so the competition is fierce. Steve Grossman, excused from today's meeting, asked Ms. Graning to convey his suggestion to raise the cap to \$15 per room night for a limited time to improve Jacksonville's competitiveness.

Motion: increase the incentive cap from \$5 to \$10 per room night – **approved unanimously.**

6) Determine process for future contracts

Ms. Graning explained that Visit Jacksonville is currently in the fifth year of its five-year contract to deliver Marketing and Convention Sales and Services and is in the first (2 year) renewal option for Tourist Bureau Services. The Marketing contract has one five-year renewal option, the Convention Sales & Service (Group Sales) contract has one five-year renewal option, and the Tourist Bureau (Destination Services) contract has one remaining two-year and one five-year renewal option. This means that the Tourist Development Council has the option to renew the existing contracts as they are or to formulate a new structure for service provisions and oversee a request for proposals through the City procurement process. Ms. Graning said that the City contracting process is very slow, cumbersome and costly. TDC has the option to either exercise the current options or authorize a new RFP process to redesign the contracts and administrative processes. The previous RFP had numerous conditions and mandatory reporting requirements that take considerable time and resources on the part of Visit Jax and tie their hands as to operations because of the specificity.

Mr. Corrigan shared his thoughts on the pros and cons of continuing the existing contracts versus a new RFP and contracting process. He said that there are numerous items that need fixing and he thinks an RFP process would be advisable, despite the fact that it would require Visit Jax to re-compete for the business rather than just exercise existing options. Chairman Newby said he liked the idea of a new RFP process.

Motion: the Tourist Development Council authorizes a committee composed of the TDC Executive Director, the Office of General Counsel, and four TDC members (Bowman, Phillips, Hindsley, Grossman) to draft new RFPs for marketing, group sales, and destination services; to oversee an RFP solicitation process with COJ Procurement; and bring recommended award/proposal back to TDC for approval at the February 2022 TDC meeting – **approved unanimously.**

DISCUSSION ITEMS

7) Visit Jacksonville Update

Michael Corrigan said travel market recovery (outside of conventions and group travel) is going well. The Jacksonville market is second in the state in hotel occupancy behind only Key West.

Convention Sales and Service closed the year with 164,167 definite room nights, as significant portion of which (137,250) was due to the US Marine Corps' booking of the Hyatt Hotel in the first half of 2021. Visit Jax established the Group Giveback Rewards program targeting groups of under 200 attendees and offered \$33,500 as incentives to those groups. The agency hosted 43 site visits. A good sign is that 77% of contracts booked in this fiscal year were from new events/meetings to Jacksonville versus repeat business.

Destination Experience held over 181,000 interactions with visitor center staff. Seymour Jax, the mobile visitor center, went to 93 events and produced nearly 21,000 interactions (225 average per event). The new Concierge Program to assist short-staffed hotels is going very well. A new live chat feature was launched on web site and app and has been very well received

Marketing saw a 53% increase in traffic on the web site year over year, which is remarkable given that a 10% increase is considered good. Visis Jax has doubled the number of local ambassadors (not employees in visitor centers but interested and active citizens) promoting Jacksonville online and on social media.

INFORMATION MATERIALS (SEE ATTACHED - NO DISCUSSION REQUIRED)

- ✓ CVB Grant Commitments
- ✓ Equestrian Center Grant Commitments

CLOSING CONSIDERATION

Next meeting: Wednesday, December 8th, 2021 at 10am, Lynwood Roberts Room of Jacksonville City Hall.

Meeting adjourned 11:35 a.m.