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MINUTES

IRVING CONVENTION AND VISITORS BUREAU

EXECUTIVE COMMITTEE

IRVING CONVENTION CENTER

Monday, July 24, 2023

Attendance: Bob Bourgeois – Board Chair, Richard Stewart, Jr. – Vice Chair; David Cole, Colvin Gibson, Greg Malcolm, and Sam Reed – Committee Members; Julia Kang, Bill Mahoney, and Joe Philipp – Board Member; Tom Meehan, and Jeremy Pierce – ASM/ICC; Maura Gast, Carol Boyer, Marianne Lauda, Brice Petty, and Susan Rose – ICVB; Councilmen Kyle Taylor and Al Zapanta – City Council; Guest – Aran Ryan – Tourism Economics.

Board Chair Bob Bourgeois called the meeting to order at 10:01 a.m. There were no citizen comments.

PRESENTATION

Irving Hotel Outlook Presentation – Tourism Economics Quarterly Update

Director of Industry Studies for Tourism Economics Aran Ryan presented an update on Tourism Economics.

U.S. Context:

- Expectations for a recession have been pushed back to the second half of 2023.
- It is a tight labor market, with more jobs than workers, and inflation is cooling slowly.
- Inflation has eroded income gains, undermining potential for consumer spending growth and consumers continue to feel uneasy.
- Banks have tightened lending.
- Consumers have reasserted the importance of travel and air passengers have been tracking with 2019 levels.
- U.S., hotel performance gains have eased slightly in recent weeks, and room demand is still below the economic trend.
- In Summary:
 - Consumer savings buffer is declining and will continue to be tested.
 - Inflation cools and will keep the Fed from cutting rates before the end of the year.
 - Households continue to prioritize travel, and business travel continues to rebuild slightly.
 - International travel is coming back.

Irving Lodging Forecast:

- Room revenue is expected to be 6.9% above 2019 levels in 2023.
- Lodging demand recovered with DFW Airport passenger volumes.
- Real RevPAR recovery may take until beyond 2025 to recover to its historical average.
- The impact of inflation and low Occupancy rates is weaker than pre-pandemic.
- In Summary:
 - Recent national trends have shown gains in hotel pricing and slight declines in demand.
- Assumptions:
 - Corporate travel continues to grow but at a slower rate during the recession.
 - Leisure travel will continue to grow through 2023.
 - Group demand recovery slows due to recession but continues growth in 2024.
 - Lodging forecast is based on analysis of historical STR data performance, estimated travel recovery and pricing gains, and assumption of new property openings.
 - The model is based on monthly STR data, segmented demand, and sub-markets.

In response to a question from Board member Bill Mahoney, Gast replied that historically 60% of traffic at DFW has been connecting flights; she is not sure what the current mix is.

Gast noted in prior recession periods the lower tiered hotels drop rate, ultimately forcing others to drop as well. This recession period, hotels have protected rate and therefore are not having to recover from a “fire sale.” Gast asked Ryan if statistics show that is happening elsewhere in the U.S. Ryan agreed rate cutting from past recessions is not currently happening. Discussion was held on the increase in volume for international travel and bank lending during this recession period.

Bourgeois asked for a motion to approve the Executive Committee meeting minutes from June 23, 2023. On a motion from Board Vice Chair Richard Stewart, Jr., and a second from Board member Colvin Gibson, the motion was unanimously approved.

ICVB FINANCIAL REPORTS

Director of Accounting Marianne Lauda reported on the June 2023 Financial Reports:

General Monthly Balance Sheet:

- Hotel Occupancy Tax received \$817,490.60 for the month; the prior year was \$39,000.
- Budgeted amount was \$8 million, and City projected \$10 million.
- Total Hotel/Motel Tax Revenue collected is 63%.
- General Fund Ending Balance is \$6,783,122.84.

ICC Reserve/CIP Fund:

- Ending balance of \$2,400,878.40.
- No significant payments were made for the month.
- Available fund balance of \$1.5 million.

Check Register Review:

- Several Business Development Incentive Program (BizDIP) payments to Major League Baseball teams, Texas Cornhole League, USA Triathlon, Southern Star Travel and Texas Frightmare.
- SMG subsidy payment of \$348,750.00 and Westin Irving Convention Center Hotel garage (there was an increase in May).
- Using 89.6% of ARPA funds and 10.4% Hotel Occupancy Tax for payments.

In response to a question from Gibson, discussion was held on NFL football teams using Irving hotels and what might happen when the new Loews property opens in Arlington, Texas closer to AT&T Stadium. The true resort feel of the new Ritz Carlton property will be a draw.

