



MINUTES: Meeting of the Board of Directors

Thursday, November 15, 2018

CALL TO ORDER

The meeting was called to order at 1:01 pm by Chair Gail Fornasiere

DIRECTORS PRESENT (14)

Fornasiere, Bovay, Howell-Awalt, Stevenson, Sanchez, Foley, Paret, Noll, Salinas, Ponce, Radde, Hohenstein, Hite, Hoefs

DIRECTORS ABSENT (5)

Wilson, Alkibay, Montano, Kielpinski, Perico,

STAFF PRESENT (4)

Luttjohann, Miller, Warner, Johnson

GUESTS (4)

Mike Bone, Cinde MacGugan-Cassidy, Catrina Awalt, Jesse Underwood

PRESENTATIONS

Bovay was presented with a proclamation from Janice Hahn for her years of service as Chair and Board Member of the Catalina Island Chamber of Commerce & Visitors Bureau (CICC&VB) and recognized for generously giving her time for the benefit of the community.

CONSENT CALENDAR

Approval of Minutes from October 2018. Motion for approval by Hite, second Hohenstein. Passed, abstention Bovay, no oppositions

REPORT FROM THE CHAIR

Fornasiere began discussion on the recent Avalon City Council/Planning Commission Joint Session. A suggestion at that meeting by Council Member Pam Albers was to redirect a portion of TOT funds raised from vacation rental fees into work force housing funds. Albers' thinking is that vacation rentals do not benefit from CICC&VB marketing and that portion of TOT should revert to the City coffers. This move would take over \$300K from the CICC&VB's already tight budget. The second Council meeting in December is slated to have this topic on the agenda. Per comments at the Joint Session, Albers three main points include: CICC&VB should not and does not need to advertise in the summer, TOT is generating more revenue than the voters originally believed, and vacation rentals are not promoted by CICC&VB. Currently, CICC&VB spends a very small portion of the marketing budget for advertising in the summer months. Awalt stated that historically August had been the busiest month but in recent years this has changed mostly due to schools starting earlier. She feels there is a need to advertise in the late summer to encourage more visitors.

Radde reminded all that changes to TOT disbursement must go to the voters. When Radde was informed of Albers request, she quickly relayed to Luttjohann and he sent emails to the Board and Hamilton Cove Realtors. Howell-Awalt would like to address the issue prior to the December Council meeting to assure it does not gain momentum. Fornasiere suggested a meeting with Albers prior to the meeting to correct her misconceptions. MacGugan-Cassidy disagreed, asked for all Council to be invited or to wait for the meeting and suggested the CICC&VB present the history of TOT to City Council. She also wondered why CICC&VB should be punished; voters desired Avalon business to increase and so passed the TOT initiative in 1989. Business prospers because CICC&VB successfully promotes the island and more visitors now travel here year around. MacGugan-Cassidy suggested solutions be presented by CICC&VB at the December meeting. Luttjohann asked those present to view the October joint meeting online and specifically listen to the remarks of Bart Glass. Luttjohann reached out to former CEO Wayne Griffin to get history on TOT. Noll asked if all CICC&VB Members should be encouraged to attend the December 18 meeting. Radde stated, the agenda is tentative and the TOT issue can be pulled from that meeting. Luttjohann will send a call for CICC&VB Members to attend the meeting.

Fornasiere requested input on the Board Retreat proposed for January 2019 at Two Harbors. Warner stated the third week of January was still open and Stevenson confirmed the Cyclone would be available. Fornasiere explained this retreat would be in lieu of a January Board Meeting. The location was thought ideal to keep attendees free of distractions and the proposed overnight will shorten to six hours. Howell-Awalt was concerned of rain to which Noll stated Leo's would sponsor ponchos. The consensus of the room was to move forward with planning January's Board Retreat.

PRESENTATIONS

Jesse Underwood introduced himself as a new member of the community and CDO at Catalina Island Medical Center (CIMC). He stated his family has lived on the island about two months now. His focus is to help raise funds for the new hospital facility. The recent move was from Iowa and he said his family was "surrounded by a sea of corn and now live surrounded by the sea."

REPORT FROM CHIEF FINANCIAL OFFICER

To preface Howell-Awalt's report, Luttjohann highlighted some of the findings in the annual audit stated in two documents from McGinty, Knudtson & Associates. In particular "Gift Certificates payable have grown year over year through no fault of the management." A tax attorney is recommended to advise which portion of the gift certificate balance must remain on the books.

