

VISITOR & CONVENTION BUREAU

MINUTES
BOARD OF DIRECTORS MEETING
Tuesday, June 9, 1992

PRESIDING: Don Bramer, Chairman

MEMBERS PRESENT: Paul Nelson, Tom Ralser, Cindy George, Juli Cogdill

STAFF PRESENT: Debbie Kovalik, Barbara Bowman, Judy Manning, Irene Carlow

GUESTS: Lanny Paulson, Linda Hill, Harvey Tashiro, Ken Hunt, Cindy Sherrill, Maria O'Malley, Diane Schwenke

MINUTES OF MAY 12, 1992 MEETING: Cindy George moved for approval; Juli Cogdill seconded; approved unanimously.

SIGNAGE/ENTRYWAY COMMITTEE: The State Department of Transportation is receptive to adding a sign off the Clifton exit giving the number of miles to the Central Business District. (This will be on the Business Loop, not on the interstate.) Downtown merchants pull business from the I-70 Business Loop and would be opposed to interstate signage that would discourage traffic from exiting at Clifton. The committee is completing an inventory of existing signs for the next meeting, June 16 at 4:00 p.m.

SPECIAL EVENTS: Dinosaur Days - The Steering Committee is doing fine, but there is some confusion about exactly how special events funds can be spent. The Committee would like a VCB Board member to judge the parade on Saturday, July 25. None of the Board members is available; the Director offered to be a judge. Renaissance Faire - Nothing to report. Kokopelli's Supermarathon - Mike Heaston has said he sent worker's compensation paperwork to John Shaver. When John advises the VCB everything is in order, a check will be forwarded to Mike. Wine Festival - No report.

VCB RELOCATION PROPOSAL: Ken Hunt displayed a topographic map and discussed the general layout of the property. The estimate of visitor numbers to the proposed new center was revised to 200,000; this would require more parking than originally anticipated, but Ken believes the needs can be met and still allow a 100 ft turn-around radius for RVs. All three options allow more parking than is required by City ordinance. Ken presented three options, all approximately 4,400 sq ft, noting that the costs are very similar. None of these cost estimates include the cost of the land.

#1 - Provides for 45 cars, 4 RVs; would be built on the slope on piers; allows open presentation of the building; building cost \$398,000 - \$520,000, site development costs \$60,000 - \$80,000; total \$450,000 - \$590,000.

#2 - More traditional construction; build on steepest part, would have a "large crawl space" underneath the building; retaining walls would be similar to some parts of Glenwood Canyon construction; accommodate 42 cars, 6 RVs; cannot keep parking away from entrance to building; could allow for phased development; building cost \$390,000 - \$509,000, site development costs \$60,000 - \$80,000; total \$450,000 - 589,000.

#3 - Better presentation; two-story with elevator tower; V-shaped building; reduce footprint for parking; site would be less impacted by pavement; more potential for creativity; RVs would be farther from the building; room for dog run, etc. away from the building; could have an open deck for viewing area; would accommodate 30 cars, 5 RVs; building cost \$394,000 - \$513,000; site costs \$56,000 - \$85,000; total \$450,000 - 598,000.

Paul asked how these figures and the cost of the land will fit into the VCB budget? Can we afford this? Council may be unwilling to subsidize this project from the general fund.

Lanny Paulson discussed the 10 year financial projection he prepared. He began with the original assumption of a 20 year lease with 6% annual growth, then explored financing options. The bottom line is that the VCB is not able to cash flow the debt service. A general rule of thumb is 10% debt service payment per year, e.g., \$40,000 annual debt service to retire a \$400,000 loan. An option is to purchase the land now and cut operating expenses to build the fund balance so that we can cash flow. There will be increased revenues with a new visitor center, but the revenue impact to the VCB is not significant. (Total gross economic impact on Grand Junction is estimated at \$400,000 - \$500,000 per year.) Increased operating expenses are estimated at \$40,000 (on top of the debt service) which would include exterior landscaping, insurance, utilities, snowplowing, etc. of \$13,000 - \$26,000 per year. These expenses would be the same with a stand-alone visitor center or combined facility.

The Director has requested a copy of in-depth research regarding visitor center economic impact which was compiled by the Fairfax, Virginia CVB prior to building a new visitor center.

Don asked what do we want as a Board? Where is the threshold? He also asked if the proposed square footage will accommodate the VCB in 5 years; what are our staffing plans in 3, 5, 10 years? He would like to see more research on the gross economic impact on the community. He believes in this location, but needs to see the effect of cutting back on our programs vs the benefit of the new location.

