

# **AMERICAN CVB GOVERNANCE MODELS**

## **A Review of Destination Marketing Efforts in Comparable Communities**

October 2005

Compiled by:



[www.ZeitgeistConsulting.com](http://www.ZeitgeistConsulting.com)

# CONTENTS

INTRODUCTION	2
EXECUTIVE SUMMARY	5
FINDINGS	6
CASE STUDIES	9
EXHIBITS	39

# INTRODUCTION

## THE CVB INDUSTRY

Travel and Tourism is one of the largest industries in the United States, employing over 7 million people and generating over \$100 billion in local and state taxes. Over the past 25 years, community leaders have seen the opportunity to increase the economic base of their region by marketing their destination to business and leisure travelers.

In most communities, the responsibility of marketing the region falls to a Destination Marketing Organization, often referred to as a “Convention and Visitors Bureau” (or CVB). This organization is charged with marketing its community’s attractions and facilities and, in the case of cities with meeting facilities, selling the area as a convention destination to meeting planners.

In the vast majority of communities, CVB budgets are powered by government funding, often in the form of Room Tax revenues that are derived from the guests of area hotels (see Exhibit One on page 40). According to the most recent industry figures available\*, 88% of CVBs report receiving Room Tax revenues with which to run their sales and marketing programs. In addition, Public Sector Funding makes up 84% of the average CVB budget. The rest comes from private sector fundraising such as membership programs, service fees, merchandise sales and advertising sales in publications and on the website.

Over the past 25 years, CVBs have evolved from committees and organizations that merely printed and distributed brochures and answered visitors questions...to professional sales and marketing agencies. In many cases, the first attempts at tourism promotion were handled by Cities, Counties and Chambers of Commerce. However, as competition for the visitor dollar increased, many CVBs transformed themselves into independent, 501(c)(6) not-for-profit agencies.

The Irving Convention and Visitors Bureau was created as a City agency, a format which is still in use today (see Exhibit Two on page 41 for more on the Bureau’s genesis).

## THIS STUDY

Zeitgeist Consulting was retained by the Irving Convention & Visitors Bureau in August of 2005 to research prevalent and successful CVB governance models across America.

We started our research by identifying all destinations (represented by a CVB) with a population over 150,000 residents which also boasted over 5,000 hotel rooms (see Exhibits Three and Four on pages 42-46). This list was then culled to include only those destinations that bore a product resemblance to Irving (see Exhibit Five on page 47). Some destinations made the cut due to their proximity to an airport. Others remained in the research group because they were situated within a metropolitan area. Still others were included in the final cut because of their status as a corporate hub.

This final competitive set of communities included:

Arlington VA  
Durham NC  
Long Beach CA  
Mesa AZ  
Overland Park KS  
Raleigh NC  
San Jose CA  
St. Petersburg FL  
Tempe AZ

Once this short list was developed, the City, Bureau and Zeitgeist agreed to expand the list with a more liberal set of comparables. For instance, Bloomington MN matches up very closely with Irving in several criteria, but had been initially dropped from the list because its population topped out at 85,000. Other destinations with compelling similarities missed the first cut because they had 4,500 hotel rooms, just shy of the 5,000 floor that was initially established.

The destinations that were, thus, added included:

Arlington TX  
Austin TX  
Bloomington MN  
Boulder CO  
Coastal Fairfield County CT  
Cobb County GA  
Dallas TX  
Glendale AZ  
Ft. Wayne IN  
Hartford CT  
Northern Kentucky  
Providence RI  
San Bernardino CA  
Valley Forge PA  
Greater Woodfield IL

We then proceeded to interview representatives from each destination to gain insight into their Bureau's origins, development and current structure. While we succeeded in conducting a high number of successful interviews, the following destinations were unfortunately non-responsive to our attempts: Arlington VA, Long Beach CA and Providence RI.

An Executive Summary of our findings appears on the next page, followed by 21 Case Studies and backup data sheets.

Thank you for the opportunity to be of service.

Bill Geist

# EXECUTIVE SUMMARY

In our review of the Governance Models and Histories of CVBs with destination similarities to Irving, we have discovered the following commonalities:

- **The majority of CVBs in the competitive set reviewed are structured as independent, 501(c)(6) not-for-profit organizations.** 71% of the CVBs in the study group employed this governance format. This matches up reasonably well with the 2003 Organizational and Financial Profile Report (commissioned by the International Association of Convention & Visitors Bureaus Foundation) that showed that 75% of its member Bureaus were independent, not-for-profit organizations.
- **Increased productivity, the opportunity to insure that all revenues invested by government are spent on tourism promotion and the ability to attract and retain star performers were cited as the primary advantages for an independent CVB structure.** Be it formerly governmental or a division of Chamber, most independent CVB respondents pointed to layers of bureaucracy and diversion of room tax revenues to non-tourism initiatives as no longer hampering their efforts. For those Bureaus that used to be a division of government, the increased willingness of businesses to partner with a “business” (as opposed to government because of freedom of information fears on competitively sensitive issues) was cited as an advantage. For those that were once part of a Chamber, the ability to avoid potential political backlash from a Chamber’s advocacy positions on issues and candidates was also seen as an advantage to independence.
- **Unfettered access to the Mayor and key Department heads and the ability to avoid having to lobby for budget appropriations each year were cited as the key benefits of governmental status.**
- **Reduced administrative and health care costs was the key rationale for the lone CVB in the study group that was a Division of its Chamber of Commerce.**
- **The average independent 501(c)(6) CVB is governed by a Board of 23, with 5 of those seats appointed by government.**

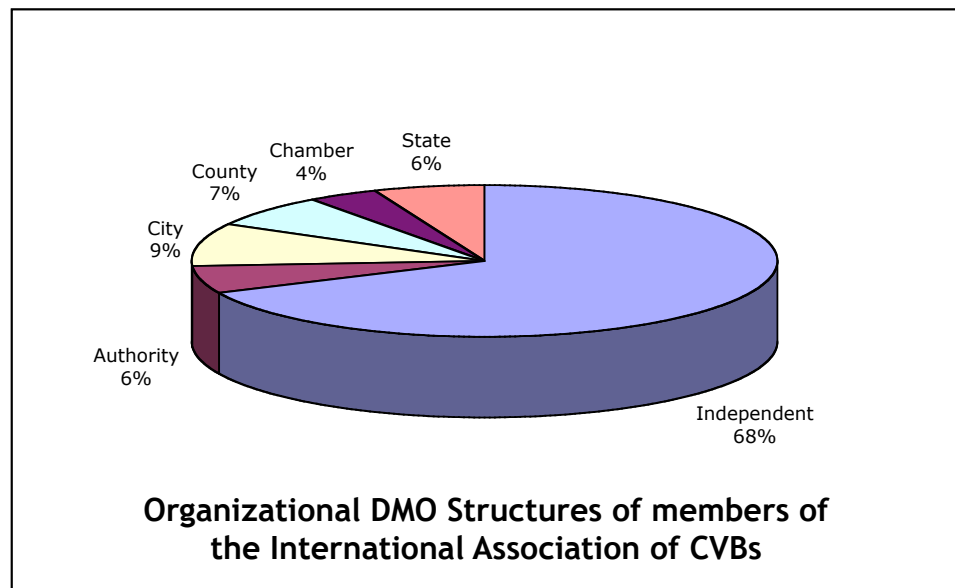
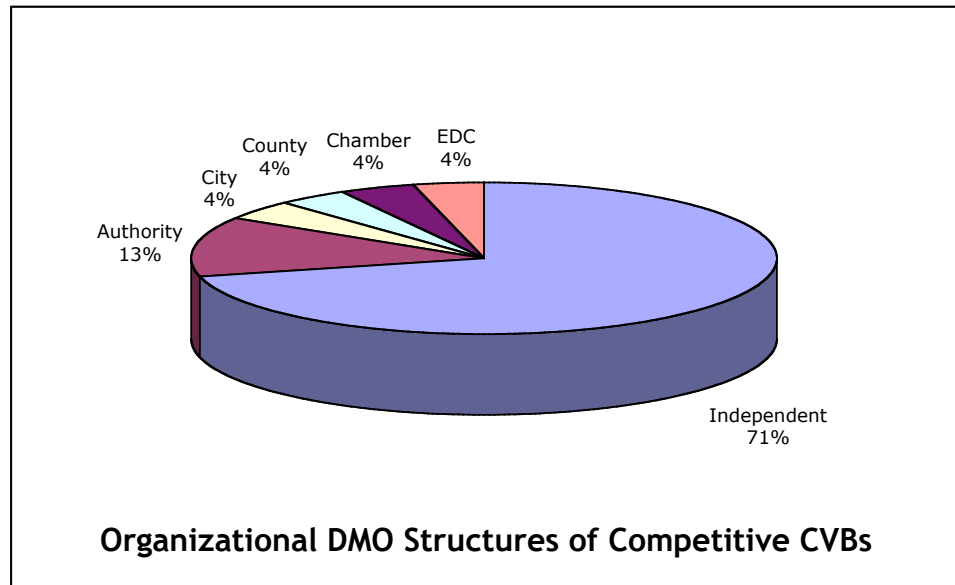
# FINDINGS

In our review of the Governance Models and Histories of Destination Marketing Organizations with destination similarities to the Irving CVB, we have discovered the following commonalities:

## STRUCTURE

The most prevalent organizational structure in destinations that are comparable to Irving is that of the independent 501(c)(6) not-for-profit organization. 71% of the CVBs in the study group employed this governance format. This matches up reasonably well with the 2003 CVB *Organizational & Financial Profile Report*, commissioned by the International Association of Convention & Visitors Bureaus (IACVB), that showed that 75% of its member Bureaus were independent, not-for-profit organizations.

The remaining formats ranged from one CVB that was a City Department, one that was a County Department, one that was a division of its Chamber of Commerce, one that was a division of its Economic Council and three that employed unique variations of Governmental Authority models permitted in their individual States.



## **RATIONALE FOR CONVERSION TO INDEPENDENT STATUS**

Virtually all modern day Convention & Visitors Bureaus trace their genesis back to another organization. Most cite Chambers of Commerce as their parent. Others trace their roots back to City or County Government. Less than a third of the CVBs we researched (and only 25% of the total of the total IACVB membership) remain as a division of another entity, which begs the question “why?”.