Lauda reviewed the Cash Flow Report for June 2023:

- Projecting \$6,762,720 ending cash at fiscal year-end.
- There will be a spike in numbers next month with transfers into the General Fund.

Thermometer Chart:

- Combined funds have a \$10.5 million goal, and currently have \$9.7 million.
- The General Fund is doing well.
- Catastrophic Reserve and Computer Funds are still low.
- CIP Fund is projected to reach its goal.

HOTEL OCCUPANCY TAX COLLECTIONS

The Hotel Occupancy Tax Collections reports were reviewed through May 2023.

Lauda reported:

- Luxury & Full-Service properties -
 - Doubletree by Hilton DFW Airport North has paid through August 2022. The Sheraton has made payments through February 2022.
 - Homewood Suites is current -with payments.
 - All other hotels in the Full-Service category have paid.
- Budget Service properties – one hotel has not paid, and collections are similar to previous month.
- Limited-Service properties – one property has not paid, and collections are down from the previous month.
- There were 81 short-term rental properties, and some are submitting payments from last year with penalty and interest. For the month, \$28,000 collected.
- Summary – May collected \$772,000, budgeted for \$967,000. Down 20% from the City’s collection projections. The prior year May collections were \$749,000.

In response to a question from Board member Joe Philipp, Councilman Kyle Taylor reported the City is trying to have short term rental properties register. One additional hotel property is five months delinquent and has been referred to an outside legal firm for collection. Progress is being made, but slow. The bid to preempt HB 2665 for local regulations of short-term rentals is tabled for now, however, there is still some concern.

Bourgeois asked for a motion to accept the ICVB financial reports for June 2023. On a motion from Board member Sam Reed, and a second from Stewart, the motion passed unanimously.

APPROVAL OF BUDGET ADJUSTMENT TRANSFER OF \$500,000 IN ARPA FUNDS FROM THE GENERAL FUND TO ICC CAPITAL IMPROVEMENT PROJECT FUND

Lauda identified the \$500,000 in ARPA funding that will transfer to the CIP Fund and the item will be a budget adjustment on City Council’s agenda before September 30.

On a motion from Board member Julia Kang, and a second from Stewart, the Budget Adjustment Transfer was unanimously approved.

APPROVAL OF NAME CHANGE FOR COMPUTER REPLACEMENT FUND TO TECHNOLOGY FUND AND ESTABLISHING NEW FUND MINIMUM BALANCE

Gast stated that an increase in cyber security needs for operating has become necessary and increasing the current \$500,000 fund balance to \$1 million is essential. Moving funds as they become available to achieve a \$1 million balance is the goal. Cyber security will only get more expensive. Bourgeois thanked ICVB IT Manager Brice Petty for opening our eyes to the world of cyber-attacks and security. Petty is working with the City’s IT personnel and the City’s Risk Management team for insurance to be sure we are covered. ICC Assistant General Manager Jeremy Pierce added ICC works with ASM Global Corporate for their cyber security needs and insurance. Mayor Pro Tem Al Zapanta added ICVB security is particularly important for the impact on security for the City.

On a motion from Kang, and a second from Board member David Cole, the approval for the name change from Computer Replacement Fund to Technology Fund and establishing a new fund minimum balance was unanimously approved.

REVIEW OF BOARD MEETING AGENDA – July 24, 2023

- Gast noted that Assistant Executive Director Administration/Finance Susan Rose will give a brief overview of the Tourism Economics report to the Board.
- The two Individual Items for the Budget Adjustment and Fund Name Change will be voted on.
- The recommended High Spirited Citizen nominees from the Community Engagement Committee will be presented for approval.
- ICVB Convention Services Associate Annette Haas-Rios will receive her 25th Anniversary service award; Haas-Rios is also retiring at the end of this month.
- The Board meeting will be held in the Grand Ballroom of the Convention Center.

CITY COUNCIL UPDATES

Councilmen Al Zapanta and Kyle Taylor reported:

- The City Council is preparing for the final budget meeting in August and setting priorities.
- Will do a deep dive into HB2127, the Texas “Death Star” bill.

Gibson commented that the bond money for parks and recreation is welcome and helps South and North Irving residents with wins for both segments of the community, and hoping publicity will go out when projects are completed.

CHAIR REPORT/STAFF COMMENTS

- The next Executive Committee meeting is scheduled for Friday, August 25.

With no further comments or discussion, the meeting was adjourned at 11:02 a.m.

Respectfully submitted,



Maura Allen Gast, FCDME
Executive Director