

Visit Huntington Beach
Board of Directors Meeting Minutes
Thursday, June 13, 2019
Huntington Bay Club
4121 Warner Ave.
Huntington Beach, CA 92649
2:30p.m to 5:00 p.m.

Public Notice Information: In accordance with the Ralph M. Brown Act, VHB agendas are available for public review outside the City of Huntington Beach Council Chambers at 2000 Main Street at least 72 hours prior to each meeting. The agendas are also posted on the VHB website at surfcityusa.com. Questions on agenda items may be directed to Kelly Miller, VHB President & CEO, at (714) 969-3492 or kelly@surfcityusa.com.

VHB Mission: To position Surf City USA® as the preferred California beach destination in order to maximize **overnight** visitor spending, **destination development** and **quality of life** for all residents.

MINUTES

1. Call to Order and Antitrust Reminder (*see reverse*) by Chair Justin Simpson. **2:46pm**
2. Roll Call:

Present: Simpson (Kimpton Shorebreak Hotel), Adams (Bolsa Chica Conservancy), Barnes (Duke's Huntington Beach), Bernardo (World Surf League), DeSoto (UCI), Killey (Republic Services), Leinacker (Paséa Hotel and Spa), McCormack (Timeless Treasures Boutique LLC), Rogers (Rogers Marketing Services/ 5th & PCH), Solanki (Ocean Surf Inn & Suites), Szilagyi (Best-VIP Chauffeured Worldwide), Thompson (First Bank), Torrence (VHB Ambassador Emeritus), Townend (The ActivEmpire), Truxaw (Mama's Restaurant on 39), Unvert (John Wayne Airport)

Absent: Ali (Zack's Surf Shop), Fischer (Waterfront Beach Resort, A Hilton Hotel), Mantini (Retired-The Boeing Company), Patel (Quality Inn & Suites Huntington Beach), Rice (Hyatt Regency Resort & Spa)

Additional attendees: John Ehlenfeldt (VHB), Tonya Imada (VHB), Emiko Kaneoka (VHB), Nicole Llido (VHB), Kelly Miller (VHB), Terry O' Shea (VHB), Jake Schultz (VHB), Steffany Sensenbach (VHB), Brittany Tesmer (VHB), Susan Thomas (VHB), Matt Tibbetts (VHB), Jennifer Tong (VHB), Sophia Valdivia (VHB)
3. Announcement of Late Communications (Justin Simpson): **None**
4. Public Comments — Chairperson (limited to 3 minutes/person):

*The VHB welcomes public comments on all items on this agenda or of community interest. We respectfully request that this public forum be utilized in a positive and constructive manner. Please focus your comments on the issue or concern that you would like to bring to the attention of the Board. **None***
5. Consent Agenda (Nicole Thompson): Action Item
 - a. Approval of previous Meeting Minutes
 - b. Latest TOT/TBID
 - c. Latest CBRE (PKF)/ STR Reports
 - d. Current financial statements (if available)

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- **TOT receipts for the month of March 2019** were up 1.8%. Year to date TOT revenue for July 2018 through March 2019 totaled \$10,145,685, an increase of 16.1% over FY 17-18. This resulted in a positive change in TOT collections of \$1,397,337 more revenue collected by the City over FY 17-18. (**Note:** FY 17/18 only includes months October – June due to the FY change. FY 18/19 includes new FY months July – June)
 - **TBID receipts for March 2019** were up 35.7%%, and YTD revenue is up 23.9% over the previous FY. Total TBID receipts now total \$3,251,415, or an increase of \$626,515 over the previous FY. *There are several things to note: 1) As mentioned, FY 17/18 only includes months October – June due to the FY change. FY 18/19 includes new FY months July – June; 2) Effective October 1, 2014, the BID assessment increased from 2% to 3%; and 3) Effective February 1, 2019, the BID assessment increased from 3% to 4%.*
 - Hotels over 151 rooms were up 2.3% for March, and up 17.7% over the previous FY in **TOT receipts**. Hotels under 150 rooms were down **0.9%** for the month of March, and up 7.4% for the FY in **TOT receipts**.
 - Sunset Beach hotels reported an increase of 16.0% for March's **TOT collections** and now stand at an increase of 7.9% for the FY. **TBID receipts** for Sunset Beach hotels were reported at a 54.7% increase for March and a 15.5% increase for the FY. *Remember, effective February 1, 2019, the BID assessment increased from 3% to 4%*
- **CBRE/PKF report for March 2019** reflects that for the *four reporting major properties* in March, Average Daily Rate was \$273.94, up 3.4% from March 2018. Monthly occupancy was down **2.0%** to 75.94%, and RevPar was up 1.3%, to \$208.02 for the month.
 - **For January through March 2019**, ADR was \$267.99, or up 5.6%, Occupancy was up 4.1% to 70.32%, and RevPar was up 10.0% to \$188.44.
- **STR report for April 2019** is for the *11 reporting properties*. Looking at Tab 2, Occupancy was down **0.5%** to 76.7%, ADR was up 4.5% to \$231.54, and RevPar was up to \$177.66, an increase of 4.0%.
 - **For January through March 2019 versus the same period in 2018**, Occupancy is up to 2.8% to 72.7%, ADR was up 5.2% to \$224.67, and RevPar was up 8.1% to \$163.33.
 - **Hotel inventory supply for July** was flat at 0.0%, demand was down **0.5%**, and revenue was up 4.0%.
 - **Year to date for January through July 2018** shows that hotel room supply was up 0.1%, demand was up 2.8%, and revenue was up 8.1%.

