



# CONVENTION AND VISITORS BUREAU

CUMBERLAND COUNTY, NC

## FACVB BOARD OF DIRECTORS

FACVB Board Room

245 Person Street

July 22, 2015

Noon

### PRESENT

Subodh Thakur, Chairman  
James Grafstrom  
Henry Holt  
Ted Voorhees  
Sanda Budic - Doubletree  
William Wellons

### ABSENT

Amy Cannon  
Manish Mehta

### OTHERS

John Meroski  
Kelly Brill

The meeting was called to order at 12:15pm by Subodh Thakur. Minutes from the April 22, 2015 meeting were **approved with a motion from Henry Holt and seconded by James Grafstrom.**

Henry Holt presented the treasurer's report and asked if there were any questions. Ted Voorhees asked if there is a trend in Occupancy taxes. John Meroski stated that there was a 3% decrease in demand and ADR is down \$10 from previous years. Last month was very good. The rooms on Ft. Bragg are not collecting the per diem. There will be close to 1000 new rooms in the market and will see a decline in demand and won't be able to sustain growth. Three month rental is cheaper than a monthly rate at area apartments. Ft Bragg's news was a big save to Cumberland County with the delay of the 440th. The Air Force bringing additional units and joint training activities is helping. Total Occupancy is up this fiscal year; at an all time high given the fact that hotels were charging higher rates during US Open. Mr. Thakur stated that four properties are in the pipeline, including another Hampton Inn clearing land on I-95 in Cedar Creek. He stated that the reports show expenses were high in May. Mr. Meroski noted that we were up in revenue so we did additional marketing in inquiry based ads. We paid \$50,000 to Fayetteville Observer for our visitor guide, \$33,000 to Up & Coming for back cover, \$33,000 for ads on VisitNC.com and \$43,000 for full page ad in NC Visitor Guide. Mr. Wellons stated that while the TDA gets requests for funds, how many come to the CVB and how do you choose how much to spend. Mr. Meroski explained that our POW explains our plans for the upcoming year. If someone is looking for marketing money - we take into consideration the type of event, history of the event with promoter and how many room nights will be needed. We also receive political requests that we show in local promotions. Our POW is based on research and conversion studies. Mr. Voorhees asked about the Cape Fear Heroes bus expense. Mr. Meroski explained that the Heroes travel in a bus and that he and Charles Evans negotiated a way that the Heroes could get money towards a new bus and we could get advertising. The ad on the side of the bus gives us exposure with games out of town. Mr. Voorhees understands the exposure with TripAdvisor, Lamar and Discover Fayetteville, but asked about the back cover of the Up & Coming. The Up & Coming is only distributed here. Mr. Meroski explained that we have an article and the back cover, which we have been advertising Scoutlook. We saw an increase of 200-600 downloads. The article explains that the CVB is a resource for weddings, reunions and the pleasure market of visiting family and friends, and the tools they can use. Mr. Thakur asked if there is a motion to approve the POW; Mr. Wellons so moved and Mr. Grafstrom second the motion.

## CROWN COLISEUM

Mr. Grafstrom stated that they have a lot on the books and in the pipeline. J Cole's homecoming in August, which is his last show of the tour; Miranda Lambert has an incredible act and has resurrected an all female tour; November we have a rock show, Shine Down & Breaking Benjamin, which fits this demographic and our proximity to Ft Bragg and the relationship with MWR is fortunate; December 5th we have a big night with WWE returning with 7000 seats and Hall & Oates with 2500 seats. We also have Disney on ice in December and a huge country show in January that we are hoping we can support. The Community Concerts 80th Anniversary is this year with four shows, including the Hall & Oates show. The J Cole show is the first time we will be working with Police, although there are 7 acts that will be spread out during the night compared to Elton John performing alone. Spectrum Mgmt has made a proposal to the minor league team of Charlotte Hornets; they guarantee 30 games (24 home games and 6 special events) with possibility of an additional 9 playoff games. They did a site visit 3 weeks ago and we rolled out the red carpet. It would be surprising if we are not a positive part of the conversation in them deciding. Mr. Grafstrom believes it is between Greensboro and Fayetteville. The Hornets want community support and we tried to convince them this would be the right choice. Mr. Thakur stated that he was impressed at how hard Mr. Grafstrom is working and being proactive to get the Coliseum booked. Mr. Wellons stated that they have been a positive influence. Mr. Grafstrom stated that we are not Charlotte but can support this and will partner with the county. With Spectrum Management involved, which is their new name, a profit loss of \$200,000 split with Spectrum is an easier risk. Spectrum is trying to give the City, County and region the best we can. Mr. Voorhees asked for a debrief of the Elton John show. Mr. Grafstrom stated that it was a huge win as far as Spectrum is concerned. Elton John had a terrible experience the previous night. We had full staff in at 5:30, with Time Warner on site during the event and our IT guy bent over backwards. The tour was happy but wished we had sold more tickets. The success of Elton John helps us to go out and try to get other acts. We won't know if we have the market if we don't try. We have some big shows coming; J Cole - Rap/Hip Hop and Miranda Lambert - Country. Mr. Thakur asked if he knew how far people had traveled. Mr. Grafstrom responded that patrons came from Maryland, Georgia and Tennessee. Mr. Thakur asked about the capacity of the buildings. Mr. Grafstrom stated that 2400-7500 is the norm, but if they were creative they could get 10,000 in.

