

MINUTES
IRVING CONVENTION AND VISITORS BUREAU
BOARD OF DIRECTORS – EXECUTIVE COMMITTEE MEETING
IRVING CONVENTION CENTER – FIRST FLOOR CONFERENCE ROOM
Friday, April 22, 2022

Attendance: David Cole – Board Chair; Bob Bourgeois – Board Vice Chair; Karen Cooperstein, Greg Malcolm, and Richard Stewart, Jr. – Committee Members; Colvin Gibson, William Mahoney, and Sam Reed – Board Members; Tom Meehan – ASM/ICC; Maura Gast, Carol Boyer, Marianne Lauda, Brice Petty, and Susan Rose – ICVB; Mayor Pro Tem Kyle Taylor and Deputy Mayor Pro Tem Al Zapanta – City Council.

Board Chair David Cole called the meeting to order at 9:00 a.m. and inquired if there were any citizens that would like to comment on any subject on the agenda. There were none.

Cole asked for a motion to accept the Executive Committee meeting minutes of March 25, 2022. On a motion from Cooperstein and a second from Stewart, the motion was unanimously approved.

IRVING HOTEL OUTLOOK PRESENTATION – TOURISM ECONOMICS

Executive Director Maura Gast introduced Director, Lodging Analytics Aran Ryan from Tourism Economics who gave a Quarterly Irving Lodging Outlook Update. The ICVB has requested American Rescue Plan Act (ARPA) funds to conduct a study and produce a quarterly report on key lodging trends.

Ryan's presentation included charts showing:

U.S. Context

- Pandemic impact on travel was rapid and severe. Nationally we are in the midst of recovery.
- US hotel room demand is still below pre-pandemic levels but recovering quickly; however, national numbers are still below pre-pandemic numbers.
- US recovery continued in March with an Average Daily Rate of 10.5% ahead of 2019 levels.
- Economic Assumption – consumers are spending with confidence. Durable goods are up 38.9% and services are up slightly.
- Wealth accumulation is shifting toward consumption. Household net worth has increased, as well as personal savings.
- Employers face challenges in re-staffing. One in ten positions remain open. This is expected to resolve over time, but slowly.
- Nationally wage rates are rising at 17% higher than pre-pandemic. Wages are rising faster than consumer price and putting pressure on hotel performance to meet the challenge.
- Inflation will accelerate before slowing.
- Intentions to travel remains high at 9 in 10 with travel plans in the next six months. Companies are reporting 8 in 10 planning to travel soon. The war in Ukraine and gas prices are impacting travel decisions.

Irving Lodging Quarterly Forecast will be:

- A review of assumptions.
- An approach to the model based on analysis of historical STR data performance, travel recovery timeline and pricing gains, assumption on new property openings.
- Room revenue is expected to be 8.5% below 2019 levels in 2022.
- The forecast indicates 2023 numbers slightly ahead of 2019.

- Lodging demand in Irving has tracked closely with DFW Airport passenger volumes, and DFW South sub-market has been the least negatively impacted during the pandemic, but still broadly impacted.
- It may take beyond 2024 for RevPAR to recover to its historical average.

Recap:

- Hotel performance in Irving continues to recover with 2022 below 10.4% compared to 2019.
- The next fiscal year forecasts ahead 5.7% of 2019.
- The timing of recovery remains uncertain, but it will take time to recover to pre-pandemic levels.

In response to a question from Cole, Ryan replied the lift of the mask mandate on airlines may affect the attitude of some travelers, but it is unknown the impact of the mandate and how the rules are applied. The more challenging concern is Corporate travel policies that stay restrictive and the attitude of participants in large group events. There were no further questions.

ICVB FINANCIAL REPORTS

Director of Accounting Marianne Lauda reported for March 2022:

- General Fund:
 - Ending Fund Balance of \$359,464.76.
 - Six months into the budget and 34% expended, which is a good sign.
 - Staff is traveling more.
- ICC Reserve/CIP Fund:
 - Ending Fund Balance is \$349,298.75 and 46.4% expended.
 - Expenditures were project based.
- Check Register:
 - It was noted 96% of checks were ARPA fund related programs and promotions.
 - Next month's financial report will include a column for ARPA fund expenses and Hotel Occupancy Tax fund expenses.
 - There were several Convention Center projects completed and a subsidy payment in March.
 - Regular payments to media advertising, Business Incentive Development (BizDIP) payments and staff reimbursements.
 - Lewis Marketing Partners payment is for the media-buy for the year.
- Cash Flow Report for Fiscal Year-End September 2021:
 - Staff is continually grateful for the ARPA funding and anxiously awaiting additional payments in the near future. Currently, preparing next year's budget and hope to get final ARPA funding confirmed from the City before finalizing the budget.
 - The ending balance shows an estimated \$4,895,234.
 - Gast added Hotel Occupancy Tax is used to cover salaries and ICVB Reserve fund transfers and ARPA funds are for programs.
- Thermometer Chart
 - Gast noted the goal is to have all Reserve funds full and stabilized by 2026 but will be dependent on subsequent ARPA funds. She is confident goal is attainable if the best use of resources available to us.
 - Repayment of FY21 Loan: Goal: \$500,000 – Current: \$500,000.
 - General Fund: Goal \$2,000,000 – Current: \$359,465. Lauda confident goal can be reached.

- Catastrophic Reserve: Goal: \$5,000,000 – Current: \$710. Lauda confident 2026 goal can be reached assuming future ARPA funds are received and the reallocation of the excess \$1.6 million at that time.
- Computer Fund – Goal: \$500,000 – Current: \$710. Computers for staff have been replaced and not anticipating adding funds for another year.
- ICC Reserve/CIP Fund: Goal: \$3,000,000 – Current \$349,298 and FY22 Year End Goal of \$1,000,000.