Financial Reports for March 2019

- **March 2019 Statement of Financial Position (Balance Sheet):** Total assets are for March 2019 are \$3,621,695. Total liabilities are \$683,389. Total net assets are \$2,938,306. Total liabilities and net assets are \$3,621,695.

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- **March 2019 Statement of Activities – Budget Comparison (Profit and Loss):** Actual revenues for the month of March 2019 were \$501,497, compared with a budgeted revenue number of \$468,229.
- **Actual Monthly Expenditures** were \$448,974, compared with a budgeted amount of \$448,974. The difference between actual revenue and actual expenses is \$19,255 for March 2019.
- **Year-to-Date Statement of Activities for October through March,** actual revenue for the first 6 months of the FY was \$2,338,624, compared to the budget revenue amount of \$3,260,060. A reminder that the budgeted revenue on all YTD statement includes the “Surplus Revenue Budgeted from FY 17-18.”
- **Total Actual YTD expenses** were \$2,900,348, or a difference of (\$561,724) between actual revenue and expenses.

- Motion to approve the consent agenda made by Szilagyi. Seconded by McCormack. All approve. None oppose.

6. Chairman’s Report (Justin Simpson): **None**

7. President & CEO Updates (Kelly Miller)

a. FY 2019-2020 budget presentation

o Presentation of FY19-20 Budget made by:

- John Ehlenfeldt gave an overview of entire budget. He spoke about the revenues as well as the bigger budget expenses

- There was a change in VHB revenue stream mid-cycle during the previous 9 month FY

- o Starting in February 2019, our TBID increased from 3% to 4% and TOT went back to the City of HB

- The dollars listed under TOT on the budget is a special arrangement with the City for 2 specific projects: HB International Surfing Museum and AMGEN, a potential event that could take place in HB during May of 2020.

- Destination Product Development amount is marked to complete the wayfinding signage throughout the City of HB
- Non-Destination Product Development amount represents monies the VHB team did not spend where they did not have to in the previous FY in anticipation of upcoming events/ projects including VHB’s move to its new offices.
- Miscellaneous revenue is pulled from reserves as a one-time capital expenditure all associated with the office move.
- The expense items that show the largest fluctuation from last FY
 - o Facility Costs due to the move
 - o Personnel Costs due to VHB’s plan to add 2 new full-time positions

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- Communications Coordinator
- Director of Sales
- Susan Thomas
 - Spoke about VHB's Marketing Budget items and how they relate to the overall strategic goals for VHB. These goals include:
 - Driving growth for HB's tourism industry through brand demand
 - Targeting our highest value visitors
 - Bringing the Surf City USA story to life for visitors
 - Larger expense items include
 - Media Advertising
 - The majority will go into media distribution
 - Investments will be made in all key markets to reach the high-value visitors on the Leisure side with a number of new campaigns
 - Similar investments will be made in Group Sales on the corporate meetings side to support the sales team and the HB Collection Partners
 - Website
 - Social Media
 - Travel Trade
 - Opportunity/ Contingency
 - Monies have been set aside for one of 2 things:
 - To grow a fall/ winter media campaign
 - To have funds to pivot in the event of an economic downturn
 - Research
 - New items will include a Destination Master Plan with DestinationNext as well as a website ROI study
- Jake Schultz
 - Marketing
 - A key focus will be to complete the production of our Laidback Luxury and Group Sales videos
 - Social Media advertising
 - Posting on new channels like Trip Advisor, Google+,Pinterest
 - Event Sponsorship Task Force
 - We will focus on assisting new events stay in HB
 - Partnership with Threshold360 to do 360 degree videos of 125 locations in HB to showcase our partners
 - Google/ DMO partnership to add high-res photos onto Google's platform and flag poor content