The primary rationales for an independent CVB structure appear to center on the CVB’s ability to be more efficient and productive, the opportunity to insure that all governmentally directed revenues were expended on tourism related programs and the ability to do things that government often cannot (such as develop compensation plans that serve to retain the community’s best talent, entertain prospective clients and market the destination the way the customer expects it to be marketed.

Efficiency and productivity were cited by 40% of respondents, as they noted that independent status allowed them more time to focus on the mission of the organization and less on generating reports, attending meetings that were only peripherally related to the development of tourism and becoming entwined in events that did not produce a visitor-based ROI. Several respondents also cited “speed to market” and the ability to respond rapidly to changing market conditions as advantages of an independent organizational structure.

Interestingly, 40% of those that were once divisions of Chambers of Commerce reported that a key advantage of their independence was that the parent organization was no longer able to appropriate room tax dollars for non-tourism related activities.

For those CVBs that had been a division of government, the ability to appropriately compensate sales and marketing professionals was cited as a significant advantage to independent status. As one respondent pointed out, the sales and marketing staff of a CVB should be comprised of the best people in town. In most cases, government pay grade systems do not provide the ability for CVBs to compete with the private sector for these professionals.

Regardless of the source of independence, the governmental bodies that now contract with the independent CVBs in this study believe that they receive a higher ROI from the room tax revenues invested in destination marketing and promotion because a) money is not diverted to non-tourism initiatives and b) because all resources are highly focused on the mission at hand.

## **RATIONALE OF DIVISIONAL STATUS**

For those CVBs that remain as a Division of a parent organization, the following advantages were identified by respondents:

The CVB that is a Division of a City cited greater access to the Mayor and key Department Heads than it would enjoy if it were an independent contract agency.

The CVB that is a County Department said that being a part of government lessens the level of political involvement that many independent Bureaus must endure to get contracts renewed.

The CVB that is a Division of its Chamber of Commerce pointed out the savings on shared administrative and health care costs as being the key advantages to its status.



## **UNIQUE VARIATIONS**

North Carolina State Statutes provide that its CVBs be designed as Quasi-Governmental models. While not holding the authority to impose tax, these unique organizations are, as one respondent said, seen as “instrumentalities of government” and, thus, have broad authority for action and relatively low political downside.

In the case of Northern Kentucky, a State Senator saw the ability to create an Authority that could take the politics out of tourism promotion and development. In this case, the Authority does have taxing authority and is completely autonomous.

In both of these cases, State laws were created in the 1980s to allow such unique organizations. While not impossible, the realities of today’s increasing awareness of the role of tourism promotion and development on a community (and the tax revenues that can be derived from the hospitality industry) probably make such initiatives highly unlikely to succeed in other environments.

## **PREFERRED GOVERNANCE STRUCTURES**

Of those CVBs that had evolved into independent 501(c)(6) status, the average Board size was 23. The largest Board numbered 38, the smallest was 12. The average number of seats that were reserved for appointments by government was 5. The highest percentage of Board seats controlled by government was 100%, the lowest was 0%.

Beyond these numeric markers, we found Board design between Bureaus to be highly subjective to the culture and make-up of each individual community. In other words, destinations design their Boards to meet the political and destination realities of the regions they serve.

## **ACCOUNTABILITY**

Like Board structure, this facet of the relationship between CVB and Government is a real potpourri of styles and structures. Overall, most Cities and Counties require their CVBs to provide financial and productivity reports on a regular basis. At least quarterly (and, in some cases, monthly), Bureaus were to report on measures such as Room Night production, number of Bookings successfully executed and other activity measures deemed important by the two parties in the negotiation of their contract. For many of those CVBs that were required to report quarterly or annually, we note that the CEOs of those organizations often take it upon themselves to report more regularly to keep their government informed of the Bureau’s progress and productivity.

# CASE STUDIES

Arlington TX*	10
Austin TX*	11
Bloomington MN*	13
Boulder CO*	14
Coastal Fairfield County CT*	15
Cobb County GA*	16
Dallas TX*	17
Durham NC	19
Ft. Wayne IN*	20
Glendale AZ*	22
Hartford CT*	23
Mesa AZ	25
Northern Kentucky	27
Overland Park KS	28
Raleigh NC	29
St. Petersburg FL	30
San Bernardino CA*	31
San Jose CA	32
Tempe AZ	33
Valley Forge PA*	34
Greater Woodfield IL*	36

*\* Denotes Destinations that did not make the preliminary cut for this study but that were added back into the mix because of unique similarities to Irving*

## **ARLINGTON TX \***

Quick Facts:

**POPULATION:** 359,000

**HOTEL ROOM INVENTORY:** 4,500

**DMO STRUCTURE:** Independent 501(c)(6) organization

**MEMBERSHIP PROGRAM:** Yes

**BUDGET:** \$4 million

**CONVENTION CENTER:** Yes / 87,000 sq. ft.

**PRO STADIUM:** Yes / Home to the Texas Rangers

***Rationale for Inclusion:*** Arlington is considerably larger in residential population than Irving, and considerably smaller in hotel room inventory. Its visitor profile is also markedly differently than Irving's because of its leisure-oriented attractions. Its small convention center also differentiates it from Irving. However, in reviewing the DFW marketplace, it remains a large suburban city adjacent to a major airport with a sports facility. For these reasons, we are including it in this review.

***History:*** Formerly a City Department, the Arlington CVB was spun off into a 501(c)(6) non-profit organization in 1993 after some problems with financial accounting and controls were discovered. The City Council's solution to this situation was to distance itself from these issues by transforming the Bureau into a separate legal entity.

However, the City still maintains a fairly high level of control over the organization by holding appointment authority over all Board seats. While this has worked well over the years for the Bureau, appointed Boards are historically less engaged and influential than Boards that are self-selected through a Board Nomination process.

***Governance and Accountability:*** The Arlington CVB Board numbers 15. Three of those seats are appointments from the City. two seats are reserved for members of the lodging community and three are designated for the destination's largest attractions.

The Arlington CVB measures itself by roughly 50 criteria to monitor its performance and impact. The City is confident that the Bureau has effective measures in place and has selected the six measures of most importance to the City for inclusion in its contract with the CVB. These include Future Room Nights booked (split by convention center, convention hotel, tourism and group markets). In addition, the City monitors some ROI indicators.

## **AUSTIN TX \***

Quick Facts:

**POPULATION:** 681,804

**HOTEL ROOM INVENTORY:** 25,000

**DMO STRUCTURE:** Independent 501(c)(6) organization

**MEMBERSHIP PROGRAM:** Yes

**BUDGET:** \$4 million

**CONVENTION CENTER:** Yes / 900,000 sq. ft.

**PRO STADIUM:** No

***Rationale for Inclusion:*** While Austin doesn't match up with Irving in size and composition, it went through a City to Private Non-Profit process ten years ago. The evolution provides a fascinating and compelling case study.

***History:*** Tourism promotion in Austin has had, until recently, a fairly checkered past. Through the 1980s and early 1990s, the CVB bounced from City to Chamber to an Advertising Agency to Independence and back again. A mixture of poor management and competitive agendas were to blame. However, the real culprit was that the City really didn't have a vision for what a CVB should do...so it was difficult to decide how to do it.

In 1994, the City Manager was willing to do just about anything to get this issue settled once and for all. As the City Manager began seeing other municipalities around the country begin outsourcing CVBs, EDCs and other functions, he initiated discussions with the hotel industry and the Convention Center Director. With their concurrence, the City Manager identified an industry veteran to lead the conversion and revitalization of the CVB as an independent 501 (c)(6) not-for-profit organization.

***Advantages of a Privatized Structure:*** Once independent, the CVB found that it could generate additional revenue streams that were previously impossible as a unit of government. On one hand, industry partners were much more interested in investing in a private organization than a governmental body, as they believed their money would be maximized by an independent CVB. On the other hand, existing City regulations blocked many of the ways that private sector funding and support could be raised, forfeiting the opportunity to leverage public money with private funds and expand the Bureau's reach.

In addition, City regulations prevented many of the activities that are core to the marketing of a community to meeting and event planners. Gifts, purchasing wine with dinner and other entertainment expenses for clients were difficult, if not impossible, to do within City rules. While one could argue that a CVB shouldn't be paying for such things, the fact that the competition does (and thus the client expects such treatment) means that the CVB that doesn't operates from a distinct disadvantage.

Part of the City rules struggle also played out in the hiring and retention of the best professional staff available. If one agrees that a City's CVB should have the best and the brightest sales and marketing people in the community, one would also need to agree that they should be among the best compensated individuals in the community. Unfortunately, government pay grades are not designed to compensate sales and marketing people and, thus, artificially block the ability of CVB management to compete for these individuals in the

marketplace. It also often prevents the utilization of performance bonus or commission programs, which are key to compensating salespeople.

Finally, the CVB reports that the tourism industry was much more willing to work with an independent agency. Stakeholders viewed the City Department CVB as not being easy to work with and didn't feel an affinity for the staff. Government processes frustrate many in the private sector and, thus, many in the industry refused to work the Bureau. Once independent, the industry saw the organization as a partner and was more willing to negotiate and partner to land important pieces of business. Active industry involvement in Board meetings and other programs increased significantly.

***Accountability and Measurements:*** The Austin Board is made up of a mix of industry specific appointments and business leaders and numbers 30. Two of the seats are reserved for the Assistant City Manager and the Director of the Convention Center.

The CVB reports on productivity in several categories including event bookings and room night generation. These monthly reports are provided to the Board and, thus, to the Assistant City Manager, satisfying the requirements on the Bureau's contract with the City. While not required, the Bureau makes a presentation to the City Council every other month to keep them informed and up-to-date on Bureau progress towards its goals.

## **BLOOMINGTON MN \***

Quick Facts:

**POPULATION:** 85,000

**HOTEL ROOM INVENTORY:** 7,400

**DMO STRUCTURE:** Independent 501(c)(6) organization

**MEMBERSHIP PROGRAM:** Yes

**BUDGET:** \$4 million

**CONVENTION CENTER:** No

**PRO STADIUM:** Formerly the home of the Minnesota Vikings and Twins

***Rationale for Inclusion:*** While the City of Bloomington is significantly shy of the 150,000 population floor that was established for this study, its geographic position relative to the Minneapolis-St. Paul metro and its adjacency to the Minneapolis-St. Paul International Airport qualify this community's DMO for consideration in this review. In addition, Bloomington is the home of the world famous Mall of America and, until the mid-1980s, was the site of Metropolitan Stadium where the Minnesota Vikings and Twins played their games for decades.

