

Visit
S A C R ★ M E N T O

Board of Directors Meeting

Thursday, March 16, 2017

12:00 p.m.

Minutes

The original agenda was prepared and posted in compliance with the provisions of the Ralph M. Brown Act noting that board action may occur on any identified agenda item.

I. Call to Order

A meeting of the Board of Directors of Visit Sacramento was held at Cal Expo/State Fair in Sacramento, CA. Board Chair Brian Larson called the meeting to order at 12:16 p.m. The following attendance was recorded:

PRESENT

Directors

Joe Chiodo

Butch Corum

Lina Fat

Phil Garcia

Jeroen Gerrese, *Treasurer*

Kathleen Gilbey

Brian Larson, *Chair*

Patrick Mulvaney

Rick Pickering

Mabel Salon

Alison Sandman

Scott Vandenberg

Doug Warren, *1st Vice Chair*

Steve Young

Industry Advisors, or Their Designees

Howard Chan, *City of Sacramento*

Mark Davis, *Sacramento County Airports*

Matt Voreyer, *Sacramento Convention Center*

SCVB Staff

Steve Hammond, *President & CEO*

Sonya Bradley, *Chief Marketing Officer*

Sarah Atilano, *Director-Convention Sales*

Kari Miskit, *Director of Public Relations*

Sherlynn Clifford, *Executive Assist. (Recording Secty)*

ABSENT

Directors and Industry Advisors

Michael Ault, *Downtown Sacramento Partnership*

Kipp Blewett

Nav Gill, *County of Sacramento*

John Janosko

Brent Larkin

Shelly Moranville, *Secretary*

Sami Qureshi

Dennis Raymond

John Rinehart

Peter Tateishi, *Sacramento Metro Chamber*

Liz Tavernese

Jody Ulich, *City of Sacramento*

II. Public Comments – Matters Not on the Agenda

Board chair Brian Larson called for public comment on items not listed on the agenda; there were no matters presented.

III. Approval of Board Meeting Minutes: February 16, 2017

There being no changes to the February 16, 2017 minutes, ***Alison Sandman motioned to approve the minutes as presented; Rick Pickering seconded. [Vote: Unanimous]***

IV. Chair's Report

Brian Larson thanked Rick Pickering for hosting the meeting.

A. New City Manager, Howard Chan

Larson welcomed Howard Chan, new City Manager, to his first board meeting and said he was excited that Chan was on the board after working with him several years ago when he was at The Citizen Hotel. Chan said he's been at the City for 15 years and is looking forward to being more involved with Visit Sacramento.

V. President's Report

Steve Hammond congratulated Robert Dugan, former board member and Senior Vice President of Public Policy and Economic Development at the Sacramento Metro Chamber, for the recent article he authored praising Visit Sacramento for the work they've done on behalf of the Farm to Fork initiative. Hammond also said staff worked with Vice Mayor Rick Jennings office to install the "America's Farm-to-Fork Capital" logo on the water tower south of town on I-5. Hammond said the reason for the change was to help promote Sacramento in a unique way. Some locals have been promoting Sacramento as the "City of Trees" but it was discovered there are over 30 cities in the U.S. with the same title so that marketing message doesn't set Sacramento apart from other destinations. Farm to Fork; however, is unique to Sacramento.

A. Convention Center Expansion Presentation

Brian Larson, Steve Hammond and Kari Miskit gave the following presentation:

HISTORY: Hammond said that in 2011, the board discussed the growing convention competition and expansion needs which resulted in approving a market study by CS&L that verified the need for expanding the convention center. It was during this period that the board considered asking the City for assistance with some of the funding; however, since times were challenging, the board and STMD Advisory Committee agreed to fund the effort and spent about \$700,000 to move the plan forward. It was also during this time that the Infrastructure Committee was formed and co-chaired by Brian Larson and Tony Giannoni. More recently, the heavy lifting while participating on the expansion management and steering committees, has gone to Hammond, Mike Testa, Sarah Atilano and Matt Voreyer. Hammond then commented on the following PowerPoint slides based on the CS&L study.