Paul is in favor of the project as long as it doesn't cut into our current programs, which are obviously working. We're getting good results on what we're doing; let's not go backward. We have momentum and the curve is headed up on advertising results. He also noted that the VCB is on a different timetable than John Moss. The City wheels turn slower than private industry, for a good reason -- we are dealing with public funds. Can we hold on to this opportunity for a few months while we do more research?

Juli feels we should look at the overall economic impact and determine the cost/benefit of going forward. She also noted that the marketing plan has to change somewhat. If the Visitor Center reaches people we've not previously reached, our scope is different; we hope to sell people from the Center. She hopes that John would look at the benefits to Taco Bell of having the Visitor Center on that site.

Tom feels the VCB/City has worked hard to meet John Moss' time table, but we can't afford what we've seen today. Do we develop a new vision of what we can do; put this on the back burner for far in the future? He doesn't doubt that the costs John has presented are fair, but where's the reward for meeting his schedule? Could we work out an option arrangement? If a private business built a visitor center and it weren't run to the VCB's standards, would that image hurt us?

Cindy noted that John alluded nothing else (no other entity) will benefit his operation as much as the VCB.

Tourism spending breaks out to: 33% restaurants; 25-30% lodging; 12% transportation; 8% shopping. If we divert funds from advertising to a visitor center, what is the bottom line to business owners in the Valley? The Director pointed out that staff has identified numerous new programs we would like to begin, as well as ways to improve on existing efforts, but just keeping up with the current level of activity with our current budget prevents us from adding anything new. If we divert current funds, long range planning will not allow for additional new programs, marketing changes, etc. Groups booked and serviced are already at 60% of last year. If we divert current funds, long-range planning will not allow for additional new programs, marketing changes, etc. The VCB is only two years old and we have little to gauge against.

The Board agreed that no further action will be taken until research is received from the Fairfax, Virginia CVB. The Director, Lanny and Tom will work together to devise a formula for estimating economic impact. The Director is to prepare staff projections for 3, 5 and 10 years.

SPECIAL EVENTS POLICY: The policy is confusing for some people; we need to clarify how the funds can be spent. Perhaps we could include sample questions/answers to provide some guidance for recipients. A two hour workshop will be scheduled to review the policy and make recommendations. At least two funded events should be included to provide input from event organizers.

HOTEL RELATIONS: The Chairman believes that the Board needs to stay in closer touch with the lodging community. He stated that the February meeting between Board members and hoteliers was very productive and another meeting will be held in the fall. He suggested that each member serve as a liaison with two or three hotels and be responsible for talking with the manager/owner at least once a month. This would be similar to each member being "assigned" to work with special events organizers. All members concurred, and noted that the addition of two more Board members

will allow each person more time to devote to these types of responsibilities. Specific assignments were not yet made.

The Chairman noted that letters of interest from potential Board members must be received by the City Clerk by this Friday, June 12.

DIRECTOR'S REPORT: We are disappointed that we still have no visitor numbers from the Monument, but hope to receive information in the near future. Lodging tax collections are up 13% year to date; sales tax collections are up 6%. As of the end of May, we had mailed more brochures in 1992 than in all of 1991. Also, our 800 calls are nearly double last year.

The first radio spot is currently airing in Denver and we have already received many responses; the second spot is being changed and will begin airing the week of June 22.

Staff organized a tourism network meeting which was held at the Best Value. Everyone who attended gave a brief presentation of their summer programs; the session was very productive. Another meeting will be held in November to re-cap the season.

Copies of the revised Profile and We've Been Getting Ready brochures were distributed. Because of the expense of these pieces, they are not for general distribution. They will be distributed to tour operators and buyers. Both were well received at Pow Wow.

We had over 70 appointments at Pow Wow and the trip was very successful. Members of our delegation included the Hilton, Holiday Inn, Walker Field and Dinamation. We found business that was already scheduled, and two French tour operators came here this past weekend (immediately following Pow Wow) to go rafting; they were very impressed and will schedule extra time here for their tours in 1993.

TASHIRO: The Denver billboard is up at Quebec and I-70 until July 1, then will be at 6th & Sheridan. The newspaper ads with event dates are appearing in both Denver papers; the billboard will be modified for newspaper ads.

Point-of-purchase displays have been delivered to Quiznos and KOOL is doing a spot on our events. The print and deliver piece will be in the Denver Post in late June.

Harvey gave a report on the results of the March-April-May MRS and distributed a sample of the survey form. The survey is slightly skewed to Horizon Drive; he is trying to add North Avenue properties. Staff will provide the results to all lodging properties.

Juli moved the meeting adjourn; Tom seconded; there being no further business, the meeting was adjourned.