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- Matt Tibbetts
 - Group Sales will investing in 5 key areas
 - Groups Sales destination video
 - Website for the meetings side (MeetInHB.com)
 - IMEX tradeshow
 - 9,000 attendees annually in Las Vegas
 - Cvent
 - Sales Missions in key markets
- Jennifer Tong
 - Public Relations
 - VHB will be re-signing with its agencies DCI (USA and Canada), Black Diamond (UK), and Gate 7 (Australia)
 - Hosting FAMs and press trips
 - Participation in Media Missions in VHB's top markets
 - New York, Chicago, Australia, Canada,
 - IPW
- Sophia Valdivia
 - Travel Trade
 - Internationally VHB will be focusing on Canada, Mexico, and Australia
 - Increasing the FAM budget to build on the momentum started with IPW
 - Film
 - Investing in rebranding FilmHB
- Nicole Llido
 - Visitor & Partner Services
 - Investing in a digital display in Pier Plaza
 - Updating signage on the kiosk
 - Continuing with Ambassador Programs
 - Information booth will be added for this FY
 - SurfCityUSA Shuttle
 - Certified Distribution
 - Reprinting maps
 - PCH Cleanup
- Steffany Sensenbach
 - Operations
 - The office move will bring additional costs, including several capital expenditures to set up the office, and additional one-time costs for the move.
 - Office Rent will increase due to the office footprint increasing from 2750 sq ft to 5200 sq ft

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- VHB Plans to lease an automobile for use by staff for site/ destination tours, FAMs, events, and general business use
 - Motion made to approve the budget made by Adams. Seconded by McCormack. All approve. None oppose.
 - b. U.S. Travel Association’s IPW California Beach Festival, June 3, 2019
 - Around 1,300 people came through HB
 - A very successful event!
 - c. Communitywide Wayfinding
 - Kelly gave a brief update on the Wayfinding signage
 - d. HB International Surfing Museum
 - Brett Barnes gave a brief update on the ISM
 - e. HB Downtown Business Improvement District
 - Brett Barnes gave update on the search for a temporary manager for the Downtown BID
 - f. New office space
 - VHB is targeted to start moving into the new office space at the end of July
8. Brief Department Monthly Updates (Staff)
- a. Sales
 - b. Marketing and PR
 - c. Film & Travel Trade
 - d. Visitor Services and Information Technology
 - *Staff members were available after the meeting to discuss department updates and answer any questions about VHB’s current projects*
9. City of Huntington Beach Update: None. Kellee Fritzal not present at meeting
10. Huntington Beach Chamber of Commerce Update: None. No one from the Chamber present at the meeting
11. Open Discussion/Announcements: **None**
12. Adjournment: **4:20pm**

Key Dates to Remember:

- Next FULL BOARD MEETING: **Tuesday, October 1st, 3:30 pm – 5:00 pm, Location TBD**
- PCH Clean-up
 - **Monday, July 8th 8:00am**
 - **Monday, August 12th 8:00am**
 - **Monday, September 9th 8:00am**

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- Vans US Open of Surfing: **Saturday, July 27 – Sunday, August 4**
- VISSLA ISA World Junior Surfing Championship
- The Great Pacific Airshow, Huntington Beach: **October 4th – 6th**

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ANTITRUST COMPLIANCE POLICY

It is the policy of Visit Huntington Beach (VHB) to comply fully with the antitrust laws of the United States and the State of California. In order to assure full compliance, the following policies and procedures are to be followed by all employees and stakeholders of VHB and by representatives of any stakeholders of VHB.

At any meeting of the directors of VHB or any committees of VHB, or at any meeting where any employee of VHB is present or where VHB is in any way involved, there shall be no discussion of the following:

- A. Prices or rates for hotel or motel rooms, food and beverage, transportation, sightseeing, or other services or facilities of stakeholders, including but not limited to prices or rates to be charged to convention groups, tour groups or tour operators, including off-season prices or discounts;*
- B. Changes or proposed changes in the prices or rates of hotel or motel rooms, food and beverage, transportation, sightseeing, or other services offered to customers of the hotel and motel industry;*
- C. Formulas, procedures, or means for the establishment and determination of prices, rates, discounts, terms, and conditions or rental;*
- D. Plans of individual stakeholders covering increases or reductions in distribution or marketing of particular products or services.*
- E. Restrictions on legal advertising or promotional activities.*
- F. Matters relating to actual or potential suppliers or customers that might have the effect of excluding them from any market or of influencing others not to deal with them.*

MEETING ASSISTANCE NOTICE – AMERICANS WITH DISABILITIES ACT

In accordance with the Americans with Disabilities Act the following services are available to members of our community who require special assistance to participate in EDC meetings. If you require special assistance, 48-hour prior notification will enable VHB to make reasonable arrangements. To make arrangements for an assisted listening device (ALD) for the hearing impaired, American Sign Language interpreters, a reader during the meeting and/or large print agendas, please contact Steffany Sensenbach at (714) 969-3492.