

Visit Huntington Beach
Board of Directors Meeting & Strategic Planning Retreat Minutes
Tuesday, April 25, 2017
Bungalow Room, Kimpton Shorebreak Hotel
500 Pacific Coast Highway
Huntington Beach, CA 92648
11:00 a.m. to 5:00 p.m.

Public Notice Information: In accordance with the Ralph M. Brown Act, VHB agendas are available for public review outside the City of Huntington Beach Council Chambers at 2000 Main Street at least 72 hours prior to each meeting. The agendas are also posted on the VHB website at surfcityusa.com. Questions on agenda items may be directed to Kelly Miller, VHB President & CEO, at (714) 969-3492 or kelly@surfcityusa.com.

VHB Mission: To position Surf City USA® as the preferred California beach destination in order to maximize **overnight** visitor spending, **destination development** and **quality of life** for all residents.

MINUTES

1. Call to Order and Antitrust Reminder (*see reverse*) by Chair Peter Rice. **11:10am**

2. Roll Call:

Present: Rice (Hyatt Regency Resort & Spa), Adams (Bolsa Chica Conservancy), Bernardo (ASP North America), Blakeslee (Paséa Hotel and Spa), Dodge (Huntington Capital Corporation), Mantini (Retired-The Boeing Company), McCarley (John Wayne Airport), McCormack (Timeless Treasures Boutique LLC), O'Callaghan (Huntington Beach Chamber of Commerce), Patel (Quality Inn & Suites Huntington Beach), Simpson (Kimpton Shorebreak Hotel), Snow (Rainbow Environmental Services), Szilagyi (Best-VIP Chauffeured Worldwide), Thompson (First Bank), Truxaw (Mama's Restaurant on 39).

Absent: DeSoto (Experian), Fischer (Waterfront Beach Resort, A Hilton Hotel), Solanki (Ocean Surf Inn), Townend (The ActivEmpire), Van Doren (Vans), Whitney (Prjkt Hospitality & Concessions Group).

Additional Attendees: Barbara Delgleize (City of Huntington Beach), Kellee Fritzal (City of Huntington Beach), Fred Wilson (City of Huntington Beach),

Jim DeLizia (DeLizia Consulting Services), Steve Atkins (The Atkins Group), Jayme LeGros (The Atkins Group), Ryan Thompson (The Atkins Group),

John Ehlenfeldt (VHB), Tonya Imada (VHB), Nicole Llido (VHB), Kelly Miller (VHB), Terry O'Shea (VHB), Elsie Rodriguez (VHB), Jake Schultz (VHB), Steffany Sensenbach (VHB), Susan Thomas (VHB), Jennifer Tong (VHB), Sophia Valdivia (VHB), Rachel Volbert (VHB)

3. Announcement of Late Communications: Rice

- **None**

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4. Public Comments — Chairperson (limited to 3 minutes/person):
The VHB welcomes public comments on all items on this agenda or of community interest. We respectfully request that this public forum be utilized in a positive and constructive manner. Please focus your comments on the issue or concern that you would like to bring to the attention of the Board.
 - **None**
5. Consent Agenda (Nicole Thompson)
 - a. Approval of previous Meeting Minutes
 - b. Latest TOT/TBID & CBRE Group (PKF) Reports
 - c. Most current monthly financials statements
 - Kelly Miller went over the TOT/ TBID reports for February 2017. TOT and TBID receipts were up by 18.0% for the month and up 17.0% for the year.
 - The January 2017 CBRE/ PKF report shows the JANUARY Average Daily Rate for Huntington Beach at \$230.06, up 4.4% from last year; Occupancy is at 51.63%, down 27.0% from last year; REVPAR is \$118.77, down 23.8% from last year. The JANUARY-JANUARY Average Daily Rate for Huntington Beach was at \$230.06, up 4.4% from last year; Occupancy is at 51.63%, down 27.0% from last year; REVPAR is \$118.77, down 23.8% from last year. Financials were not presented as our accounting firm was completing tax returns during this busy tax time.
 - The STR report is a more accurate picture of ADR, Occupancy and RevPar as it includes more hotel properties than the CBRE / PKF report. These numbers will be used for future dashboard reporting, as well as meeting minutes.
 - Motion made to approve the Consent Agenda by O’Callaghan. Seconded by Mantini. All approve. None oppose.
6. Chairman’s Report (Peter Rice)
7. Brief Staff Monthly Updates
 - Due to the full agenda for the Strategic Planning Retreat, staff did not present specific Department Updates, but written updates were included in the board packets. Staff was available to answer any questions board members had about the monthly updates.
 - No staff were approached at meeting regarding specific Department Updates.