***History:*** For as long as anyone can remember, the Bloomington Chamber of Commerce handled the dissemination of tourism information (as many Chambers did prior to the 1980s). As the City began to invest in tourism promotion, the CVB was created...and quickly passed to the Chamber, as the City didn't want the hassle of responding to visitor information requests on weekends when Vikings and Twins fans descended on "the Met."

The CVB existed as a Division of the Chamber through the mid 1980s, when the Bureau Advisory Board began to object to the Chamber's raids on City investment in the Bureau.

Once an independent agency, the CVB petitioned the state to enable the City to enact a 1% room tax dedicated to Bureau promotional efforts. In 2002, they were successful in landing State approval for another percent, nearly doubling the Bureau's budget.

***Advantages of an Independent Format:*** By all accounts, the current format works for everyone. The City has the level of control and influence it believes it needs...and the CVB has the flexibility to react quickly to changing market conditions (and not having to petition the City for permission to shift a marketing strategy) and avoid the bureaucracy of waiting for purchase orders to be approved and checks cut. The CVB also believes its independence helps the organization stay on Mission through leadership changes at the City.

***Governance & Accountability:*** Through all of this, the CVB has dedicated itself to proving its ROI to City Government. The contract that has been executed gives the City both "comfort and control." The "comfort" comes from contracted reporting (Annual Report, Marketing Plan submission, Staff Activity and Productivity Reports, etc.) and regular presentations to the City Council. The "control" comes from the City's appointment authority of three of the Bureau's 12 Board seats, thus providing a clear line of liaison and representation between the two entities. Interestingly, the Council also has approval authority over any proposed By-Laws change (ostensibly to prevent a lessening of their traditional 25% position on the Board).

## **BOULDER \***

Quick Facts:

**POPULATION:** 9,500

**HOTEL ROOM INVENTORY:** 2,100

**DMO STRUCTURE:** Division of Chamber of Commerce

**MEMBERSHIP PROGRAM:** Through the Chamber

**BUDGET:** \$625,000

**CONVENTION CENTER:** No

**PRO STADIUM:** No

***Rationale for Inclusion:*** Boulder’s residential population and its hotel room inventory are well below the threshold for comfortable comparison to Irving. However, as we worked to identify a competitive set for the major US markets, we felt it important to define a Denver-area comparison, because of the large corporate presence in the Denver market and because of some broader comparables to the Dallas market.

***History:*** In the beginning, tourism promotion for Boulder was handled by a well-meaning, dedicated but, nonetheless, ineffective group of volunteers that could never cobble together enough money to make a meaningful dent in the marketplace. When the City enacted a room tax and restaurant tax, it was reticent to entrust the revenues to this volunteer group of community boosters. Instead, it turned to the Boulder Chamber of Commerce. Thus, the Boulder CVB has always been a Division of its Chamber.

In the early 1990s, there was an abortive attempt by the Bureau’s Advisory Board to separate from the Chamber...but the advocates for such a move could never make the numbers work nor show the Council that it could produce a higher ROI than the present format.

***Advantages of the Divisional Set-up:*** CVB Management points out the savings on administrative costs that are so critical with a promotional budget as small as Boulder’s. If they were independent, they believe that they would not be able to afford the professional staff they currently enjoy. With the Chamber’s help, their receptionist function is handled under a cost-sharing contract, so that precious dollars can be dedicated to sales and marketing people. They also benefit from the Chamber’s buying power in terms of health insurance and retirement programs.

However, despite the Divisional format, the CVB maintains totally separate financial records and accounts and says that its Board (typically an “Advisory Board,” subservient to the mother Chamber Board) has complete authority over Bureau programming, budget and policy. Whereas most Chamber Boards have ultimate authority over the CVB Director, such authority apparently does not exist in Boulder, as the CVB Board makes that call.

***Performance Measurements:*** The CVB reports quarterly on its activities to the City Manager and twice a year to the City Council. While the CVB has aggressive goals for itself and its staff, the contract with the City merely requires that it updates the City Manager, Mayor and Council on its efforts on a regular basis.

# COASTAL FAIRFIELD COUNTY CT\*

Quick Facts:

**POPULATION:** 899,000

**HOTEL ROOM INVENTORY:** 5,800

**DMO STRUCTURE:** Evolving into an Independent 501(c)(6) organization

**MEMBERSHIP PROGRAM:** No

**BUDGET:** \$900,000

**CONVENTION CENTER:** No

**STADIUM:** No

***Rationale for Inclusion:*** The Coastal Fairfield County (CT) CVB includes the cities of Greenwich, Darien, Stamford, New Canaan, Westport, Norwalk, Bridgeport and several others. Without welcome signs to each community, most visitors would be unable to tell where one city ended and the next begins. Thirty miles from New York City (and even closer to Kennedy International Airport), this destination is rich in hotel inventory and attractions...but does not have a Convention Center.

***History:*** Tourism promotion in Connecticut started in earnest with the 1983 passage of a State Hotel Tax. In this legislation, the State enabled communities with populations over 65,000 (or consortiums of smaller communities) to tap into this fund to create revenue streams to power local promotional organizations. Within ten years, this fund had served to create 19 "Tourism Districts" (4 of them in Fairfield County). While most were independent 501(c)(6) agencies that were designated by their municipalities to be the recipient of the available state funds, there were a few (Stamford, in particular) that were set up as divisions of their Chambers of Commerce.

The State, believing that 19 different DMOs in such a confined region was leading to duplication of service, condensed the 19 DMOs to 11 Tourism Districts in 1993. They were able to make this unilateral decision because each DMO had been set up as a division of State Government. They repeated this exercise again in 2003 and reduced the Districts to five. With this final reduction, however, the State has permitted its DMOs to shift to 501(c)(6) status. Some, including the Coastal Fairfield County CVB, are in the process of making that conversion today.

***Advantages of Governmental Structure:*** The only advantage that officials could cite was the ability to access State Health and Retirement benefits. Being a division of the State certainly didn't preserve 14 of the original 19 District's autonomy, nor the availability of tax revenues (each remaining DMO is receiving less tax revenue today than when there were 19 entities). The Bureau believes that the only thing the organization loses in a conversion to 501(c)(6) status is the access to government benefits while the upside is greater ability to leverage private sector partnerships and sponsorships.

***Governance & Accountability:*** The State has stipulated the format of the Board of Directors for each of its DMO Tourism Districts. Each municipality within a District may appoint one member to the Board. The District is then able to nominate up to 21 at-large members from the destination.

The only requirement on the DMO is that it annually submit a Marketing Plan and Financial Audit. The CVB voluntarily provides a significant amount of additional data of the organizations activities and successes in order to keep area governmental leaders up-to-date on the importance of the industry and its CVB.



# COBB COUNTY GA \*

Quick Facts:

**POPULATION:** 651,000

**HOTEL ROOM INVENTORY:** 13,600

**DMO STRUCTURE:** Independent 501(c)(6) organization

**MEMBERSHIP PROGRAM:** Yes

**BUDGET:** \$860,000

**CONVENTION CENTER:** Yes / 144,000 sq. ft.

**PRO STADIUM:** No

***Rationale for Inclusion:*** Cobb County is contiguous to Fulton County (Atlanta) and includes the cities of Marietta and Smyrna. While the County is significantly larger in population than Irving, the Cobb County CVB represents a number of hotel rooms comparable to that of Irving.

***History:*** The CVB was founded in 1984 as a Division of the Cobb County Chamber of Commerce. By 1991, struggling with space allocation and visitor services issues (the Chamber refused to answer the Bureau's phones with a reference to the CVB), the Steering Committee that oversaw the Bureau began to analyze whether the Bureau should look for other office space. During the analysis, the Committee uncovered that a significant amount of Room Tax revenue was being diverted to non-tourism related Chamber projects. Thus began the process of spinning the CVB off from its parent organization.

While the Chamber would have preferred the status quo, it understood that its utilization of Room Tax revenues was probably not permissible under the State law that specifically directed such revenues to a Destination Marketing Organization. In addition, it was also struggling with space issues, so there wasn't much of a "fight" when it came to part ways.

However, the two organizations didn't part ways physically. With the reduction in room tax revenues the Chamber had been utilizing, it was in a position to reduce staffing. As the Bureau used the newfound dollars to increase its marketing budget, the two organizations co-existed in the same space for the next few years...but the Bureau was now the lead tenant (and handled the phones).

***Advantage of Independent Status:*** Beyond the clear advantage of not having room tax revenues appropriated for non-Bureau related activities, the CVB believes another benefit of independence is the ability to stay out of local political issues. Many Chambers, by their very nature, are involved in advocating for business-friendly initiatives. Such activities can place Chambers and local governmental leaders at odds. When the CVB is a division of that Chamber, the parent organization's political activity can inadvertently hurt their Bureau's relationship with the very government on which they depend for funding. As a separate entity, the CVB can stay above the fray and maintain stronger relationships with government.

***Governance & Accountability:*** The Bureau's Board is designed with four permanent seats (Cobb County, the Chamber, a representative from the Municipal Association and the Convention Center Authority) and 11 at-large elected seats.

The Bureau provides monthly reports to the County including progress on Booking and Room Night Goals, a Lost Business report and financial reports. The Bureau also submits its annual budget and annual audit to the County Finance Authority for review.

## **DALLAS TX \***

Quick Facts:

**POPULATION:** 1.2 million

**HOTEL ROOM INVENTORY:**

**DMO STRUCTURE:** Independent 501(c)(6) organization

**MEMBERSHIP PROGRAM:** Yes

**BUDGET:** \$16 million

**CONVENTION CENTER:** Yes

**PRO STADIUM:** No

***Rationale for Inclusion:*** Dallas may seem a strange selection as a comparable city...but its experience in transitioning from one form of organizational structure to another in the past twenty years is interesting enough that we felt they should be included.

***History:*** Up until 1991, the Dallas CVB existed as a Division of the Dallas Chamber of Commerce. During a strategic planning retreat that year, the Bureau's Advisory Board wrestled with a couple of financial and operational realities. For starters, the Dallas Chamber charged its CVB an annual "Administrative Fee" of \$400,000 that was over and above rent, utilities and shared staff. Seeing this payout, the Hispanic, African American and Asian Chambers had begun lobbying to receive some of the Bureau's money, as well.

