



**Sioux Falls Convention & Visitors Bureau
BID Board of Directors
Minutes
December 21, 2011
Sioux Falls Convention & Visitors Bureau
Board Room**

Presiding: Chrissy Spoo, Chair

Voting Members Present: Sara Bogdanov Shailesh Patel
Jan Grunewaldt Chrissy Spoo
Lee Howell Mark Wahlstrom

Voting Members Absent: Karen Masterson
Mike Miller

Non-Voting Members Present: Jim Entenman Teri Ellis Schmidt

Non-Voting Members Absent:

Others Present: Mike Cooper Roger Patel
Reid Christopherson Kathie Puthoff

Welcome and Introductions

The meeting was called to order by Chair Chrissy Spoo. Self introductions were made by all present.

Agenda

Mark Wahlstrom moved to approve the regular agenda. Shailesh Patel seconded. Unanimous.

Minutes

Sara Bodganov moved to approve the minutes of the September 21, 2011 BID Board meeting. Mark Wahlstrom seconded. Unanimous.

Bylaws

Teri Ellis Schmidt explained that Reid Christopherson is currently the Chair of the CVB Advisory Council Executive Committee and according to the BID Board Bylaws, per that role, Reid should be brought on the BID Board as a voting member. However, Reid is a non-resident of Sioux Falls and as there is an irregularity between the Ordinance for the BID and the Bylaws for the BID, he is not eligible to serve unless this irregularity is amended.

Current Bylaws state: Section 4.3 – Voting Registration. A minimum of **4** members of the Board of Directors must be registered voters within the City. Up to **3** members may serve without being registered voters of the City provided they have a vested or representative interest in the district as allowed by Section ___ of the revised ordinances.

Ordinance 78-10 states: Section 39-194 D – Voting Registration. A minimum of **5** members of the board of directors must be registered voters within the city. Up to **4** members may serve without being registered voters of the city provided they have a vested interest in the district as allowed by Section 2-26 of the revised ordinances.

It was recommended by the attorneys that if we are to follow the Ordinance, the Bylaws should match. So if we make the change to the Bylaws as suggested by the attorneys, Reid Christopherson, who is a non-resident of Sioux Falls, would be added to the BID Board.

Mark Wahlstrom clarified that we need to amend the bylaws to match the ordinance. Chrissy Spoo explained that if we want to change the Ordinance instead, we would have to go back to make that request before the City Council. Mark Wahlstrom moved to change the bylaws to match the ordinance as explained above. Second by Lee Howell. Unanimous.

Chrissy Spoo noted that if we vote Reid Christopherson in now, it would be effective today. Shailesh Patel made a motion for Reid Christopherson to fill the open CVB Council Executive Committee position on the BID Board. Jan Grunewaldt seconded. Unanimous.

BID Financial Report

Teri Ellis Schmidt reported that the highest room tax month increases in 2011 over those in 2010 were as follows: December (2010); May, Nov, Feb, Oct, Mar, Jan, Sept, Aug, July, June.

In reviewing the 11/30/11 BID financial statement which covers October and November 2011, Teri noted the following expenses:

- BID SD Advertising – Digital Strategy \$8215 – this was actually in last year’s budget, however, we could not complete until new CVB website was complete, so this was rolled over to this year’s budget.
- BID SD Advertising – Trade Publications \$30,023 – 13 ad placements.
- BID SD Advertising – Misc \$17,487 – building signage, Trade Show Executive Advertising and billboards thus far.
- BID Tourism – Travel Publications \$6860 – several ads placed through Group Travel Leader.
- BID Tourism – SD Tourism Coops \$8025 – several co-ops with SD tourism including Pheasants Forever and Macy’s Day Parade partnerships plus travel show co-ops in Kansas City, Milwaukee and Minneapolis.

Teri added that expenses are running normal for this time of year.

Mark Wahlstrom made a motion to approve this segment of the BID financial report. Second by Sara Bogdanov. Unanimous.

Teri moved on to report on year-end 9/30/11 BID Pre Audit statement:

- YTD Actual BID Room tax collections totaled \$1,156,350 which exceeded the budgeted \$900,000.
- Dues of \$395 represents one subscription that was required in order to attend the related tradeshow.
- SD Advertising - Digital Strategy – shows zero as this amount was rolled forward to new budget year as explained above.