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8. Community Wayfinding Update (Kelly Miller)
 - MERJE was in HB. Kellee Fritzal and Max Daffron had been working with them for a couple of days
 - o Going over all of the locations and all of the programming
 - o 8-9 things to follow-up on/ 90% completion on the plan.
 - o Will make the needed adjustments, present everything to Public Works, get that approved, do construction documents, bid the project, award the bid to a fabricator, MERJE will be a contract administrator, will hire a contract manager to deal with the day-to-day items. It's been a long process, but there is light at the end of the tunnel!

9. Strategic Planning Retreat (Board and Staff)
 - **Working Lunch/Ad Agency Presentation**
 - o The Atkins Group presented the HB Collection advertising campaign, the destination leisure campaign, and an overview of the media program and results to date.
 - o The Atkins Group also presented strategic travel trends and some potential strategic recommendations for the future
 - o Susan Thomas presented the STR Report and market share growth trends
 - o Jake Schultz gave an overview of the upcoming VHB Dashboard
 - **Planning Session Introduction**
 - o Session focus and outcomes
 - o Warm up Discussion
 - **The Changing Environment**
 - o Understand the factors that are shaping the tourism and HB community environments
 - o Assess the impact on VHB mission and vision, and define opportunities
 - **The VHB Strategic Framework**
 - o Validate and adjust the VHB Strategic Framework, including vision and long-term strategic goals
 - o Discuss and determine direction around key questions that impact VHB focus and direction
 - **VHB Performance**
 - o Assess VHB position as a partner in promoting the destination
 - o Assess VHB performance in key result areas, and identify areas for further development
 - **Issues and Milestones**
 - o Identify issues that must be addressed to pursue VHB goals during the 2017-2019 planning cycle
 - o Set issue priorities

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- Set measurable milestones to reach by the end of planning cycle and highlight implications for VHB programs, initiatives and resources

- **Moving Forward**
 - Define the Board's leadership role and focus as an advocate and voice to further VHB goals and priorities
 - Review next steps from development of an implementation strategy

- **Discussion Notes**
 - **The Changing Environment**
 - HB Community Trends
 1. Concerns over safety and security.
 2. Growing strength of the Surf City brand.
 3. Cleanliness and beautification of Downtown and Beaches.
 4. Adequacy of hotel room capacity.
 5. Public view of tourism.
 6. Positive product development.
 7. Parking challenges.

 - Travel and Tourism Trends
 1. Impact of domestic and international policies/turmoil.
 2. Changing travel interests and preferences
 3. Market disruptors (e.g., AirBnB).
 4. Impact of technology and social media.
 5. Drop/ flattening of occupancy rates.
 6. Other:
 - a. Increased and deeper engagement through content marketing/techniques.
 - b. Increasing role and impact of artificial intelligence.
 - c. Google and Facebook deep involvement in travel product and impact on consumer engagement with DMOs.
 - d. Increasing influence and preferences of Millennials and GenZ.
 - e. Technology and distribution channels increasingly disrupt travel.

 - Macro Environment Trends
 1. Economic:
 - a. State/local government financial crisis and the need to preserve TOT and TBID funding
 - b. Generally positive economy
 - c. Cost of living, affordable housing in Orange County and impact on work force development
 - d. Travel costs; cost of So. California market

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- e. Price sensitivity
 2. Geo-political:
 - a. Unrest domestically and internationally
 - b. Travel bans
 - c. Perception of California as a liberal, sanctuary state
 3. Technology:
 - a. Technological advances, including virtual reality, social media integration (impacting marketing, etc.)
 - b. Mobile photography tools
 - c. Increased use of social media and mobile devices to plan/book travel
 4. Social-Demographic:
 - a. Values, perceptions, preferences of the Millennial traveler
 - b. Baby Boomer retirement and more time to travel
 5. Environment:
 - a. Eco-friendly travel
 - b. Health and wellness travel (growing 50% faster than regular travel)
 - c. Adventure travel
 - d. Climate change
 - e. Local travel
- **Opportunities for VHB in this Environment**
- o Destination Marketing, Sales and Services
 - Strategy for shoulder/off seasons
 - Wellness, eco-tourism interests of Next Gen
 - Use of advancing technology to promote the ‘experience’ of HB
 - Authenticity of the Surf City experience ... leverage this more
 - Group market opportunity ... a self-contained environment
 - Marketing opportunities to ‘extended stay’ niche .. a focus beyond the luxury resorts
 - Connecting the ‘neighborhoods’ into an HB overall story
 - o Destination Development
 - Continued positive product development
 - o Destination Advocacy and Community Relations
 - Leadership role to better align cohesive messaging and branding
 - Common welcoming ‘voice’ of HB
 - Increased awareness of younger demographic on the benefits of tourism
 - Facilitate connections/referrals between visiting groups and businesses
 - Education/co-op businesses as partners in meeting needs of visitors