In addition, the Advisory Board believed that the CVB had risen to such a level of professionalism that it no longer needed the guidance and advice of the Chamber in the approval of its budgets and staffing decisions. The Advisory Board also believed that Bureau Management and Staff personnel could be more efficient and effective if they could avoid the duplicative reporting processes and non-tourism related meetings that were required by the Chamber.

Ultimately, the City of Dallas was interested in a higher level of accountability from the Bureau and liked the idea of a more direct relationship with its CVB. The Chamber agreed to spin the CVB off into an independent 501(c)(6) entity in September 1992.

***Advantages of an Independent Format:*** Those that were there at the time report that the most immediate differences were in the growth of available resources (both financial and time). In the first couple years, the ability to reinvest the \$400,000 that had been being paid to the Chamber allowed the CVB to immediately ramp up its sales programs with additional salespeople and marketing materials. The time saved by not having to attend non-tourism related Chamber meetings and functions allowed Bureau Management to streamline their operation and focus their attention solely on the job at hand.

Within a couple of years, the CVB was able to initiate a membership program, which increased its budget substantially. It also executed a long-range contract with the City of Dallas that has enabled the Bureau budget to grow to \$16 million.

***Governance & Accountability:*** The CVB Board is made up of 32 seats, eight of which are at-large seats. The remaining 24 are split into six “clusters,” each representing a major sector of the organization’s stakeholders (Hospitality, General Business, Government, Chambers of Commerce and related businesses).

The City contract with the DCVB requires financial and productivity reports from the Bureau on a quarterly basis. The productivity reports include Lead Generation, Booking Success and Room Night Development along with other indicators. Despite the quarterly report stipulation, the Bureau provides all reports to the City on a monthly basis.

# DURHAM NC

Quick Facts:

**POPULATION:** 202,000

**HOTEL ROOM INVENTORY:** 7,100

**DMO STRUCTURE:** Governmental Authority

**MEMBERSHIP PROGRAM:** No

**BUDGET:** \$2.8 million

**CONVENTION CENTER:** Yes

**STADIUM:** No

***Rationale for Inclusion:*** Durham's position as one of North Carolina's "twin cities" with Raleigh, makes both of these cities (each served by their own DMO) interesting from a comparative point of view. Durham's CVB maintains that the world knows these two communities as one because of their shared airport...and that they are as different as Midland is from Odessa.

***History:*** In 1982, the State passed legislation enabling destinations to impose a Room Tax for the purpose of funding local tourism promotion. Counties that chose to impose the tax were required to set-up a separate "Tourism Development Authority." The Durham CVB was one of the first of these authorities to be created through an agreement between its City and County governments.

***Benefits of Governmental Authority Status:*** While these entities were called Authorities, they did not originally have the power to levy taxes...but they *were* separate quasi-governmental entities with many of the powers and benefits of government (like the Coastal Fairfield County CVB, North Carolina TDAs could access State Benefits Programs). The Durham CVB CEO says the system works because the Bureau's "Authority" status provides an "arms-length" relationship between the TDA and the County which helps de-politicize the decision making process on what is right for the community and, in the end, the customer. At the same time, the quasi-governmental structure ties the CVB close enough to the County that its work cannot be overlooked. The format also enables the CVB CEO to interact as a peer with the City and County Managers, enabling and potential problem resolution to move quickly and efficiently.

The CVB prefers its position as an Authority to being a part of a Chamber of Commerce or a Membership-driven CVB because it allows the organization to be destination-centric in its work. If it were a part of a Chamber, it would likely become entangled in advocacy issues important to Chamber members. Likewise, a membership CVB must often chose between what its members want and what is right for the community and the visitor. Authority status frees the CVB from these concerns.

***Governance & Accountability:*** The Authority is designed by State Statute to operate under an 11-person Board with half of the seats appointed by the City and the other half (plus one) appointed by the County. Half of the appointments must be representatives of the hospitality industries which collect the tax.

The only reporting requirement of the Bureau is that it submit an annual financial audit to the County. However, the CVB chooses to submit monthly reports including meeting agendas, minutes, performance indicators and financial reports. It also submits its annual Marketing Plan and Bureau Objectives for County review each year.

## **FORT WAYNE IN \***

Quick Facts:

**POPULATION:** 220,000

**HOTEL ROOM INVENTORY:** 4,500

**DMO STRUCTURE:** Independent 501(c)(6) organization

**MEMBERSHIP PROGRAM:** Yes

**BUDGET:** \$900,000

**CONVENTION CENTER:** Yes

**PRO STADIUM:** No

***Rationale for Inclusion:*** Fort Wayne didn't make our original cut for consideration...but its position as home to several corporate giants such as Verizon and General Motors caused us to include them in this mix.

***History:*** In 1949, several business/trade associations began to spring up in Fort Wayne, each in response to a particular niche or need. Along with an International Trade Organization, a Small Business Development Commission and the Chamber of Commerce, a loosely confederated Tourism Promotion agency was formed. These mostly volunteer-based organizations did what work they could until 1984 when they all found a home as Divisions of the Chamber of Commerce.

About that time, the City passed a hotel tax in order to fund the construction of a downtown convention center and the Convention Center began pushing the Chamber to gear up its CVB to start selling Fort Wayne as a meetings destination. Ultimately, the Convention Center proposed a match program where it would put up \$75,000 if the Chamber would guarantee \$150,000 to the CVB.

The program worked well in the first couple of years, as the suddenly funded Bureau hired a CVB professional and developed a program of work that included aggressive sales and lead generation, a Trade Show appearance schedule and the development of visitors guides and other collateral materials. By 1988, however, the Chamber began to withdraw from its commitment, forcing the Bureau to begin laying off staff and cutting back on promotional efforts. In 1990, the Chamber eliminated its funding of the program completely, forcing the Convention Center to call on the Chamber to spin the CVB off into a separate, independent agency. The Chamber was more than happy to comply, feeling that its CVB Division was more trouble than it was worth.

The now independent CVB was able to secure City funding (through the Convention Center budget) County Funding and developed a Membership program that more than doubled their original budget. In 1994, the Bureau petitioned the State legislature to allow for the imposition of an additional 1% of room tax, with all the revenues invested back in the CVB (doubling the budget yet again).

***Advantages of Independent Status:*** The Bureau points to the ability to operate with a minimum of bureaucracy, enabling flexibility in marketing and sales efforts in the face of a changing marketplace. In addition, having a Board of community and industry leaders that are

focused on improving the destination is a strength that can't be guaranteed with an appointed Board. The CVB CEO was quick to point out that appointed Board Members often care just as deeply as other community leaders...but they rarely come to the table equipped to understand the specialized language, strategies and expectations of the hospitality industry.

Independent status also offers an advantage that can't often be found within larger Chambers, Cities and Counties: people want to volunteer their time and help smaller, independent agencies. The CEO says that it's part of human nature to want to help the "underdog." In addition, many view Chambers, Cities and Counties as big enough (and well-funded enough) to not require their assistance. And, on the topic of funding, independence guarantees that the Chamber won't attempt to redirect room tax funds to non-tourism related programs.

But independence is not a total panacea, he says. An advantage to being a division of a Chamber or City brings with it a level of authority and power to which many independent agencies can only aspire.

**Governance & Accountability:** The Bureau Board numbers 18 with five of the seats dedicated to the Mayor (or his appointee), a County Commissioner, the Arena Director, the Convention Center Director and the Director of the Economic Development Council. The Bureau has also created a one-year ex-officio seat that rotates among five other economic development agencies in the County.

While there are no performance measures required by the City or County, the CVB is required to present its Annual Budget for Review and Approval. While not required by government, the Bureau also provides monthly reports on its performance against its Board-set Goals. The rest of the accountability is handled through the stakeholders participation on the Board.

## **GLENDALE AZ \***

Quick Facts:

**POPULATION:** 236,000

**HOTEL ROOM INVENTORY:** 1500 by 2007 (8100 within 15 miles)

**DMO STRUCTURE:** City Department

**MEMBERSHIP PROGRAM:** No

**BUDGET:** \$2 million

**CONVENTION CENTER:** No

**PRO STADIUM:** Yes / Poised to become the home of the Arizona Cardinals in 2006

***Rationale for Inclusion:*** Not necessarily a city that is known outside of Arizona...but, then again, neither was Irving until Texas Stadium became the home of the Cowboys in 1971. That's because Glendale will be the new home of the Arizona Cardinals in 2006. Glendale is also the site of the new Hockey Arena that will house the NHL's Phoenix Coyotes.

***History:*** All this in a community that, just five years ago, was nothing more than an historic downtown with light retail and 300 hotel rooms. In 1998, the City of Glendale began appropriating monies for the promotion of special events, its historic downtown and its hotel availability (limited as it was). Utilizing general purpose revenues (as room tax revenue from 300 rooms was extremely low), it established the City Office of Tourism.

Today, in the wake of the stunning development of state-of-the-art pro sports facilities, new retail (including a Cabella's) and 1200 new hotel rooms expected to come on line by next year, the Office's role is shifting to being more of a traditional destination marketing organization. The City intends to continue investing general purpose revenues into its Destination Marketing office as future room tax revenues on the new hotel development is dedicated to satisfying a portion of the debt incurred in the construction of the city's stadiums.

***Advantages to Staying a City Department:*** While there has been some talk about spinning the Office of Tourism into an independent DMO, the City has been reticent to make such a move for a couple reasons. Given the international profile of the upcoming Fiesta Bowl, BCS Championship Game, the 2008 Super Bowl and the 2009 NHL All-Star Game, the City believes having the DMO function in house is exactly where it needs to be. As the City provides the services and facilities for these events, it believes it should have its Office of Tourism right there in the discussions with these high profile clients.

In addition, the Office of Tourism believes its position as a City Department gives it greater access to the Mayor and key Department Heads than it would enjoy if it were an independent contract agency. Again, as the focus of the community over the next four years is on these high profile events, the City believes the present format is best.

On the other side, the Office of Tourism does admit that its structure does prevent it from engaging in some regional tourism efforts with other DMOs in the Valley.

***Governance and Accountability:*** The Office reports directly to the City Manager. It maintains two volunteer advisory committees; a marketing committee to advise on the development of the Marketing Plan and an Events Committee to coordinate local events. The Office monitors growth in Sales, Restaurant and Hotel Taxes as a barometer of visitor business. In addition, it performs a Visitor Perception Study and a Customer Satisfaction Survey to gauge whether its work is enhancing awareness of the destination.

