



## **MINUTES: Meeting of the Board of Directors**

**Thursday, February 25, 2021**

### **CALL TO ORDER**

The meeting was called to order at 1:03pm by Chair Nicole Hohenstein. Due to novel CoronaVirus known as COVID-19 this meeting was held via Zoom for all participants. Attendance and voting utilized roll call procedure.

### **DIRECTORS PRESENT (16)**

Hohenstein, Ponce, Kielpinski, Noll, Stevenson, Bradley, Kennedy, Salinas, Alkibay, Glass, Paret, Villalobos, Foley, Bombard, Say, Radde

### **DIRECTORS ABSENT (3)**

Hoefs, Fornasiere, Perico

### **STAFF PRESENT (4)**

Luttjohann, Warner, Miller, Johnson

### **GUESTS (7)**

Karen Biery, Gregg Miller, Julie Perlin Lee, Carl Ribaud, Lauren Schlau, Cinde Cassidy, Gina Reed

### **CONSENT ITEMS**

Approval of Minutes from January 2021

Motion for approval Salinas, second Ponce; passed unanimously.

Approval of New Members

Applications for new membership by Catalina Cantina and Lokket WiFi, Inc. were presented for Board approval.

Motion for approval Ponce, second Glass; passed unanimously.

Bylaws Review and Update

Luttjohann reported changes are largely cosmetic to the naming structure; the removal of the vice chair position title that was missed in the 2016 update and a revision to the ad hoc Nominating Committee. The revision was to clarify that an ad hoc member of the Nominating Committee cannot be nominated and elected to the Executive Committee for the year in question. Hohenstein asked for a clarification on the current name of our organization. Luttjohann explained, it is the Catalina Island Chamber of Commerce & Visitors Bureau with a dba of Catalina Island Tourism Authority (CITA) and a trademark on Love Catalina. Motion for approval of Bylaws revisions by Hohenstein, second Alkibay; passed with 14 yes votes, no nay votes, no abstentions.

Procurement Policy Update

No change was made to the policy. The dollar figure of \$4999 that allows Luttjohann to be the only signer on checks and the amount requiring board approval remain unchanged. There have been no updates since 2007. Stevenson joined the meeting at 1:22. Motion to accept the policy as it stands after review by Hohenstein, second Ponce; passed with 14 yes votes, no nay votes, one abstention by Stevenson.

## DISCUSSION AND POSSIBLE ACTION

Report of the Chair—Hohenstein requested Board Members that have not completed and returned the 2020 Conflict of Interest Policy document to please turn in signed copies. The Board Members still needing to fulfill this requirement are: Tim Foley, Thomas Salinas, Denise Radde, Yoli Say, Bart Glass, Ben Villalobos and Roberto Perico. Hohenstein issued a request for a volunteer to join the 2021 Nominating Committee. Per the Bylaws, the committee members consist of incoming Chair Kielpinski and past chair Ponce; Bradley offered to be on the committee in the ad hoc seat and was accepted. Luttjohann stated he will take part in the Nominating Committee meetings but as a non-voting staff member. Kielpinski left the meeting at 1:26.