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- Pro-active approach with the City and others to address challenges (e.g., homelessness)
- VHB management of the overall brand of the City
- Strategy for illegal rentals (political and social)

- Destination Funding and Administration
 - Value added to help manage successful events
 - Continue to grow TOT for City support

- **VHB Strategic Framework**
 - Direction on Mission Scope Issues

Discussion Statement: *VHB should invest in a VHB-owned and operated headquarters facility, possibly in partnership with other allied organizations.*

- Conclusion
 - Remain in a leased facility for greatest flexibility (owning/managing building dilutes focus)
 - Remain downtown for necessary visibility with stakeholders and partners
 - Anticipate grow expectations to meet needs
 - Possibly, when appropriate/needed, negotiate favorable lease terms with other organizations who would see advantage in having VHB in their space

Discussion Statement: *VHB should strongly encourage the study of the positive and negative impacts of HB's illegal vacation rentals on the local economy and the preservation of the integrity of local neighborhoods.*

- Conclusion
 - VHB should encourage this study, looking particularly at:
 - The trends and their impact
 - Rules and regulations that have parity with hotels
 - Opportunity for revenue capture
 - VHB can play an important role in this study by providing facts and informed evaluation of the situation, case studies, etc.
 - This would support VHB's leadership role as the source of valid data on the tourism industry.
 - VHB should be careful to avoid the perception of political involvement.

Discussion Statement: *VHB should prioritize destination community engagement, total visitor experience visioning and tourism master planning in Huntington Beach, using, for example, a formal community input process like DestinationNEXT.*

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○ Conclusion

- Yes, VHB should do this; it fits with VHB's roles as Advocate, Educator, Leader
- The community can be engaged through a series of charrettes
- CAUTION: be very thoughtful about the strategy used to do this in order to avoid the pitfalls of VHB becoming a community target

Discussion Statement: *VHB should explore opportunities to provide sales, marketing and/or operational support to HB community organizations in need that align with the VHB mission and vision and that would strengthen the overall marketing of the destination brand.*

○ Conclusion

- Start by offering assistance and support, rather than assuming management of other organizations. If this is a positive experience, then the relationship may go further.
- Establish a program and strict criteria to use to assess opportunities and for groups to apply for assistance (e.g., in marketing, governance support, etc.), in order for them to become 'strategic partners' with mutually beneficial objectives.
- Prime opportunities are with Film and with the DBID.
- Align the support provided to other organizations with the four pillars of the VHB mission and role (Destination Marketing, Sales and Services; Destination Development; Destination Advocacy and Community Relations; Destination Funding and Administration), and at the same time furthers the other organization's goals (example: Center for Coastal Ecology).

- **Current Mission and Proposed Mission Concepts**

Current Mission

Market and sell Huntington Beach's Surf City USA brand experience as the preferred quintessential California beach destination, leading to increased visitor spending and enhanced quality of life for residents.

Proposed Mission Concepts

Effective partnership and collaboration

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VHB Vision (and Strategic Goals)

Destination Marketing, Sales and Services

- Platform agnostic dynamic content (high conversion rate)
- VHB is its own publishing house (live media)
- Sharing authentic stories and product
- Understand meetings customers' needs
- Marketing automation
- Travel trade goes digital
- AR/AI
- Keeping a focus on high-touch as well

Tentative Strategic Goal

- Utilizing new technologies to market the spirit and emotion of the Surf City USA brand.

Destination Development

- VHB has the most current and accurate visitor demographic and related data for sound investments that grow the community
- AI and other technology could deliver Surf City USA experience globally, 24-7, 365
- HB offers a wider selection of hotel and visitor experiences
- VHB manages filming permitting and/or revenue share with the City
- Manage or partner with other festivals to grow destination brand and experiences

Destination Advocacy and Community Relations

- Demonstrated tangible value of tourism to the community.
 - Wayfinder system in place
 - Close collaboration with partners (especially Downtown BID; provide model and mentorship)
 - Continued investment in infrastructure
- More structured community outreach
 - Community PR manager and pro-active strategy and work plan
 - Tap into viral, influencer-driven communication channels (Gen X, Y and Z)
 - Junior ambassador program to involve/education youth
- Local business engagement in City-wides, major events, perks to buy local, etc.
- Advocate at state and local level with other organizations to support safety, security, homelessness and related issues and laws.