Approval of Audited Financials FY 2017-18

Howell-Awalt asked if Board Members viewed all the financials in the packet. Ponce moved to approve the 2017-18 Audited Financials, second Hite. Passed unanimously

Approval of Taxes FY 2017-18

Hohenstein moved to approve the 2017-18 Taxes, second Salinas. Passed unanimously

Approval of Revised Financials June 2018, audit adjusted

Hoefs moved to approve the Revised Financials for June 2018, second Salinas. Passed unanimously

Approval of Revised Financials July-September 2018, audit adjusted and budget allocated

Hohenstein moved to approve the Revised Financials for July-September 2018, second Salinas. Passed unanimously

Approval of October 2018 Financials

Stevenson moved to approve October 2018 Financials, second Ponce. Passed unanimously

Howell-Awalt concluded with a heads-up on the upcoming TOT discussion saying, “look at the state of activities and the drop in advertising expense year over year, due to payback of TOT funds to the City; this will glare at those not knowing the background.” He would like members of the Board confronted with this information to be ready. He followed-up by mentioning the CICC&VB’s accrual accounting system can be deceiving to some and used the example of the “true-up” payment received from the City in FY 2018-19; the financials show the TOT income in FY 2017-18.

REPORT FROM MARKETING CHAIR

Stevenson spoke on the Annual Marketing Conference, held November 1-2 at Terranea Resort in Rancho Palos Verdes, CA. He announced MeringCarson will provide their findings after Thanksgiving. The conference included lively discussion with excellent participation and interaction between MeringCarson presenters and attendees.

Group Sales & Marketing Subcommittee has plans to gain involvement from business members not currently participating. This group will meet again November 27. Stevenson explained that the Hello Catalina Marketing Co-op exists with three partners, Catalina Island Company, Catalina Express and CICC&VB; those representatives met with Wendy Hummer this month. The San Francisco ad campaign saw an uptick of visitors from the bay area but at the same time the advertising budget for the Los Angeles market decreased and travelers from that region dropped.

REPORT OF THE PRESIDENT

Luttjohann submitted his written report but added that he and Bovay participated in the USTA Funding Webinar. As budgets become tighter it was found that other cities are looking at moving TOT to general fund. He also stated the Hospital Consortium held no meeting this month. The Water Consortium will have its next meeting soon and a letter addressing water concerns will be circulated shortly.

DISCUSSION AND POSSIBLE ACTION

Cruise Committee Report— Luttjohann described the reception Catalina Island received at the recent FCCA meetings in Puerto Rico as 99% positive. Out of the nine scheduled appointments, eight meetings took place and there were many side bar discussions. Catalina Island’s image is very good with both RCCL and Carnival stating customer satisfaction stands at 8.5 out of 10. Wilson is not at today’s meeting due to his attendance at CLIA and Cruise the West in San Francisco. Fornasiere asked if any new ships were scheduled. MacGugan-Cassidy replied this was not their mission—goals were to introduce Catalina Island to new markets, add shoulder season ships and to remind executives that Catalina Island is available when weather causes cancellation of other ports. There was talk of adding US Customs agents in Avalon to bring a few more ships. Cruise executives were encouraged to sell Catalina Island as a day excursion to their passengers on ships ported in Los Angeles and San Pedro; several were excited with that possibility. Awalt wished to see more businesses attend the monthly Cruise Committee meetings; Luttjohann stated this is an ad hoc committee and reminders are sent to the entire membership. Luttjohann revealed 75% of funds for rebuilding Puerto Rico after the hurricane were privately funded from the cruise industry.

Wayne & Suzi Griffin Award for Outstanding Community Service— Luttjohann refreshed memories about nominations still being sought for this award. One nominee is currently on the slate and more are desired. Bovay restated her nominee of Catalina Laundry. This business recently closed but prior to that decision, several actions by Rock Gosselin moved Bovay to nominate him for the award. Luttjohann will send out an email to Board Members in an effort to solicit additional nominees.

Membership & Visitors Services Report— Non-renewal by some members was briefly discussed. The majority of dropped members closed, retired or lost their lease.

EVENTS REPORT

New Year's Eve—Warner announced that reservations for the annual gala event are ahead of last year with almost 400 paid.

Mixers— Warner stated the Mixer this month is hosted by Overlook Hall. She reminded all there is limited time to sign up. Due to a conflicting community event tonight, the Mixer will be Friday, November 16 at 6:00 pm.