## **HARTFORD CT \***

Quick Facts:

**POPULATION:** 122,000

**HOTEL ROOM INVENTORY:** 7,500

**DMO STRUCTURE:** Independent 501(c)(6) organization

**MEMBERSHIP PROGRAM:** Yes

**BUDGET:** \$2.9 million

**CONVENTION CENTER:** Yes

**PRO STADIUM:** No

***Rationale for Inclusion:*** While not quite meeting the population threshold utilized for this study, we are including Hartford because its corporate base is similar to Irving's. Hartford was the home of GTE (now known as Verizon).

***History:*** The Greater Hartford CVB was founded as a division of the Hartford Chamber of Commerce in 1964. A decade later, as the Hartford Civic Center was preparing to open its doors, the Bureau became an independent 501(c)(6) organization with the full blessing of the Chamber. The Chamber even helped support the fledgling CVB by providing funding for the first few years of operation. Concurrent with the 1975 opening of the Civic Center, the state mandated that a percentage of the local admissions tax on events at the Center be invested in the Bureau. When the Civic Center roof collapsed forcing the facility's closure in 1978, the State shifted the Bureau's funding stream from the no longer available Admissions Tax to a portion of the State Room Tax that was collected from Hartford hotels.

In 1989, the State established the Connecticut Convention Center Authority to build and manage what it thought would be a new Convention Center. In doing so, it shifted the room tax away from the CVB to the Authority and instructed the Authority to contract directly with the Bureau for sales and marketing services for the Hartford Area. The Center was never built and, in 1998, the State eliminated the Convention Center Authority and created the Capitol City Economic Development Authority which, in turn, contracted for tourism marketing services with the CVB. That arrangement continues to this day.

During the same time, the State of Connecticut (which imposes and distributes the Room Tax) created 19 Destination Marketing Organizations, forced a consolidation to 11 in 1992 and another consolidation to 5 in 2003. The Hartford Bureau works with its local Tourism District (the Central Connecticut Regional Tourism District) on many tourism-related cooperative marketing programs.

***Advantages to a Private Sector Structure:*** Throughout all the contracting shifts over the years, the Bureau points to its ability to remain nimble and completely focused on the job at hand. Had it been a division of any other entity (public or private) during the State of Connecticut's constant redesigning of the model (both in and out of Hartford), the CVB would have been bounced from model to model. Instead, the Bureau has been able to exist as a stand alone 501(c)(6) that contracts with the appropriate authority to provide services that no other organization is prepared, experienced enough or able to do.



***Governance and Accountability:*** The Bureau is governed by a Board of Directors of 36 community leaders from all sectors of the economy. The entire Board is controlled by the Bureau with no outside appointments required.

It maintains a contractual arrangement with the Economic Development Authority but is not bound by any requirements other than that it provides effective tourism marketing and convention/event sales programming. If the EDA were to believe that the CVB were not fulfilling this expectation, it could (in theory) not renew the contract at the end of the 3-year term of the agreement. However, the Bureau provides regular reporting of its programming and productivity to insure that the EDA is aware of its impact on the region.

# MESA AZ

## *Quick Facts:*

**POPULATION:** 518,000

**HOTEL ROOM INVENTORY:** 11,800

**DMO STRUCTURE:** Independent 501(c)(6) organization

**MEMBERSHIP PROGRAM:** No

**BUDGET:** \$2.2 million

**CONVENTION CENTER:** Yes / 40,000 sq. ft.

**PRO STADIUM:** No

***Rationale for Inclusion:*** Mesa and Scottsdale (along with Glendale) are the contiguous “suburbs” to Phoenix. But, these communities have gone beyond suburban status to become well-known, significant cities in their own right. Indeed, Mesa is the 41st largest city in America; bigger than Atlanta, Oakland and Miami.

***History:*** Mesa’s entry into tourism promotion and development began in 1983 with the introduction of a room tax within the city limits. While there was some initial thought that it should be handled through a City Department, the City Council quickly realized that the work of a CVB was significantly different than the services it traditionally offered. Thus, it elected, in 1984, to contract with the Chamber of Commerce to provide sales and marketing services.

After a number of years in which the Chamber had utilized room tax revenues for non-tourism related projects, the CVB began work to separate itself from its parent organization. In 1994, with the full support of the City of Mesa, the CVB was established as an independent 501(c)(6) organization.

***Advantages to Independent Status:*** The City benefits from an independent CVB in several ways. First, the CVB can do things that that the City cannot. During recent efforts to attract commercial air service to its newly renovated airport, the Bureau could conduct familiarization tours (FAMs) that included entertaining representatives from several airlines. An independent Bureau can also take the lead on trying to land additional full-service hotels where the City might have difficulty or a lack of contacts. And, the CVB can leverage private sector money and support through its partnerships with the Chamber of Commerce.

The CVB also benefits from the ability to shift marketing and sales plans rapidly in the face of changing markets and economies. If the CVB was a City Department, changing tactics in an already approved budget could take months...and result in forfeiting opportunities and new business. While one might expect that changing marketing tactics with a Chamber Department might be easier, the Mesa CVB Director (who was there for both formats) said that it was still harder than it had to be.

In addition, the CVB enjoys the ability to set its own pay scales, commission structures and performance measures without trying to match them to positions or job titles that are not tourism related. In the past, the CVB CEO said that it was difficult to properly compensate his people for doing a tourism sales job when he was forced to compare them the Chamber Membership Salespeople.

Interestingly, even though the CVB and the Chamber went through a painful “divorce” in 1994, they continue to share contiguous office space and some administrative costs. Further, the two have worked out an agreement that provides Chamber Membership benefits to Bureau partners so long as the CVB does not enter into a Membership program of its own. In return for that pledge and ±\$5000 a year, the Bureau enjoys a column in the Chamber’s monthly newsletter, the Chamber’s legislative support on issues of importance to Mesa’s tourism industry and additional ways to distribute destination guides and brochures.

In the end, the CVB CEO offered this advantage to being an independent agency: “When you are part of a larger organization, you spend you time planning. When you are independent, you spend your time *doing*...and that’s what the City should want.”

**Governance:** The By-Laws provide for 21 and are all but one are at the pleasure of the Nominating Committee and elected by the Board. There is one appointment from the City Council... but that hasn’t stopped the CVB Board from inviting additional Council members on (there are currently two serving on the Board) as well as inviting former Mayors (there are three on the current Board).

**Performance Measures:** The only performance stipulation in the contract between the City and the CVB is the requirement for regular reporting, which the Bureau does monthly. There are no specific performance measures in the contract. However, the CVB reports generally accepted performance measures such as Leads, Bookings, Internet Access, etc.

# NORTHERN KENTUCKY

Quick Facts:

**POPULATION:** 325,000

**HOTEL ROOM INVENTORY:** 7,200

**DMO STRUCTURE:** Quasi-Governmental Authority

**MEMBERSHIP PROGRAM:** No

**BUDGET:** \$3.5 million

**CONVENTION CENTER:** Yes / 200,000 sq. ft.

**STADIUM:** No

***Rationale for Inclusion:*** The Northern Kentucky CVB represents the three northernmost counties in Kentucky, including cities such as Newport and Covington. However, it is its proximity to Cincinnati that makes Northern Kentucky a match for Irving comparables. Indeed, the Cincinnati / Northern Kentucky International Airport is in Kentucky...not Cincinnati.

***History:*** Prior to 1980, the CVB was a Division of the Chamber of Commerce. Funding was modest in the early days but, as revenue began to increase, hotel members of the Chamber lobbied for the Bureau to be spun off into an independent agency. The Chamber agreed (on the pledge that the new CVB would never initiate a membership program) and worked with State legislators from the region to craft a quasi-governmental authority that would have taxing authority. In 1980, the Northern Kentucky Convention & Visitors Commission was formed.

***Advantage to Commission Structure:*** The quasi-governmental structure insures that politically motivated raids upon room tax revenue cannot occur, as the Commission has complete authority over the room tax. In addition, the CVB CEO said that "in my last Bureau, I spent a lot of time with our lawyers asking what I could do. Here, I can just do." The Board makes the decisions on the proper direction and goals, and the CVB can dive in and make it happen.

***Governance & Accountability:*** The Commission Board is designed within the legislation that establishes the Authority...and all members of the Board are appointed by key stakeholders (six from the Hotel Association, three from the Restaurant Association, one each from the represented Counties, three Fiscal Court Appointees, three from the Regional Chamber and three County Judges). Ex-Officio members are appointments from the Convention Center, the Cincinnati CVB, the Regional Tourism Network and the Chamber President.

As the Commission is a completely contained unit, the CVB works at the pleasure of the Board in a team format. The presence of political and industry representatives on the Board insures that all stakeholders are included in the process, removing the need for external reporting.

# OVERLAND PARK KS

Quick Facts:

**POPULATION:** 163,000

**HOTEL ROOM INVENTORY:** 5200

**DMO STRUCTURE:** Independent 501(c)(6) organization

**MEMBERSHIP PROGRAM:** No

**BUDGET:** \$1.7 million

**CONVENTION CENTER:** Yes / 237,000 sq. ft.

**PRO STADIUM:** No

***Rationale for Inclusion:*** Overland Park's proximity to Kansas City and its status as a corporate hub (home to Applebee's, Data Systems International, Sprint/Nextel, Yellow Freight, Disney Marketing and Farmers Insurance) matches up nicely with Irving.

***History:*** Overland Park enacted a 1% Room Tax in 1982. The following year, the Bureau was created as a Division of the Chamber of Commerce to utilize those funds to promote the City to groups and visitors. Citing the belief that the Bureau could be stronger and more effective with its own Board of Directors, the Chamber took steps in 1988 to spin the CVB off as its own independent 501(c)(6) organization. The Chamber then orchestrated an operational agreement between the two entities, and the CVB became independent by the end of that year.

***Advantages of Independent Status:*** The Chamber felt that tourism would never receive the attention or respect it deserved if the CVB remained under its wing. With its own Board of community leaders, the effort would get more media attention and community support. It also positioned the CVB to be a leader in its niche, allowing the Chamber to focus its attention on advocacy, its members and more traditional forms of economic development.

Independence also places the CVB CEO in direct contact with community leaders, the Mayor and the City Manager. As part of a larger parent organization, that kind of interchange might be more difficult to achieve.