EXPANDING the CONVENTION CENTER: A few reasons the convention center needs to be expanded include:

- To remain competitive in the marketplace as other centers across the state and country were updated
- To better serve our existing clients who are outgrowing the space
- To better align with the changing needs of meeting planners and convention delegates
- To grow the list of potential convention products

COMPARISON of MEETING SPACE: The statistics show:

- Sacramento pales in comparison to our competitive cities with available meeting space. Of the 17 cities listed, Sacramento ranks 14th chart with 21,300 square feet; while Reno ranks at the top with 83,700 square feet.
- Within the convention industry, events have increased their level of meeting space over the years. The good news is the new plan addresses this trend.
- The existing layout indicates there are numerous opportunities to add meeting space inventory with the existing facility footprint. The new plan has taken advantage of those opportunities.

COMPARISON of BALLROOM SPACE: This slide reflects the statistics of competitive and comparable facilities which, in 2012, our two main competitors were also at the bottom. The statistics show:

- Sacramento's ballroom space ranks 14th out of 17 competitive cities with 24,300 square feet; the top city – Austin, TX – has 66,700 square feet.
- San Jose, which ranks 15th, contracted with Populous to expand their space to 50,000.
- Long Beach, which ranks 16th, has expanded and connected their space to their arena.
- For Sacramento, the proposed new plan calls for a second ballroom and additional "flex" space that can be customized to meet the client's needs.

Hammond said the next step after the CS&L study was the hiring of Populous, a world-renowned convention center architectural firm that completed San Jose's expansion projects (note above) and are contracted to expand Los Angeles, to identify potential expansion options. Their report demonstrated the following:

OPPORTUNITIES for EXPANSION:

- According to Populous, Sacramento needs to think "bigger" as the convention center is not just a venue, but is part of a larger entertainment district that includes the community theater.
- With that new focus, it became apparent the design should include the spirit of Sacramento, provide more community integration and connection to the outdoors, and provide a better customer experience that includes better efficiency and flexibility of space.

FIRST RENDERING of RENOVATED THEATER with BALLROOM on TOP:

- This slide showed the proposed rendering that would incorporate the ideas mentioned in the previous slide.
- This design would also connect the downtown with midtown via the space between the convention center and theater.
- This design also prompted a few years of conversation with the city and theater proponents.

OVERVIEW of RENOVATED/EXPANDED CONVENTION CENTER and THEATER with K STREET CONNECTION:

- Populous presented three different plans in May 2016. Those priorities were:
 - Fix the space needs
 - Develop an entertainment district that connects downtown to midtown
 - Design an expansion that will generate new hotel development. Tony Giannoni is taking lead on this with Tsakoupoulos.

- A Steering Committee was formed of industry professionals to oversee the project. Hammond and Scott VandenBerg were both members of the committee.
- Three support committees were also developed and representatives for the convention center included Hammond, Jody Ulich and Matt Voreyer.
- The primary responsibility of the committee was to develop a preliminary project definition.

Larson then spoke about the last convention center expansion in 1996 and the current conversations with Mayor Darrell Steinberg. Larson said the Mayor pledged to examine the convention center project to ensure the city was maximizing its investment in the building, and followed up by hosting public meetings to discuss the project. This led to Visit Sacramento gathering data over the past few months to provide more context. The data provided included:

- What Visit Sacramento staff does and the convention center team does, including each organization's distinct roles.
- The pattern and differences between Groups A and B business booked in the building.
- Customer feedback.
- TOT, and convention center-related revenue distribution.
- What it takes to book conventions, including hotel and meeting space availability.
- STR revenue data.

WHERE WE STAND: Larson said the Mayor and his team are focused on an expansion option developed by Populous and Tony Giannoni that fits within the current financial approach. This option closely resembles the total sellable space from our original proposal in 2013, which triggers a new hotel and supports future hotel development without diluting the market. Larson then explained the slides showing the new plan that includes an east lobby entrance, sellable space between the convention center and theater. These diagrams, to be completed in two phases and referred to as "option 2" reflect:

- Exhibit space increase from 137,000 square feet to 165,000 square feet, including carpeted "flex space" on the West side
- Meeting space increase from 22,000 square feet to 43,500 square feet and is configured better
- A 40,000 square feet ballroom addition that will also be flex space and can be used for light exhibits like the Wine and Grape Symposium
- A new outdoor space that be programmed for meetings and events
- Total bookable square feet at buildout that will be increased from 159,000 to 248,500, square feet, plus the new plaza

NEXT STEPS: Larson said the City Council vote is scheduled for March 23 (since postponed with unanimous vote approving the expansion on May 30). He would like to see several board members attend the meeting for support as the Council's decision will affect the hospitality industry for the next 20 years.

