



MINUTES: Meeting of the Board of Directors

Thursday, November 19, 2020

CALL TO ORDER

The meeting was called to order at 1:02pm 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, Fornasiere, Bradley, Salinas, Glass, Hoefs, Paret, Villalobos, Bombard, Say, Radde, Perico

DIRECTORS ABSENT (3)

Alkibay, Foley, Kennedy

STAFF PRESENT (4)

Luttjohann, Warner, Miller, Johnson

GUESTS (6)

Mike Parmer, Rob Sloop, Gina Reed, Nichole Farley, Cinde MacGugan Cassidy, Gregg Miller

PRESENTATION ON SEA LEVEL RISE

Mike Parmer presented a brief overview of the Local Coastal Program (LCP) on Sea Level Rise and Rob Sloop continued the presentation. Sloop acknowledged the City of Avalon (COA) received two grants to study sea level and public outreach is a requirement. COA requests as many as possible participate in the survey. Website: Avalonslr.com then clicks on red button leading to the survey. Sloop asked for Board Members to spread the word on the survey and the project. The next steps include reaching as many groups as possible, public meetings, then draft and final adaption plans. The hope is to receive both resident and visitor responses, moving toward adoption in 2022. The power-point presentation was emailed to all board and staff members after the meeting.

CONSENT ITEMS

Approval of Minutes from October 2020

Motion for approval Fornasiere, second Ponce; passed unanimously.

Approval of 2019-20 Audited Financials

Noll presented the report included in the packet. Paret expressed his worry over the 'going concern' written as part of the audit. Luttjohann noted the auditor's comments are as of June 30, 2020 and the COA budget has been approved since that time making a change in the Love Catalina (LC) budget. Ponce motioned to accept the 2019-20 audited financials, second Paret; passed with abstention by Glass.

DISCUSSION AND POSSIBLE ACTION

Report of the Chair—Hohenstein turned the floor over to Nichole Farley and Gina Reed for a CIVITAS update on the TBID formation. Farley began with a recap of the idea to begin with hotels/vacation rentals and golf cart rentals later expanding to include all businesses. She reminded that this fee is passed along to the visitors as they pay the percentage when settling their bill. Farley mentioned that Santa Ana is the newest TBID in California. Santa Ana formed a new DMO that works in partnership with the Chamber of Commerce and is

collecting 2%. Reed explained the five steps to formation. She believes steps 1-3 could take about a month as some progress has been made, step 4 would require another month, step 5 takes at least two months. A TBID could be implemented by May or June depending on decisions on direction. She disclosed that of the 111 TBIDs in California, 99% of DMOs are unaware of complaints about their fees and that 35% increase the assessment percentage upon renewal.

Miller wished to know how the funds would be spent and feels the 12% TOT funds received by LC is a huge percentage of the budget. He would like a program that increases overnight guests. Miller continued with numbers are way down and this is not the time to implement a TBID. He questioned why only hotels and vacation rentals, wishing to see Catalina Express, restaurants, and more businesses involved. Noll stated the LC budget is down 50% over last year and the number one idea to help the COA budget is LC funding reduction. Noll emphasized marketing must continue for the island to stay in business and LC should be that marketing arm. He noted that TOT can only be used for marketing and can't be put in reserve for situations that arise like Covid. Noll feels the need to prepare if this pandemic does not end or happens once again. Salinas asked about restrictions on where the TBID money can be spent. Farley said the TBID does allow a reserve account for natural disasters and funds can be put toward infrastructure.

Miller would like to see the TBID begin with restaurants adding hotels later. Farley explained that hotels understand the process and educating the restaurants will take longer extending implementation several months. Salinas believes restaurants should be included even if inception takes an extra few months and does not desire retail to be included at this time. Farley mentioned that CIVITAS works for the DMO and can set up the TBID as directed. Glass stated that his 34 years on the island makes him realize all residents receive benefits of tourism whether they work for Edison, in retail or restaurants and he does not want this put on the backs of the hotels and vacation rentals. He is concerned more fees will out-price Catalina Island and visitors will not come. Glass stated taxes go on and up but never go away. He reminded the recent hospital measure passed which will add fees to the boat fare. Salinas claims that owners are letting go of units and some ask him what COA is doing. He said the owners feel insecure with the pandemic.

Noll noted that he is an employee and does not own a business, adding that taxes paid now are 12% and the highest in the state is 17% so with the decreased budget the TBID makes sense. Salinas feels a tangible product is needed and Ponce responded that Catalina Island is the tangible product. Salinas agrees no marketing is not an option but believes talking to the owners will be difficult. He would like to offer a carrot, possibly Wi-Fi or sustainable internet as bad phone connections are not desirable. Glass believes if all businesses were included then it would be okay and make it equal for everyone. He said the more fees are packed on the less visitors will come. He's received complaints on the bed tax which was 9% when he started and now is 12%. Hohenstein has never received a complaint about tax and agrees with Glass about the even spread. Salinas said that guests don't complain but owners do and that homeowners may not wish to be investors. Say receives questions about the bed tax and is asked about hidden fees with some wondering about what will be added on top of the 12%. Noll reminded that the TBID will become equal; accommodations are the starting point. Glass wants to make it equal now, not down the road.

Noll replied that retail has been devastated and dining as well but hit the hardest is retail. Say stated if there are no restaurants or retail there will be no overnight guests. Glass agrees because once beach dining closes, calls flood in to cancel rooms. Say added the Chamber is needed but would like the TBID tabled until there has been recovery. Farley reminded the TBID is getting set up for post-Covid as fees won't begin until April or later in July if retail is added.