***Governance & Accountability:*** The CVB is governed by a 25 member Board of Directors (which includes four ex-officio appointments that include the Mayor, City Manager, Chamber President and the General Manager of the Convention Center). Three other seats are held for appointments (a City Council President, the President of the Council's Finance Committee and the VP of the Chamber Board). The rest are all controlled by the Board through open nomination process, though 11 must represent the hotel sector.

The Bureau works with City staff each year to develop goals for both Convention Center Room Night production as well as Room Night goals for City hotels. The Bureau reports on these measures quarterly.

# RALEIGH NC

Quick Facts:

**POPULATION:** 327,000

**HOTEL ROOM INVENTORY:** 13,800

**DMO STRUCTURE:** Governmental Authority

**MEMBERSHIP PROGRAM:** No

**BUDGET:** \$3 million

**CONVENTION CENTER:** Yes...and a new one under construction

**PRO STADIUM:** No

Rationale for Inclusion: Bigger than its twin city counterpart (Durham), Raleigh is the State Capitol, home to seven colleges and universities and is at the hub of 11 intersecting communities and part of the famed Research Triangle.

**History:** The CVB was founded in 1986 as a division of the Greater Raleigh Chamber of Commerce. In 1991, the State enacted legislation that allowed Counties to create and fund Destination Marketing Organizations. While Durham created a "Tourism Development Authority," Raleigh opted for the creation of a quasi-public entity that the IRS defines as an "instrumentality of government." This provides the options for the Bureau to avail itself of County benefits such as health and retirement benefits...but does not place the CVB as a County Department.

**Benefits of this Structure:** According to the CVB, their unusual set up is not unlike being a 501(c)(3) foundation. It can take advantage of many of the benefits of government without the bureaucracy that often restricts governmental CVBs. The revenue stream is mandated by State statutes, so there is not a fear of being impacted by across the board budget cuts that can befall governmental Bureaus in tight economic times. And, this unique structure allows the Bureau to focus on what it does best without the diversions that being a division of County or Chamber could create.

**Governance & Accountability:** The Bureau is governed by a Board of Directors numbering 12; six appointments from the City and six from the County. Four of the appointments must be from the hotel industry and two others from related tourism businesses. The Chamber of Commerce appoints one ex-officio member to the Board.

While there is no reporting mechanism required, the Raleigh CVB provides detailed reports to the City and the County on a monthly basis to keep them up-to-date on Bureau productivity. The Bureau also submits its proposed budget each year to both bodies for approval.

# ST. PETERSBURG FL

Quick Facts:

**POPULATION:** 249,000

**HOTEL ROOM INVENTORY:** 20,000

**DMO STRUCTURE:** County Department

**MEMBERSHIP PROGRAM:** No

**BUDGET:** \$14 million

**CONVENTION CENTER:** No

**STADIUM:** No

***Rationale for Inclusion:*** St. Petersburg is nestled in the shadow of Tampa, making this destination an interesting comparable to Irving (despite its higher room inventory and, thus, total budget).

***History:*** In Florida, Tourism Development Councils (TDCs) are formed when ever a room tax is enacted. So it was in 1982 when the St. Petersburg CVB was founded as a Department of County Government. The TDC is appointed by the County Commissioners to serve in an advisory role to the Bureau.

During its first decade in existence, the Bureau was a pure marketing agency. In 1992, the TDC recommended to the County that the CVB become a full-service Bureau, expanding to include Meeting & Convention Sales, Sports Sales and a Film Office. However, through this all, the County has never seen any reason not to continue overseeing the CVB Department

***Advantages to Government Department Status:*** From the County's perspective, they believe it is their responsibility to oversee the investment of tax dollars into one of its largest industries. From the CVB's perspective, being a part of government lessens the level of political involvement that many independent Bureaus must endure to get contracts renewed. For the St. Petersburg CVB, that just isn't necessary.

On the flip side, the Bureau does admit that the present structure does not offer the flexibility in purchasing and personnel that it might have under a different governance model. It also presents challenges in responding quickly to changing market conditions.

***Governance:*** Appointed by the County Commissioners, the TDC is the Advisory Board for the Bureau. The Bureau reports to the TDC on Marketing Issues and the County Administrator for Operations issues. The final authority on all matters is the County Board of Commissioners.

## **SAN BERNARDINO CA \***

Quick Facts:

**POPULATION:** 198,000

**HOTEL ROOM INVENTORY:** 2,400

**DMO STRUCTURE:** Independent 501(c)(6) organization

**MEMBERSHIP PROGRAM:** Yes

**BUDGET:** \$430,000

**CONVENTION CENTER:** No

**PRO STADIUM:** No

***Rationale for Inclusion:*** While lacking in room inventory, San Bernardino lies halfway between Los Angeles and Palm Springs, and in close proximity to convention center contenders Ontario and Riverside. Nestled within the Los Angeles Metro, there are clear similarities to Irving.

***History:*** Until 1989, the local Chamber of Commerce had been providing very modest promotion of and services to the tourism industry. The Tourism Committee finally convinced the City to begin investing a portion of its room tax revenues toward tourism promotion and, then, moved to establish an independent agency to administer the funds. No one at the CVB can quite remember how the split went down, but note that the Chamber had wanted that revenue stream for themselves.

***Advantages of Current Structure:*** Bureau officials point to the ability to make marketing and sales moves rapidly, free of the bureaucracy often found when a Bureau is a Department within a larger agency.

***Governance & Accountability:*** The CVB Board consists of 15 members; only the seat designated for the Mayor is not under the control of the Bureau. As to the Bureau's accountability to the City, there are no set goals found within the memorandum of agreement between the two, beyond an encouragement for the Bureau to be successful in its efforts to draw visitors to the community. Interestingly, while the Bureau is an independent organization, it reports that the City often treats it as a City Department. The Bureau CEO is often included in Department head meetings and, when necessary, shares in departmental budget cut requests issued by the Mayor.



# SAN JOSE CA

Quick Facts:

**POPULATION:** 905,000

**HOTEL ROOM INVENTORY:** 8,400

**DMO STRUCTURE:** Independent 501(c)(6) organization

**MEMBERSHIP PROGRAM:** Yes

**BUDGET:** \$5.8 million

**CONVENTION CENTER:** Yes / 425,000 sq. ft.

**PRO STADIUM:** No

***Rationale for Inclusion:*** Despite its position as the nation's tenth largest city, its location just south of the even larger San Francisco makes San Jose an interesting comparable.

San Jose is even more interesting because of its recent decision to award the management of its Convention Center, two meeting halls and three theaters to a Bureau-led consortium of local hospitality interests, organized labor and arts leaders, called Team San Jose.

***History:*** As with many destinations, what little tourism promotion there was in the community was handled by the local Chamber of Commerce through the 1970s. In 1980, the Chamber decided that tourism promotion should be handled by a separate entity. Citing the increased need for focus in the community's marketing and the fear that its aggressive political advocacy of certain positions and projects could unintentionally hurt a Tourism Department, the Chamber helped establish an independent CVB.

***Benefits of Independent Status:*** The City actually prefers that its tourism sales and marketing is handled by an independent CVB because of the flexibility it provides. When negotiations and concessions are required to bring a major convention to town, the City appreciates that these issues can be handled behind closed doors (something that would be far more difficult in a government environment). Independent status also streamlines the sales and service process because bureaucracy and approval processes aren't nearly as lengthy as they would be as a Division of a Chamber or in a City Department.

Indeed the City of San Jose is so appreciative of the speed and professionalism of its CVB that it recently asked Team Jose to handle contract negotiations and execution for the recent establishment of a Wi-Fi District in downtown San Jose. They knew that a private sector entity could move the process faster than the City could.

***Governance & Accountability:*** The CVB is governed by a 21-member Board of Director. There are no government appointments on the Board, although the Bureau offers three ex-officio "liaison" seats to the City for communication purposes. As to accountability, the City gets that through a contract for services with the CVB that outlines the sales marketing and service functions it expects the Bureau to perform. The City does not include productivity goals (such as room night goals) for the Bureau, knowing that the Board establishes its own goals for the staff...and that the industry-centric Board knows better what such goals should be.

# TEMPE AZ

Quick Facts:

**POPULATION:** 161,000

**HOTEL ROOM INVENTORY:** 5,500

**DMO STRUCTURE:** Independent 501(c)(6) organization

**MEMBERSHIP PROGRAM:** Yes

**BUDGET:** \$2.2 million

**CONVENTION CENTER:** No

**PRO STADIUM:** Yes / Home to the Arizona Cardinals through this season

***Rationale for Inclusion:*** Situated between Phoenix (and the Sky Harbour Airport) and Mesa (and seated just south of Scottsdale), Tempe, like Irving, has a bunch of competitors in its own back yard.

***History:*** The CVB in Tempe has always been an independent agency. While it originally shared office space with the Tempe Chamber, the Bureau was established by the City as the designated recipient of room tax revenues. As those revenues grew, the CVB soon found it necessary to move to its own office space.

The contract with the City is very basic, possibly because the City of Mesa understands its position as a highly desirable tourist destination and, thus, knows that it needs a professional agency to handle the marketing and sales efforts on its behalf. Thus, the required performance measures are simply regular reports of staff productivity in the meetings, sports and travel agent markets.

***Governance:*** Of the Bureau's 21 member Board of Directors, the Mayor appoints a member of the Council to one seat and the City Manager appoints a member of the City Staff to another. The other 19 seats are under the authority of the Board.

## **VALLEY FORGE PA \***

Quick Facts:

**POPULATION:** 31,000

**HOTEL ROOM INVENTORY:** 7,500

**DMO STRUCTURE:** Independent 501(c)(6) organization

**MEMBERSHIP PROGRAM:** Yes

**BUDGET:** \$3.6 million

**CONVENTION CENTER:** Yes

**PRO STADIUM:** No

***Rationale for Inclusion:*** While Valley Forge’s population is the smallest in this competitive set, its proximity to Philadelphia (and its bloated room inventory, given its size) causes us to include them in this analysis.

***History:*** For as long as anyone can remember, Tourism Promotion had been handled through a Department of County Government. The County collected the Room Tax and felt that it was the best suited to perform the duties of marketing the destination. The Tourism Department was also seen as a source of “good ink” for the County, as media reports about tourism’s impact on the region were generally positive.