## CITY OF FAYETTEVILLE

Mr. Voorhees stated that their input in marketing the community is the perception of crime; they have been working hard to get rates to drop in the last two years and we have been fortunate not to have challenges other communities have been having during that timeframe. The City has been trying to make people feel better to live and visit Fayetteville. The Police Dept will continue hiring, with more officers coming on board over the next six months.

The new owners of the Prince Charles are making plans and would like the historic tax credits. We feel confident they will renovate, with plans to rent first five years for tax credits and convert to condos. They have plans for the first floor to be public space with a bar. They are considering a venue on the roof. Potentially, there could be a need for a hotel in that setting with ASOM in the area. Crown Board has hired a taskforce regarding a theatre and if a new venue is put downtown there is a preliminary vision of 2-3 parking decks. The new owners of the Prince Charles plan for interior demolition to start in January. The owner is out of Chapel Hill and owns the Prince Charles and the grassy land around it. Mr. Wellons added that the owners have a good track record.

Parks & Rec are finalizing the concept of a bond referendum. Rough preferences could be on the May ballot, not at the general election. Discussions have included a pool, track and field, baseball and soccer fields. There will be polling and then it will be decided which ballot it will be on. Preliminary discussions have included the Shaw Heights or Cedar Creek area. They are collecting plan and cost estimates and will work thru fine tuning in August. There are some quality of life projects that Mr. Voorhees believes will be beneficial to tourism. Mr. Meroski stated

that he would like to be a part of discussions regarding the sports facilities regarding tourism so he can better sell them both. He stated that Johnston County & Rocky Mount compete. Mr. Voorhees stated that was a good point. He stated that Arnette Park is full all weekend, Douglas Byrd and Reid Ross have fields and soccer fields full with tournaments. Mr. Wellons added that the sports marketing complex in Myrtle Beach had a big impact to that part of Myrtle Beach and is now a major tourism draw and hotel filler. Mr. Meroski stated that fields are sometimes spread out due to politics and is not always functional to sell. Mr. Voorhees stated that there was an economic study for a possible minor league stadium to be built.

### **CUMBERLAND COUNTY**

Mr. Thakur stated that Amy Cannon was not present today; perhaps he, Mr. Meroski or Mr. Wellons can answer any questions regarding the Occupancy tax situation. Mr. Meroski passed out a spreadsheet and a Counter Resolution that was signed by hoteliers. Mr. Thakur stated that the Cumberland County Commissioners passed a resolution to try to change the regulatory structure of the tax. No decisions have been made so far. Hoteliers met with Wesley Meredith, and then again at Embassy Suites and passed a resolution to have the other side of the spectrum heard before it is converted to law. Mr. Wellons has already sent the hotelier's resolution to Mr. Meredith. Mr. Thakur stated that he will present all info to the board. Mr. Wellons stated that Jimmy Keefe called and stated that the commissioners unanimously voted for the referendum. Mr. Wellons believes it initially started because the Food & Beverage tax goes away in 2024 when the Crown debt is paid off and this may be a way of financing downtown Arts Center; this takes hotel tax from TDA and CVB. When we starting collecting Occupancy Tax the Arts Council wanted a portion of the tax; hotel owners came together and stated that their customers would be taxed and that is how CVB and TDA got funded. The TDA then wanted to make sure that CVB was properly funded and gave contract for additional funding. The TDA gets requests up to \$25,000. Mr. Wellons was concerned that the Commissioners did not consult anyone in the hotel business, CVB or Crown. Since they did not discuss with the hoteliers and Mr. Meroski, it put them on the defensive mode since it destroys the TDA and CVB. The Commissioners are requesting they take all the money and they decide where it gets spent. The present law states that the money cannot be spent for bricks and mortar. The new resolution would allocate money for capital expenses and possibly used for a performing arts center. The hoteliers made phone calls inviting Wesley Meredith and John Szoka. This may not be done at this session. Mr. Wellons stated that some of the beef is with Mr. Meroski's salary and how the CVB is spending money with outside vendors. He stated that if they discussed with us they would understand Mr. Meroski's position. Mr. Meroski explained salary guidelines and the choice of advertising firm who sends its work to local vendors. The hoteliers got together and put together the resolution to protect CVB, TDA, Arts Council and Crown. In all fairness the CVB agreed to a possible \$750,000 cut in funding with our proposal to divide the 6% Occupancy tax as follows: 2.5% to Cumberland County, 2% to CVB (lose .75%), 1% to Arts Council (lose 1/2%) and .5% to TDA for discretionary funding. This was submitted along with the County's resolution. Mr. Meroski asked for a meeting with the County Commissioners so we can present our side. He was told that since it was a unanimous vote from commissioners, they would have to look at it as a group. Mr. Voorhees asked about the spreadsheet and current breakdown. Mr. Meroski stated that Lynn Minges met with hoteliers and did standard letter of opposition. Mr. Thakur asked if Ms. Cannon was present at today's TDA meeting and Mr. Williams responded that she was. The resolution was not discussed. Manish Mehta talked to Ms. Cannon after TDA meeting and she was open to a meeting. We will have a meeting with the Commissioners to try and explain our side. Hotel owners should be in some position to discuss how tax is spent on tourism. Mr. Meredith couldn't get delegation together to meet representatives in Raleigh. Mr. Thakur stated that the Commissioners should be at every meeting. Not fair to do things this way. Every report and audit has been sent to them and we should have been informed. We promote City and County and board facilitates. This wasn't done right and will stand firm against this. Mr. Voorhees stated that hoteliers were wise giving alternative. Seems that primary objective of County Commissioners to achieve new revenue. The economic development issue - County and city have contracted with Chamber to pay \$400,000 each to Chamber for Economic Development Alliance; PWC pays part of the City's. The Chamber wants to go back to member services and advocacies out of Economic Development. Economic Development's work is not done. County & City will create, under statute, an Economic