ACTION ITEM: Deputy Mayor Pro Tem Al Zapanta requested a graph line chart for Hotel Occupancy Tax that shows ICVB recovery.

Board Vice Chair Bob Bourgeois stated the Reserves are at an 11% total on being refilled. Gast noted the cost of maintenance in the building runs \$600,000 to \$800,000 from Capital Reserves and that fund will never stop being refilled. The other funds will be maintained once goal is achieved. Lauda stated all to keep all funds safe, projects are thought through thoroughly before executing.

ACTION ITEM: A progress thermometer showing the total compilation of all funds together.

Cole asked for a motion to accept the ICVB financial reports for March 2022. On a motion from Board member Karen Cooperstein, and a second from Board member Richard Stewart, Jr., the motion was unanimously passed.

HOTEL OCCUPANCY TAX COLLECTIONS

Lauda reviewed the Hotel Occupancy Tax Collections report for February 2022.

Luxury & Full Service

- The Doubletree by Hilton DFW Airport North and the Sheraton DFW Airport Hotel have not paid October/November/December/January.
- Total collections for January 2022 are \$205,299.68 down slightly from January.

All Suite / Extended Stay

- Residence Inn Dallas Las Colinas has not paid for February and there is one closed property.
- Total collections for February 2022 are \$108,531.31, up from January.

Budget Service

- Budget Suites of America Las Colinas has not paid in February.
- Total collections are up slightly from previous month.

Limited Service

- Four hotels have not paid in February.
- Total collections are \$105,160.29, down from \$108,820.17 in January.
- Short-Term Rentals - Collections represent 36 locations for the month, down each month since November 2021.

Summary

- February 2022 Grand Total Collections are \$514,202.35, which is above budget by 18.5%.

February Comparison 2020 and 2021

- There is significant recovery in all categories.
- There is a short-term rental decrease.
- Overall, an 85.77% increase from 2021.

Discussion was held on plan to file collection action on hotel properties that are behind in payments. Mayor Pro Tem Kyle Taylor noted the City has a process and still negotiating with those properties. Taylor will follow up and ask to move forward with collection. Gast stated in the past there have been aggressive collection efforts from the City. Zapanta added the boutique hotels are affecting the Ordinance and hotel standards need to remain high.

ICC FINANCIALS

General Manager Tom Meehan reported on the February 2022 financial reports:

- February 2022 was the first month the ICC did not make budget for the month.
- There were 13 events budgeted and the actual was 16.
- Year-to-date showing \$195,438 better than budget for the year with 65 budgeted events and the actual reported 79.
- Rental Income was on target.
- Food & Beverage was down -\$51,120.
- It was a good month for public event weekend parking.
- Other Operating Income was down -\$17,545.
- Expenses and Salaries are down, and staffing is slowly returning to full capacity.
- Forecast shows \$534,418 for end of year total to return to ICVB.

March 2022 numbers are better than budget.

- There were 11 events budgeted and the actual was 16.
- Year-to-date showing \$335,698 better than budget with 76 events budgeted and the actual was 96.
- March was a strong month for Rental Income of \$143,319.
- Concessions were up, as well as F&B and Catering. The event mix is different than 2019.
- Good month in parking and electrical.
- Expenses are in line with projections at \$10,731 over budget and Net Income (Loss) of \$140,256 better than budget.
- Five Year Comparison Report shows Rental in March is good, Catering is consistent but has not been a big year in the Corporate market and larger corporate meetings have not returned yet.
- Total Event Income for the year notes a different type of year and staff is adjusting constantly.

Meehan noted the Forecast was stripped down through September and only shows signed contracts with Rental and minimum F&B income. Adjusted Expenses to reflect more events than were originally planned. In summary, the \$500,000 original forecast is adjusted to a bare minimum forecast of \$4,309. Monthly the forecast number will continue to rise. Meehan is confident in surpassing the Operating Subsidy number. It is a different approach for a different type of year. He noted concert parking revenue has been unstable and extremely hard to forecast.

ACTION ITEM: It was suggested to have a shaded thermometer or line graph to watch the ending forecast number that will be included in the Reserve fund.

Cole asked for a motion to accept the ICVB financial reports for March 2022. On a motion from Stewart, and a second from Cooperstein, the motion was unanimously passed.

PROPOSED CHANGES TO THE BUSINESS DEVELOPMENT INCENTIVE PROGRAM (BIZDIP)

Discussion was held and it was noted changes to the Business Development Incentive program have been sent to the City Attorney Office and hope to have a completed document by the May Executive Committee meeting.

The changes noted were to pay BizDip payments directly to the client rather than the hotel when a hotel is delinquent in its Hotel Occupancy Tax remittance. The item will come through the Executive Committee agenda prior to going to the full board meeting. Once adopted, formal communication about the policy change will be communicated to all Irving hotels.

CHAIR REPORT:

- The next Irving Marathon Series race is May 21 – Fiesta DeMayo. The ICVB has a team registered and all Board members are invited to run/walk with the team.

EXECUTIVE DIRECTOR:

- Gast noted the April 25, 2022, Board meeting will be held at the Hilton Garden Inn DFW South. A briefing of the Tourism Economics Outlook is on the agenda.

CITY COUNCIL UPDATE

There was no further discussion.

Cole reminded the Committee the next meeting is scheduled for Friday, May 20. With no further discussion, the meeting was adjourned at 10:07 a.m.

Respectfully submitted,



Maura Allen Gast, FCDME
Executive Director