TOT/TBID Update—Luttjohann provided an overview of the Proposed Service Plan included in the Board packet. Salinas believes that a 2% discretionary increase model would be the better option. Glass added he does not believe now is a smart idea for the City of Avalon (COA) to increase TOT. Ponce mentioned that the COA increase is temporary. Glass retorted that the temporary status is for 10 years and he does not feel it will go away. Hohenstein proposed 1% for a TBID allocation and 1% for COA increase to TOT which brings the fee to 14% and is competitive. Say referenced the competitive rates are in the drive market but here there are other fees involved to get here. She also stated the recent hospital fee will be added to Catalina Express fares. She wondered how this could be decided prior to COA making a decision on their percentage increase. Jason Paret entered the meeting at 1:40. Luttjohann reviewed the competitive destination TOT rates. Miller asked how CIVITAS decided it should be hotels only. Reed answered that it was not a CIVITAS decision; the steering committee gives direction to CIVITAS. Miller voiced that he is against this “business tax” at this time. Salinas added that in some locations the TOT rate varies based on the business size. Hohenstein explained that lodging is the starting point for the TBID assessment and other businesses will be added in the future. Miller would like to see it begin the other way around as adding retail and food later gives him no comfort. Hohenstein reminded that a change to TOT dispersment must be put to the voter. Radde clarified that if this were placed on the ballot by COA it would require 2/3 vote to pass but if the people add it to the ballot only 51% is required to pass. Hohenstein expressed the TBID is imperative to provide marketing dollars for the Tourism Authority. She added the CITA is needed and COA has discussed defunding the “Chamber.” Glass agrees with Miller that other businesses should be the starting point and does not want to see this begin with more fees added to overnight stays. Luttjohann referred to the Board Retreat two years ago where recommendations were made for diversification of funding sources and to prepare for a change of COA funding. Glass stated that it is really not diversity as it always goes to the visitors. Reed feels it is important to remember COA will most likely go up 1% or 2%. She continued saying that if COA went 1% and the TBID was 1% then the TBID funds can be decided by the Chamber/CITA on how to spend. However, if COA goes to 2% then the Chamber/CITA has no say on how the extra funds are spent. Noll understands that many feel the timing is bad to initiate the TBID but reminded that if it had been done a year ago it would have already added \$1mil to the Chamber/CITA’s budget. Miller asked who decides and why the Chamber? Reed said that a Board is made up of payers and they decide. The Chamber/TBID is ideal as TBID funds must be managed by a non-profit. Noll feels strongly that this needs to pass and mentioned that Luttjohann has worked insanely hard on this. Say responded that all merchants have worked hard to save their businesses.

Hohenstein requested a break in the discussion for Ribaldo and Schlaw to give their presentation on TBID and COA TOT. Their presentation was projected on the screen and emailed after the meeting. Ribaldo said the dynamic with COA is common. Schlaw introduced herself saying she works across the nation to develop TBIDs. She further stated she is not for or against it but is here to explain the benefits. She added that there is a higher yield from overnight stays and additional marketing is done with this in mind. She pointed out that COA benefits from overnight visitors with extra TOT, sales tax and other revenue. Coming out of COVID it will be a struggle as all southern California DMOs will be competing with each other. She reviewed the three scenarios: TBID Skew, TBID & TOT increase, and TOT Skew. Ribaldo speaking to the ‘Goal and Tracks to Get There’ page recommended a negotiation with COA for the 1% as it is a win/win proposition. He also explained the Strategy Considerations and acknowledged post-COVID most DMOs will focus on regional travel and funds are essential to compete in this market. On the Strategy Frame Up page he said the ‘pivot’ points are very important and went on to explain Strategy Actions. Hohenstein asked if there were any questions from attendees. Villalobos left the meeting at 1:57. Miller referred to the Funding Outcome Scenarios Summary and asked where the funds were derived from and what was the most COA ever collected. Schlaw responded that in 2019 COA received \$5.6mil in TOT.

Ribaudo encouraged a proposal to COA for a one/one split as it is a win/win situation and added that if COA gets 2% both Chamber/CITA and COA will lose. Miller suggested negotiating with COA on the other 1%. Schlau commented that it would never happen as COA would spend the funds another way and marketing will suffer. Discussion pursued on options for setting up the TBID. Ribaudo reminded that it is best to begin with lodging but the entire community must be on board. He advised to build the message early, add other businesses later and not to increase to 2% too quickly.

Hohenstein made a motion to move forward with the discretionary increase beginning with 1%, second Ponce; passed with 8 yes votes, 2 nay votes, one abstention by Radde. Board Members Kennedy, Alkibay and Foley did not respond; possibly left the meeting early.

Hohenstein issued a reminder that Board attendance is important.

Report of the Chief Financial Officer—Noll turned to Luttjohann to present important news that PPP funds were deposited last night. Luttjohann reminded that these funds must be used for salaries and benefits which meant he was able to restore hours and staff that had not resigned. These funds are Round one funds for which we are finally now eligible and the \$99K must be exhausted prior to applying for Round two funds, if still available.