Development Authority and with 90 day agreement on joint agency, with 3-4 members from each. It may not be private and will hire staff as nonprofit business. The nonprofit will not be run by Chamber, but by a new Board. This may be the \$392,000 County is showing for Economic Development. The City isn't looking for extra tax money. Mr. Meroski stated that during the first meeting it was decided to get a proposal to Mr. Meredith, but we said let's see if we can talk with County, Arts Council and CVB to derive a possible plan. Option A was to get with County Commissioners. Option B was for owners to get together for formal resolution. Ms. Cannon stated that since it was an 8-0 vote, the Commissioners would have to take it up when they were together in August. Mr. Wellons stated that based on Mr. Meredith, if they only had county resolution and legislatives liked it, it would pass quickly. Mr. Wellons stated that he would hate for the CVB and TDA to be destroyed or bring CVB under County. From a hotelier standpoint, they are against it. We want to compromise. Plan A was presented to Ms. Cannon in a private meeting with her. Mr. Wellons thought Chamber did the best thing going back to active Chamber with the City and County having a separate Economic Development Authority.

### CVB

Mr. Meroski asked if he could take up another 10-15 minutes of the board's time to go over the Program of Work (POW) for this fiscal year. Mr. Meroski reviewed the POW. He stated there was a 58% increase since 2003 showing some extreme benefits, not just to CVB but Tourism industry as a whole. We are currently 9th of 100 in State in tourism impact. Mr. Meroski continued to review POW. He stated that they are adding hotel coupon cards to the visitor guides. They are distributed when someone requests a visitor guide at NC Welcome Centers, Visitor Center and through Up & Coming. We are projecting \$2.7 million revenue in our budget for upcoming year. This number has been increased due to reserves in bank accounts. Mr. Thakur asked if we still have reserves in CDs? Mr. Meroski stated that there is \$800,000 in CDs, which is 3 month contingency as requested by board. Mr. Meroski added that he has not taken a raise in 5 years and employees get raises averaging 2.5 - 3.75% based on performance. He stated that his salary is based on DMAI salary positions and is at the low end of median. Mr. Wellons stated that the county should have respect enough to ask us about their concerns. Mr. Thakur stated that everyone on CVB board unanimously decided on Mr. Meroski's salary. Mr. Meroski continued reviewing the POW, noting 50% of budget going to marketing with a national average of only 36% going to marketing. He reviewed the organization chart noting that Customer Relations was added to Angela Brady's position. He explained that the plan for the year was broken out by each department.

Mr. Wellons asked about the vacant spots on the board. Mr. Thakur stated that the vacancies are county appointed and he has a list to be presented to Ms. Cannon with suggestions. Mr. Voorhees stated that this meeting was very informative.

Mr. Thakur asked for a motion to approve the Budget and POW. Mr. Voorhees motioned to adopt FY operating Budget and POW. Mr. Wellons seconded. Mr. Thakur asked if all were in favor. All parties present responded Yay. Mr. Wellons asked if he could see the names that would be submitted to Ms. Cannon.

### ADJOURNMENT:

The meeting was adjourned.

### NEXT MEETING

The next meeting will be on October 28, 2015 at noon in the FACVB boardroom.

  
Subodh Thakur, Chairman  
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