The board then asked a few questions including if there was any opposition and what the funding would be. Larson said the opposition has already spoken and a new bond would be secured for phase one before the construction could begin. Patrick Mulvaney asked if there were assurances that phase two will be completed. Larson said there is no guarantee but completion of phase two will be included in the construction agreement, and board members should stay engaged with the current councilmembers.

Hammond said that Visit Sacramento staff is working on a marketing plan to share with meeting planners so they are informed about when construction begins. Vandenberg said that the time and commitment that went into working on the expansion is understated as thousands of hours were invested by Visit Sacramento and city staff. Vandenberg also said Larson and Giannoni have done an amazing job of shepherding the project, particularly over the past several months, and we wouldn't be where we are without their efforts.

B. Visit Sacramento Board Support

Hammond said the board will be receiving promotional emails for various events and asked that they forward to key contacts to help promote sponsorships. The near future events are the Corporate Run on May 25; and USA Track and Field Outdoor Championships June 22-25. Alison Sandman said the USA Track and Field event will have the top national athletes as this is a pre-Olympic year and qualifier for the World Championships in 2018.

C. Money Purchase Pension Plan/401K Trustee Approval

Hammond said that currently he is the only employee listed as trustee for the Money Purchase Pension Plan/401K and our Trustee has asked that a second person be added as signature since he will be retiring. Hammond then asked for board approval to add Mike Testa as a signature.

Scott Vandenberg motioned that effective April 1, 2017, Mike Testa shall be appointed as a Trustee of Visit Sacramento's Money Purchase Pension Plan, and the 401K Profit Sharing Plan; Brian Larson seconded. [Vote: Unanimous]

D. Staff Reports

Public Relations: Kari Miskit said Mike Testa was invited to sit on a panel discussion at South by Southwest about how to work with promoters on bringing large events to town.

Convention Sales: Sarah Atilano said the department has booked 19,940 room nights YTD, 11% of goal. She also reported on:

- RCMA: The team had 11 scheduled appointments and lots of booth visits that resulted in one citywide lead in 2019; and leads for groups in 2018 and 2019.
- Sales Missions in Chicago (during RCMA): The team received two citywide leads for National Flute Association in August 2020 or 2021 (3,600 room nights); and a lead for single property in 2020.
- Connect Chicago: This was a new appointment show added for 2017. The team had 15 scheduled appointments, primarily with national association planners.

Marketing: Sonya Bradley shared the following:

- Our CMS website is being upgraded to a responsive site to that it's mobile optimized.
- Plans are underway for the Annual Lunch on April 13 with Caroline Beteta, Visit California, as the keynote speaker.

Tourism: Sonya Bradley shared the following:

- The team has been busy with FAMS, including Go West, a German Mega FAM, and FTI and Australia FAM sponsored by Delta Airlines Vacations.
- The team is also working on new itineraries, including one that is wine-themed titled WINOS: Women in Need of Spoiling.

VI. Committee Reports

A. Finance

Jeroen Gerrese reported on the February 2017 financials as follows:

- * STMD-City: Payments are current and 4.4% ahead of budget
- * STMD-County: Payments are one month behind; the February payment was received in March.
- * Overall year-to-date net income is ahead of budget due to timing differences and budget cuts.
- * Current year budget reductions have been implemented and have a positive impact.

VII. Department Reports

The February 2017 department reports were e-mailed to the board for their review prior to the meeting.

VIII. Calendar of Events

Larson mentioned the calendar of events as listed on the agenda.

IX. New Business

State Fair: Rick Pickering said the State Fair is scheduled for July 14-20. Pickering distributed a brochure about how to raise money for non-profits by selling admission tickets. Rock and Brews has also been added to the Fair.

Papa Murphy Field (Sacramento Republic FC): Pickering said that Sacramento Republic FC's soccer field now has a new sponsor and was renamed to Papa Murphy Field.

X. Adjournment

The meeting adjourned at 1:30 p.m.

Respectfully submitted,



Sherlynn Clifford
Executive Assistant
(Recording Secretary)



Steve Hammond
President & CEO