Triathlon—Warner said the triathlon was held two weeks ago and this weekend is the half-marathon and 10K event.

Concert Series—Warner mentioned the last concert of the season was a DJ. The event was small and reasons for the lower attendance were: competition with World Series Dodger game, it was on a Friday, and the cooler weather. Those that did attend were engaged, dancing, enjoying the music and having fun.

Shop Catalina—Warner acknowledged Lincoln sent out a call for participation in this annual event. The Thursday Update sent today contained a link for businesses to sign up. The December 1 event will cost the same as last year; \$40 for members and \$80 for non-member businesses. Carolers will be roaming the town, children can visit with Santa, and a lighting ceremony for the community Christmas tree will be held that evening. Awalt suggested a possibility for next year—try an all-day event culminating with the tree lighting. Luttjohann mentioned that Sean Brannock would like to resurrect the “tour of lights” and if held the same day, festivities could continue into the evening. Radde said the City will be putting up the Christmas lights and have them ready prior to the Shop Catalina night. Hohenstein offered a donation of rooms for the carolers at the Holiday Inn.

BOARD MEMBER REPORTS

Hite wished to congratulate CICC&VB staff for good work that contributed to a smooth annual audit.

Howell-Awalt deferred to his wife with her report on the serious impact of homelessness in Avalon. Awalt is concerned about the possibility of fire and the perception of visitors. After viewing news coverage of the Paradise Fire that destroyed an entire town, Awalt believes the same could happen in Avalon. She also mentioned an indecent exposure issue in Knabe Park which is a first impression area for many visitors. Currently there are 13 homeless living in Avalon and California law protects them. There is a high risk of fire with many homeless being smokers and living in places where brush would ignite quickly like Avalon Bowl, the golf course, etc. On the mainland shelters are available, but many of the Avalon homeless do not wish to be in a shelter. Awalt pointed out, Avalon has gained an exemption for other laws and thought it might also be possible for this issue. If the town burns down, there will be no place for visitors to come, jobs will cease to exist, hotels and housing will be gone. Paret established there is often a mental health problem with the homeless and CIMC is not equipped to handle mental health issues. He explained staffing in Avalon vs. the mainland, saying “how does a single emergency room nurse deal with a situation that can quickly become dangerous?” He also told how medical transfer to the mainland is almost impossible for these individuals. MacGugan-Cassidy said the City of Avalon officials have met with LA County about the mental health concern of homeless individuals. LA County Sheriffs, City and CIMC are working together and once a law is broken then an arrest can be made. Luttjohann suggested a smoking ordinance might be one tool to control the situation. Awalt called for businesses to unite and fight this before the problem grows. Radde reported that at the last City Council meeting a task force was formed headed by Dan Huncke and Scott Schmeckpepper; they will coordinate with mainland services. Awalt warned this is not just a public health and safety issue but all the hard work of the CICC&VB to attract visitors could be for nothing if things worsen.

Hoefs asked for clarity on the cross-channel visitor counts being down. Luttjohann declared the Newport Flyer went out of service in October and will not return until March. Sanchez urged accommodations to eliminate the weekend two-night minimum. Hohenstein disclosed the Holiday Inn recently dropped their two- and three-night minimums on certain weekends. She also cautioned that some hoteliers believed with Hotel Atwater out of service, it was a good

time to increase prices. Bone considers his race participants potential overnight guests and went on to explain that due to the two-night minimums, race start time was changed to 8:30am, making a day trip possible. Hoefs observed that October was down for his businesses and November is looking to be the same. Fornasiere asked that this subject be revisited at the Board Retreat.

Bovay announced the Conservancy's Trail Head will have their soft opening in early December. The Airport project has prep work planned that will necessitate restricted flights beginning December 9. She urged not leaving things for last minute this Christmas because packages may need a few extra days to reach their destination.

Fornasiere announced the museum's Holiday Season Celebration and 1st Friday at the Museum will combine into one event on Saturday, December 8. This year the museum will feature the Christmas classic "A Christmas Story" shown in the Casino Theatre. The event is 4-7 pm and will include holiday music, Santa Claus, appetizers, beverages and a raffle.

Salinas mentioned that an anti-loitering device might be effective in the homeless situation. It emits a sound that will urge loiterers to move on but is not loud enough to bother those a bit further away.

ADJOURNMENT

There being no further business to come before the Board, Chair Fornasiere adjourned the meeting at 2:50 pm