Direction: collaborative, inclusive, focused support, intentional

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Destination Funding and Administration

- Revenue streams
 - Co-op model/product placement
 - Official events
 - Experiences (film)
 - Licensing Surf City USA as a brand
- TOT
 - More hotels
 - AirBnB, etc. will be taxed
- Staff
 - Marketers as story-tellers
 - Initiatives that require hiring
- Infrastructure
 - Virtualized systems
 - Reduce purchase
 - Remote work may rethink office space

Tentative Strategic Goal

- 50 percent increase in utilization of EIA programs and services.

Key Result Areas and Strategic Issues

DESTINATION, MARKETING, SALES AND SERVICES

Issue: **Further Leverage Surf City Brand ('Authenticity')** (8 votes)

Issue: **Alignment of Destination Marketing/Messaging Strategy** (12 votes)

Issue: **Maximizing Advancing Technology** (10 votes)

DESTINATION DEVELOPMENT

Issue: **Wayfinding System** (2 votes)

Issue: **Hotel/Rental Capacity** (2 votes)

Issue: **Continued Development (events, festivals and other experiences)** (10 votes)

DESTINATION ADVOCACY AND COMMUNITY RELATIONS

Issue: **Collaboration to Address Community Issues** (11 votes)

Issue: **Productive Partnership with Business** (7 votes)

- Shared vision, messaging
- Event promotion
- Educate, provide data on visitors
- Facilitate connections/referrals to drive business

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Issue: **Tourism Advocacy, Outreach and Education** (14 votes)

DESTINATION FUNDING AND ADMINISTRATION

Issue: **Support for Other Organizations** (9 votes)

Issue: **Stable, Sustainable Revenue Streams** (TOT, TBID, other) (17 votes)

Issue: **Staff Capacity** (10 votes)

Issue: **Investment in Technology** (3 votes)

10. Advocacy Committee Update (Steve Dodge)
 - Meeting end time came before this item could be discussed.
 - Item tabled until next VHB Board Meeting.
11. City of Huntington Beach Update (Kellee Fritzal)
 - Meeting end time came before this item could be discussed.
 - Item tabled until next VHB Board Meeting.
12. Huntington Beach Chamber of Commerce: (James O'Callaghan)
 - Meeting end time came before this item could be discussed.
 - Item tabled until next VHB Board Meeting.
13. Open Discussion/Announcements
 - Meeting end time came before this item could be discussed.
 - Item tabled until next VHB Board Meeting.
14. Adjournment **5:12 pm**

Key Dates to Remember:

- Next FULL BOARD MEETING: **Wednesday, May 31st, 3:30 pm – 5:00 pm at the Waterfront Beach Resort, a Hilton Hotel.** This is because Monday, May 29th is a holiday – Memorial Day.
- OCVA 9th ANNUAL OC TOURISM CONFERENCE: **Wednesday, May 10th, 8:00 am – 1:00 pm at the Great Wolf Lodge, 12681 Harbor Blvd., Garden Grove, CA, Redwood Ballroom.**
- MOTHER'S DAY: **Sunday, May 14th.** Call you Mom!

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ANTI-TRUST COMPLIANCE POLICY

It is the policy of Visit Huntington Beach (VHB) to comply fully with the antitrust laws of the United States and the State of California. In order to assure full compliance, the following policies and procedures are to be followed by all employees and stakeholders of VHB and by representatives of any stakeholders of VHB.

At any meeting of the directors of VHB or any committees of VHB, or at any meeting where any employee of VHB is present or where VHB is in any way involved, there shall be no discussion of the following:

- A. Prices or rates for hotel or motel rooms, food and beverage, transportation, sightseeing, or other services or facilities of stakeholders, including but not limited to prices or rates to be charged to convention groups, tour groups or tour operators, including off-season prices or discounts;*
- B. Changes or proposed changes in the prices or rates of hotel or motel rooms, food and beverage, transportation, sightseeing, or other services offered to customers of the hotel and motel industry;*
- C. Formulas, procedures, or means for the establishment and determination of prices, rates, discounts, terms, and conditions or rental;*
- D. Plans of individual stakeholders covering increases or reductions in distribution or marketing of particular products or services.*
- E. Restrictions on legal advertising or promotional activities.*
- F. Matters relating to actual or potential suppliers or customers that might have the effect of excluding them from any market or of influencing others not to deal with them.*