The only drawback during those years was that the CVB was forced to utilize County pay grades to compensate its employees. As Counties do not traditionally have sales and marketing positions, there were no pay grades that matched the needs of a sales and marketing operation. And, the Bureau was losing its top salespeople to area hotels and the Philadelphia CVB, all of which could compensate these individuals at a significantly higher level than the County-bound CVB.

In order to develop an incentive plan for its sales force, the innovative CVB began paying their sales people their base salary with County funds and wrote commission checks out of its Membership account. This worked fine for a few years until the IRS stepped in and notified the County that such a process was illegal, in their eyes.

Faced with the IRS decision and the understanding that the CVB would continue to lose good people without a more aggressive compensation plan, the County realized that it was time to spin the Department into an independent 501(c)(6) structure in 1999.

***Advantages in an Independent Structure:*** For Valley Forge, the top advantage to independence is the freedom in setting up competitive compensation programs. Retention of good employees was the Bureau’s biggest headache. Today, it is one of its sources of pride.

In addition, independence from government has allowed the CVB to become more efficient by not being bound to County purchasing and operational rules. The Bureau reports being successful in becoming a paperless office; something that County Departments could never do. It is also able to schedule staff travel to sales appointments more efficiently, saving thousands of dollars each year that can be invested in other marketing programs.

***Governance and Accountability:*** While the By-Laws allow for 15 Board Members, the CVB has traditionally seated 12. All appointed by the County Commission, half of the members (and

the Board Chair) must come from the Hospitality Industry; the other half must be composed of community leaders. When vacancies on the Board occur, the CVB Board suggests new members to the Commission and report that 95% of these recommendations are approved.

The County requires only an annual meeting with the CVB to hear about past and future efforts. While not required, the Bureau also provides regular reports and its financial audit each year.

# GREATER WOODFIELD IL \*

Quick Facts:

**POPULATION:** 518,000

**HOTEL ROOM INVENTORY:** 11,800

**DMO STRUCTURE:** Independent 501(c)(6) organization

**MEMBERSHIP PROGRAM:** Yes

**BUDGET:** \$1.6 million

**CONVENTION CENTER:** Under Construction

**PRO STADIUM:** No

***The Rationale for Inclusion:*** This Destination is actually 12 communities, none of which is as well known as the shopping center from which the DMO takes its name. However, that will likely change as the Destination is building a Convention Center and Sports Complex that will add a considerable punch to its offerings.

***History:*** Hotel members of the Regional Chamber of Commerce approached their Board about their interest in forming a Convention and Visitors Bureau in 1981. The Chamber responded by funding a feasibility study of such a move and providing administrative support to a group of volunteers during these early discussions.

The feasibility study found significant upside to the formation of a CVB and, in 1983, the Bureau was founded as a 501(c)(6) non-profit, membership organization representing the eight communities in the region that had hotel properties. Coincidentally, the State of Illinois enacted legislation enabling communities to levy a local room tax that same year and the CVB began making presentations to its communities encouraging the implementation of this new tax and the investment of the resulting revenues into Destination Marketing.

At the same time, the State of Illinois implemented a CVB-specific grant program that, today, provides almost \$500,000 a year to the CVB. As part of the formula for determining grant award level is the amount of restaurant tax generated in a community, the Bureau added four additional non-hotel municipalities to their service area.

***Advantage of Independent Status:*** Being able to focus solely on destination marketing and sales is said to be the key advantage of independent status. Were the CVB to be a division of another organization, it would invariably be pulled into non-mission specific activities.

***Governance:*** The Bureau Board numbers 38, with eight of the seats reserved for the Mayors of the communities that invest room tax revenues in the Bureau.

There are no contracts between the municipalities and the Bureau. The Mayors' seats on the Board serve to formalize the relationship between each partner and the enthusiastic support that each community has for the Bureau's direction and programming on their behalf.

## **ARLINGTON VA**

Quick Facts:

**POPULATION:** 189,000

**HOTEL ROOM INVENTORY:** 5,000

**DMO STRUCTURE:** Division of the Arlington Economic Development Council

**MEMBERSHIP PROGRAM:** No

**BUDGET:** N/A

**CONVENTION CENTER:** No

**PRO STADIUM:** No

***Rationale for Inclusion:*** In reviewing the Washington DC metro area, the Arlington Virginia CVB provides an interesting comparison to Irving, primarily due to its marketing responsibility for the City of Reston, a community high in corporate residential population. In addition, Arlington is geographically adjacent to major airports.

While we have been able to ascertain the above information through our research, we were unable to complete an interview with representatives from this destination.

## **LONG BEACH CA**

Quick Facts:

**POPULATION:** 477,000

**HOTEL ROOM INVENTORY:** N/A

**DMO STRUCTURE:** Independent 501(c)(6) organization

**MEMBERSHIP PROGRAM:** Yes

**BUDGET:** \$5.5 million

**CONVENTION CENTER:** Yes / 300,000 sq. ft.

**PRO STADIUM:** No

***Rationale for Inclusion:*** Geographically, Long Beach is to Los Angeles what Irving is to Dallas. And, while Long Beach has more leisure tourism attractions than Irving (the Queen Mary, the Aquarium of the Pacific and others), its corporate base is similar with strength in the Technology and Medical arenas.

While we have been able to ascertain the above information through our research, we were unable to complete an interview with representatives from this destination.

## **PROVIDENCE RI \***

Quick Facts:

**POPULATION:** 178,000

**HOTEL ROOM INVENTORY:** 3,000

**DMO STRUCTURE:** Independent 501(c)(6) organization

**MEMBERSHIP PROGRAM:** Yes

**BUDGET:** \$2.3 million

**CONVENTION CENTER:** Yes / 100,000 sq. ft.

**PRO STADIUM:** No

While its hotel inventory is below our study threshold, we are including Providence because it can be perceived as a “suburb” of the greater Boston area. During Irving’s convention center feasibility process, the Rhode Island Convention Center was often cited as a comparable for what Irving was proposing.

While we have been able to ascertain the above information through our research, we were unable to complete an interview with representatives from this destination.

# EXHIBITS

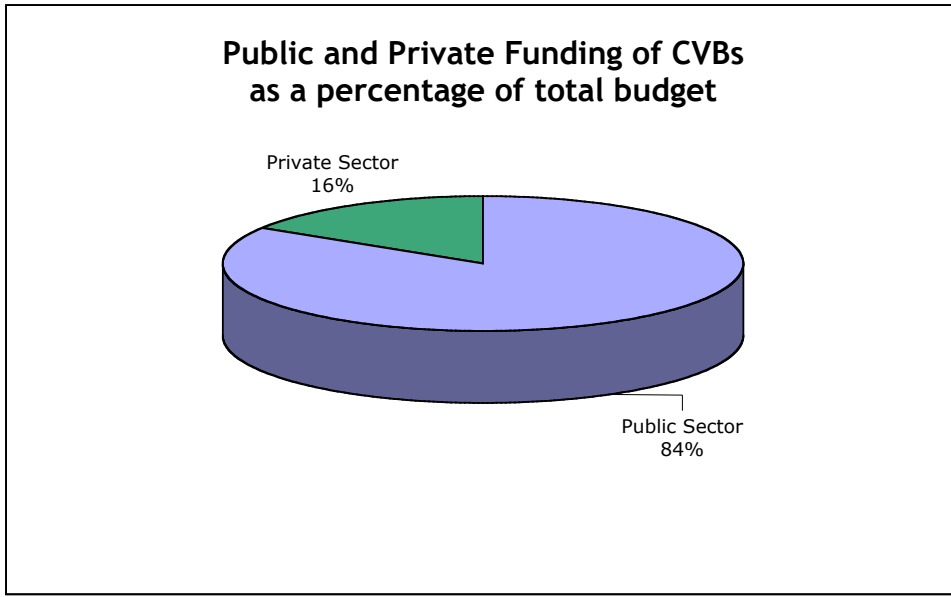
- EXHIBIT ONE: *CVB FUNDING SOURCES*
- EXHIBIT TWO: *THE BIRTH OF THE IRVING CVB*
- EXHIBIT THREE: *CITIES WITH POPULATIONS OVER 150,000 THAT HAVE A CVB*
- EXHIBIT FOUR: *CITIES WITH POPULATIONS OVER 150,000 THAT HAVE A CVB  
AND AT LEAST 5000 HOTEL ROOMS*
- EXHIBIT FIVE: *CITIES WITH POPULATIONS OVER 150,000 THAT HAVE A CVB  
AND AT LEAST 5000 HOTEL ROOMS... and that mirror Irving*



# EXHIBIT ONE

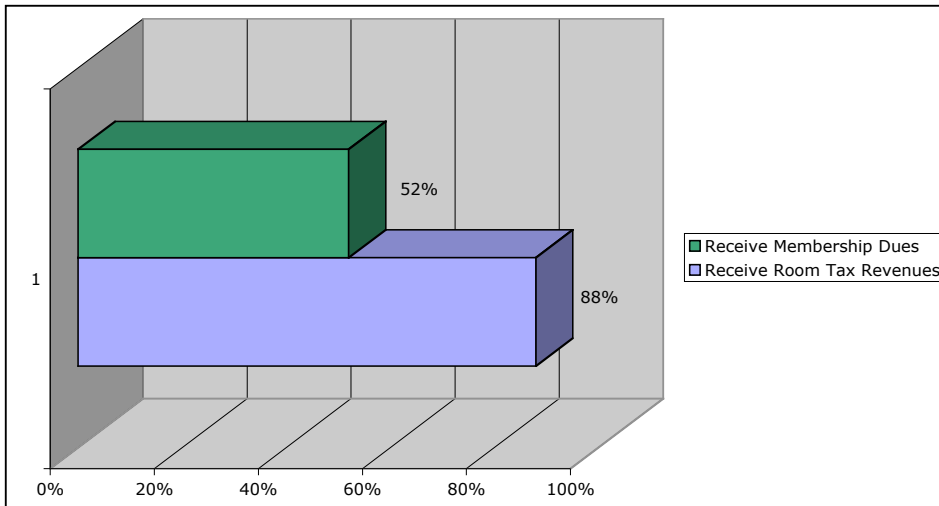
## DESTINATION MARKETING BUDGETS

The vast majority of Convention And Visitors Bureaus operate on Public Sector revenues, often derived from Hotel Room Tax revenues:



Source: IACVB Foundation / 2003

### Primary Sources of Public and Private Funding



Source: IACVB Foundation / 2003

## **EXHIBIT TWO**

### *The birth of the Irving CVB*

As we reviewed the governance and operational structure of CVBs across America, we thought it would be interesting to look back to the Irving CVB's genesis. To gain an insight into the thought process at that time, we turned to former Mayor Dan Matkin, who told us that the idea of a CVB was the intersection of three events in the late 1960s.