Motion for approval of the January 2021 financials by Hohenstein, second Bradley; passed unanimously.

Motion for accepting PPP Corporate Resolution to Borrow from Farmer's & Merchant's Bank by Stevenson, second Noll; passed unanimously.

Report of the President—Luttjohann deferred to his President's written report which is on file.

Report of Marketing Committee—Stevenson reported on the social media campaign and recent press releases. He stated that feedback shows these have done the job. The next committee meeting is April 15.

Report of Cruise Committee—Luttjohann stated that Disney has cancelled their March cruise calls to Avalon and Carnival may extend their return to cruising until the end of May. It seems there will be no cruise ship activity before the end of the fiscal year. Holland America has been working to enable crew member visits at some remote coves and camps. This will provide crew needed free time within their bubble. Luttjohann reminded that if island residents believe this is a cruise ship port call they are incorrect. These will be a no- or low-touch interaction at remote coves for crew members only.

Report of Membership Committee—Luttjohann reported the Membership Committee met earlier today. They reviewed the current status of suspended members. Five businesses require Board approval for carryover of their membership dues as their business closure was out of their control. These were: Catalina Island Rugby Festival, Kids at Play, Marlin Club, The Locker Room and Rainey Artistry (due to website listing omission).

Motion for approval for membership carryover through June 2021 of five businesses by Noll, second Hohenstein; passed unanimously.

Luttjohann pointed to Catalina Island Camps which reinstated their membership as their business was allowed to resume.

## **EVENTS UPDATE**

Triathlon RFP—Luttjohann explained that three RFPs were submitted and the panel met with each event coordinator. Spectrum received the highest point value with Alpha Win coming in only .4 points below. Cal-Tri trailed and submitted an incomplete proposal. Each event coordinator proposed a \$5k payment with possible revenue share if participation was higher than expected. Spectrum revealed a date may be in conflict with the LA Marathon and an Orange County event. The Chamber/CITA owned Triathlon will revisit the date as there is no desire to compete with the LA Marathon.

Motion to accept Spectrum proposal by Glass, second Bradley; passed unanimously.

On-line Mixer—Luttjohann is happy to announce that Janet DeMyer is back on the payroll and will work on both Mixers and Fixers online.

## **BOARD MEMBER UPDATES**

Bombard stated Catalina Express is working on additional boats in June and the schedule will be finalized soon. They look forward to launching the new schedule which will look much fuller.

## **FUTURE AGENDA ITEMS**

Luttjohann reminded all remaining that the next meeting is March 11 and the June meeting is early too! These are listed in red on the Future Meetings schedule.

## **ADJOURNMENT**

There being no further business to come before the Board, Chair Hohenstein adjourned the meeting at 3:22pm

## **CHAT FROM FEBRUARY 25 BOARD MEETING:**

From Lauren (she/her): 01:44 PM

The TBID rates in these areas have to be factored in to make an accurate comparison.

From Ben Villalobos to Everyone: 01:57 PM

I need to jump on another call, I will be back shortly. Thanks - Ben

From Cinde MacGugan-Cassidy to Everyone: 02:03 PM

bad connection? sound is horrible.

From Julie Lee Catalina Island Museum to Everyone: 02:22 PM

Thanks Jim et. al, have to get to another meeting.

From Cinde MacGugan-Cassidy to Everyone: 02:26 PM

can everyone please mute unless you are talking.

From Victoria Johnson to Everyone: 02:32 PM

who is phone #805.748.1289? Can you please mute? there is quite a bit of feedback from your number

From Carl Ribaud: 02:56 PM

I have to jump off to another call

From Michael Ponce to Everyone: 02:58 PM

I need to leave

From nicole@pacificahost.com to Everyone: 02:59 PM

Bye Michael!

From dradde to Everyone: 03:07 PM

I need to leave the meeting.

From nicole@pacificahost.com to Everyone: 03:08 PM

Thanks Denise