Salinas asked for information to pass along to the 200 owners of vacation rental properties as they will ask where the funds are going. He requests more structured goals and that everyone be educated to show what the TBID will accomplish. Reed agreed to work with the steering committee and then pass the information along. Salinas asked who is interested in being on a steering committee. Luttjohann responded the steering committee was formed in January and that Salinas was already a member. Salinas requested that they reconvene another meeting and include retail and restaurants.

Paret wondered about timing of collection vs. when LC receives the funds as the budget indicates the organization may be out of cash soon. Reed replied that funds collected in May are received in July. Radde confirmed that pre-Covid several COA Council meetings included discussion on reducing TOT paid to the Chamber and she stated that COA is struggling. She added the TBID could be a good revenue source for LC as TOT payout could possibly be reduced as a way to increase COA funding. Hohenstein explained that the risk is

high if LC does not market, small businesses will go under. She further stated that the Board is here to keep business open and successful. Salinas emphasized we don't want the Chamber to close. Stevenson sees the TBID as a means to an end to keep the Chamber open. He added that Catalina Island Company (CIC) implemented a resort fee 18 months ago and received no pushback. He recommends starting the TBID now because it needs to get going. He further stated that if tours and restaurants were included CIC would pay. Perico agrees the Chamber must be kept operating. He feels fees should be shared with the guest at the time of booking so there are no surprises. He would like to see the program begin as soon as possible, maybe implement by April, definitely before summer not mid-summer.

Hohenstein will direct the committee to meet in November, December or January to move forward. Salinas asked if Buddy Wilson is involved as his opinion is respected. Luttjohann replied that Wilson possibly would authorize Conrado Vega as Wilson currently has other requirements on his time. Bradley stated she owns two small businesses and she needs the Chamber to market. She likes the possibility of including all activities and agreed that retail has been quite hurt by Covid.

Hohenstein reminded all Board Members the importance of attendance and requested them not be absent.

Report of the Chief Financial Officer—Noll presented the June revised financials and the draft budget that includes July through October Financials.

Motion for approval of the revised June 2020 Finances by Hohenstein, second Ponce; passed by roll call vote.

Motion for approval of the July-Oct 2020 financials by Ponce, second Villalobos; passed by roll call vote.

Luttjohann reviewed the budget included in the packet. Motion for approval of the Draft 2020-21 Budget by Villalobos, second Ponce; passed with abstention by Bombard.

Funding Updates were provided by Luttjohann on SBA, PPP, Main Street and grants.

Update on Legal Notice of Copyright Infringement—Luttjohann stated that the insurance company has accepted responsibility and will settle.

Invitation to Rejoin Catalina Island Water Consortium— Motion by Hohenstein to have Luttjohann represent Love Catalina at any upcoming meetings, second Ponce; passed unanimously.

Report of the President—Luttjohann mentioned his presentation at the recent COA Council meeting. His written report is on file.

Report of Marketing Committee—Miller will send her marketing notes in the interest of time as several members of the Board had exited the meeting.

BOARD MEMBER UPDATES

Guest Miller praised the Board for doing a great job during difficult times.

ADJOURNMENT

There being no further business to come before the Board, Chair Hohenstein adjourned the meeting at 3:58pm

CHAT FROM NOVEMBER 19 BOARD MEETING:

13:08:00 Thomas Salinas entered the meeting
13:13:44 From Thomas : can you distribute this preso?
13:14:19 From nicole : I will ask him if he can once he's done.
13:19:00 Roberto Perico entered the meeting
13:23:01 From Roberto Perico : good afternoon
13:24:54 From Mike Parmer : I will forward the presentation to Jim this
afternoon
13:34:21 From Jim Luttjohann : Are you looking for visitor responses too?
13:35:38 From Jim Luttjohann : We will work with the City on places on our
site to link to for visitors input
13:36:19 From Catalina Museum : Thanks Michael and Rob!
14:49:39 From Nichole Farley : Hi Everyone, I have to jump off in 5 minutes at
2:55 pm.
14:50:21 From Cinde MacGugan-Cassidy : 50% of my rooms cancelled immediately
starting Wednesday for this weekend. I have had 6 of 19 rooms cancel for
thanksgiving. Just saying....
14:51:08 From Cinde MacGugan-Cassidy : I'm sorry I gotta drop off
14:51:17 From Gregg's iPhone : we are moving in the same direction.
14:57:27 From Catalina Museum : I have to go to another meeting. Sorry
15:00:11 From Gina Reed w/ Civitas : Sorry, I really have to go!
15:00:13 From Nichole Farley : I have got to jump off! Sorry, I got to jump
for another call.
15:13:00 From Roberto Perico : I have to leave. sorry
15:13:27 From nicole : Thank you Roberto!
15:24:45 From Dave Stevenson : I need to leave for another meeting. I'm
abstaining from the vote on budget due to personal reasons that might be a conflict
of interest. Wife is Chamber contractor.
15:25:12 From nicole : Thanks Dave
15:43:30 From Gregg's iPhone : what is 62 -
15:43:38 From Gregg's iPhone : above
15:43:45 From Gregg's iPhone : thank you.
15:45:18 From nicole : It's our new advertising company
15:45:38 From Gregg's iPhone : thanks.