First, a couple of hotels had recently been built in Irving. At the same time, the City was working to lure the Dallas Cowboys from the Cotton Bowl. And then, the State of Texas enacted legislation that enabled communities to impose a Room Tax on hotels. With an increasing need to market Irving and a new tax that was restricted to just such a purpose, the City proceeded to enact its Room Tax ordinance.

The Mayor recalls that the City examined a couple of other cities to learn how they were investing their room tax revenues but that it never occurred to anyone at the time that the Irving CVB would be anything but a part of the City. The City believed that, by creating a separate, freestanding Board of Directors to hire a Director and advise and guide budgeting and operational issues, the agency would have the benefits of independence without the City losing control over the investment of tax revenues for which it was responsible.

Ultimately, the City maintained that control through its ability to appoint (and, if necessary, replace) the Board of Directors. It also was able to maintain financial oversight through the City's audit process.

## EXHIBIT THREE

### *CITIES WITH POPULATIONS OVER 150,000 THAT HAVE A CVB (US Census Department Population Estimates July 2004)*

1	New York City	New York	8,104,079
2	Los Angeles	California	3,845,541
3	Chicago	Illinois	2,862,244
4	Houston	Texas	2,012,626
5	Philadelphia	Pennsylvania	1,470,151
6	Phoenix	Arizona	1,418,041
7	San Diego	California	1,263,756
8	San Antonio	Texas	1,236,249
9	Dallas	Texas	1,210,393
10	San Jose	California	904,522
11	Detroit	Michigan	900,198
12	Indianapolis	Indiana	784,242
13	Jacksonville	Florida	777,704
14	San Francisco	California	744,230
15	Columbus	Ohio	730,008
16	Austin	Texas	681,804
17	Memphis	Tennessee	671,929
18	Baltimore	Maryland	636,251
19	Fort Worth	Texas	603,337
20	Charlotte	North Carolina	594,359
21	El Paso	Texas	592,099
22	Milwaukee	Wisconsin	583,624
23	Seattle	Washington	571,480
24	Boston	Massachusetts	569,165
25	Denver	Colorado	556,835
26	Louisville	Kentucky	556,332
27	Washington	DC	553,523
28	Nashville	Tennessee	546,719
29	Las Vegas	Nevada	534,847
30	Portland	Oregon	533,492
31	Oklahoma City	Oklahoma	528,042
32	Tucson	Arizona	512,023
33	Albuquerque	New Mexico	484,246
34	Long Beach	California	476,564
35	New Orleans	Louisiana	462,269
36	Cleveland	Ohio	458,684
37	Fresno	California	457,719
38	Sacramento	California	454,330
39	Kansas City	Missouri	444,387
40	Virginia Beach	Virginia	440,098
41	Mesa	Arizona	437,454
42	Atlanta	Georgia	419,122
43	Omaha	Nebraska	409,416
44	Oakland	California	397,976
45	Tulsa	Oklahoma	383,764
46	Miami	Florida	379,724
47	Honolulu	Hawaii	377,260
48	Minneapolis	Minnesota	373,943
49	Colorado Springs	Colorado	369,363
50	Arlington	Texas	359,467
51	Wichita	Kansas	353,823

52	St. Louis	Missouri	343,279
53	Anaheim	California	333,776
54	Raleigh	North Carolina	326,653
55	Pittsburgh	Pennsylvania	322,450
56	Tampa	Florida	321,772
57	Cincinnati	Ohio	314,154
58	Toledo	Ohio	304,973
59	Riverside	California	288,384
60	Bakersfield	California	283,936
61	Buffalo	New York	282,864
62	Corpus Christi	Texas	281,196
63	Stockton	California	279,888
64	St. Paul	Minnesota	276,963
65	Anchorage	Alaska	272,687
66	Lexington	Kentucky	266,358
67	St. Petersburg	Florida	249,090
68	Plano	Texas	245,411
69	Norfolk	Virginia	237,835
70	Lincoln	Nebraska	236,146
71	Glendale	Arizona	235,591
72	Birmingham	Alabama	233,149
73	Greensboro	North Carolina	231,543
74	Henderson	Nevada	224,829
75	Baton Rouge	Louisiana	224,097
76	Scottsdale	Arizona	221,792
77	Madison	Wisconsin	220,332
78	Fort Wayne	Indiana	219,351
79	Garland	Texas	217,176
80	Chesapeake	Virginia	214,725
81	Rochester	New York	212,481
82	Akron	Ohio	212,179
83	Lubbock	Texas	207,852
84	Modesto	California	206,769
85	Chula Vista	California	204,879
86	Laredo	Texas	203,212
87	Durham	North Carolina	201,726
88	Montgomery	Alabama	200,983
89	Shreveport	Louisiana	198,675
90	San Bernardino	California	198,406
91	Reno	Nevada	197,963
92	Spokane	Washington	196,721
93	Tacoma	Washington	196,094
94	Huntington Beach	California	195,305
95	Grand Rapids	Michigan	195,115
96	Irving	Texas	194,547
97	Des Moines	Iowa	194,311
98	Mobile	Alabama	192,759
99	Richmond	Virginia	192,494
100	Winston-Salem	North Carolina	191,523
101	Augusta	Georgia	191,326
102	Boise City	Idaho	190,122
103	Arlington	Virginia	186,117
104	Little Rock	Arkansas	184,081
105	Oxnard	California	183,587
106	Columbus	Georgia	182,850
107	Newport News	Virginia	181,913
108	Amarillo	Texas	180,791
109	Jackson	Mississippi	179,298

110	Salt Lake City	Utah	178,605
111	Irvine	California	178,317
112	Providence	Rhode Island	178,126
113	Knoxville	Tennessee	178,118
114	Worcester	Massachusetts	175,966
115	Ontario	California	170,057
116	Oceanside	California	167,438
117	Aurora	Illinois	166,614
118	Santa Clarita	California	164,800
119	Fort Lauderdale	Florida	164,578
120	Huntsville	Alabama	164,146
121	Overland Park	Kansas	162,728
122	Brownsville	Texas	161,225
123	Tempe	Arizona	160,676
124	Dayton	Ohio	160,293
125	Tallahassee	Florida	156,612
126	Vancouver	Washington	155,053
127	Chattanooga	Tennessee	154,853
128	Santa Rosa	California	153,636
129	Rockford	Illinois	152,452
130	Springfield	Massachusetts	152,091
131	Springfield	Missouri	150,704

## EXHIBIT FOUR

### *CITIES WITH POPULATIONS OVER 150,000 THAT HAVE A CVB AND AT LEAST 5000 HOTEL ROOMS*

1	New York City	New York	8,104,079
2	Los Angeles	California	3,845,541
3	Chicago	Illinois	2,862,244
4	Houston	Texas	2,012,626
5	Philadelphia	Pennsylvania	1,470,151
6	Phoenix	Arizona	1,418,041
7	San Diego	California	1,263,756
8	San Antonio	Texas	1,236,249
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13	Jacksonville	Florida	777,704
14	San Francisco	California	744,230
15	Columbus	Ohio	730,008
16	Austin	Texas	681,804
17	Memphis	Tennessee	671,929
18	Baltimore	Maryland	636,251
19	Fort Worth	Texas	603,337
20	Charlotte	North Carolina	594,359
21	El Paso	Texas	592,099
22	Milwaukee	Wisconsin	583,624
23	Seattle	Washington	571,480
24	Boston	Massachusetts	569,165
25	Denver	Colorado	556,835
26	Louisville	Kentucky	556,332
27	Washington	DC	553,523
28	Nashville	Tennessee	546,719
29	Las Vegas	Nevada	534,847
30	Portland	Oregon	533,492
31	Oklahoma City	Oklahoma	528,042
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35	New Orleans	Louisiana	462,269
36	Cleveland	Ohio	458,684
37	Fresno	California	457,719
38	Sacramento	California	454,330
39	Kansas City	Missouri	444,387
40	Virginia Beach	Virginia	440,098
41	Mesa	Arizona	437,454
42	Atlanta	Georgia	419,122
43	Omaha	Nebraska	409,416
44	Tulsa	Oklahoma	383,764
45	Miami	Florida	379,724
46	Honolulu	Hawaii	377,260
47	Minneapolis	Minnesota	373,943
48	Colorado Springs	Colorado	369,363
49	Wichita	Kansas	353,823
50	St. Louis	Missouri	343,279
51	Anaheim	California	333,776
52	Raleigh	North Carolina	326,653

53	Pittsburgh	Pennsylvania	322,450
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68	Scottsdale	Arizona	221,792
69	Madison	Wisconsin	220,332
70	Rochester	New York	212,481
71	Durham	North Carolina	201,726
72	Montgomery	Alabama	200,983
73	Shreveport	Louisiana	198,675
74	Reno	Nevada	197,963
75	Spokane	Washington	196,721
76	Grand Rapids	Michigan	195,115
77	Irving	Texas	194,547
78	Des Moines	Iowa	194,311
79	Mobile	Alabama	192,759
80	Richmond	Virginia	192,494
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82	Arlington	Virginia	186,117
83	Little Rock	Arkansas	184,081
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86	Fort Lauderdale	Florida	164,578
87	Huntsville	Alabama	164,146
88	Overland Park	Kansas	162,728
89	Tempe	Arizona	160,676
90	Dayton	Ohio	160,293
91	Tallahassee	Florida	156,612
92	Chattanooga	Tennessee	154,853
93	Springfield	Missouri	150,704

## **EXHIBIT FIVE**

***CITIES WITH POPULATIONS OVER 150,000 THAT HAVE A CVB  
AND AT LEAST 5000 HOTEL ROOMS... and that mirror Irving  
i.e., Situated within a Metro (of which it is not the largest community), near a major  
airport and with a strong corporate base***

1	Long Beach	California	476,564
2	Mesa	Arizona	437,454
3	Raleigh	North Carolina	326,653
4	St. Petersburg	Florida	249,090
5	Norfolk	Virginia	237,835
6	Scottsdale	Arizona	221,792
7	Durham	North Carolina	201,726
8	Overland Park	Kansas	162,728
9	Tempe	Arizona	160,676