- SD – Marketing & Promo – there was 0 budgeted and \$9500 was spent. As projects developed we found items that actually belonged in this category instead of another category, so in order to be accurate, we put the charge in this category.
- SD – Travel – over budget in this category by \$18,000+. Site visits and bid trips such as Small Market Meetings were included.
- SD – Bidding – we were under budget by \$39,000, however, we did commit to bussing as a part of bids for new future business, but will pay for it the year the convention takes place—not at this time.
- Total Sales Development came in over \$75,500 under budget.
- Tourism – Promo and Advertising – New Opportunities – Actual amount budgeted was \$7650, however amount spent was \$76,615. Teri noted the following: \$16,000 Sioux Falls Pays promotion – newspaper insert; Media USA – partnered with Best Western Ramkota on a Mall of America display; Argus Leader Ad \$3500 for end of Tourism season to extend thanks to community for being excellent Host City; \$4000 Giant Step; Pheasant Fest \$900; Macy's partnership \$2500; Tourism Conference \$450; \$7300 Adventure Map, South Dakota Vacation Guide and Simply South Dakota guide, as well as 6 new advertising opportunities.

Teri distributed examples of advertising placed since September 2011.

Teri noted that that we ended with a Net Income of \$367,019. Teri reminded that because of this Net Income, as agreed, it was necessary to create a Supplemental Budget for these extra funds. Teri distributed and reviewed the proposed Supplemental Budget as follows:

- ConventionPlanit.com and CVENT – will reach into markets we couldn't reach before, connecting DMO's (Destination Marketing Organizations) with meeting planners.
- CVB website – continuous updating of website through Click Rain.
- Sioux Falls Digital Strategy – this was approved by the BID Board last year, and now rolled over into this budget for completion of the project.
- Airport/Minnesota Ave. signage – we are being asked by the City for \$28,500 total for further study of this "Welcome" signage project. In the current budget there was already \$25,000 that was previously approved, so an additional \$3500 is needed. Mike Cooper explained that this signage would extend from the airport to the downtown area. Future signage could expand west on Russell Avenue. The timeline for the project would be 2013-2014.
- Tourism – Delta Sky Magazine – this advertising has already been placed and you may have already seen it.
- Peak Season Campaign – The recommendation is for this campaign to run from April 1 to the winter months, and would include regional areas through radio, newspaper inserts, and television ads which we've never done before. It would cover radiuses of 250, 300 and 350 miles. Teri reviewed the feeder cities. Lee Howell commented that he would like to see more money spent in off season rather than peak season. Teri reminded that the highest BID room tax collections were July, June, August, May, and September and that the new budget year comes into effect October 1st, so we have that money to use then. Lee added that he's not against spending money in peak season, however, must focus on shoulder season. Jan Grunewaldt agreed, but also agreed we still need to have some spending for peak season as well.

Teri noted that this was the CVB's recommendation for the supplemental budget. If the BID Board approves today, we then take it to the Chamber of Commerce Budget and Finance Committee and then on to the City Council. Teri asked for any further discussion. Teri noted we need to further establish our presence throughout the country. This budget continues to be a bigger broadbased request to position us. Shailesh Patel asked if we can include Smith Travel Research. He asked about venturing into international markets. Teri stated that PowWow is one of the more well known international shows and asked Jan Grunewaldt her

opinion based on her experience with PowWow. Jan added that she thinks West River benefits from it more than we do. Shailesh asked about the Chinese markets, and bus companies associated with them. Teri said that it has been suggested we partner with Mike Saba from Sanford Health to market to areas that they are working in. Teri also stated that we are currently able to track international travelers at Falls Park and are always pleasantly surprised by the numbers. Perhaps we need to track information from those persons to see how they heard about Sioux Falls. Shailesh added that the Mayo Clinic has a big following from the Middle East. Teri said we will look into international markets and come back to the board with more information.

Teri reported that at our last meeting it was recommended that the CVB come up with a shoulder season campaign. Teri explained that we did that and distributed the "Sioux Falls Pays When You Stay" flyer and reviewed the promotion which includes distributing \$25 Visa Reward Cards to persons staying at a Sioux Falls hotel during the promotion period, completing the form and required hotel receipt documentation. It's limited to one card per family, per stay, per household. We have not promoted it locally as we are trying to target out-of-town visitors in an attempt to increase room night business. We started with 500 rewards cards and have now budgeted for 500 additional cards in this supplemental budget. Shailesh Patel and Jim Entenman suggested that perhaps we should utilize local gas chains. Jim also suggested perhaps we develop a plan where we can establish Sioux Falls Bucks to be spent locally.

Teri recapped asking with those ideas in mind, would you rather CVB not spend the money at this time for the additional 500 Visa Rewards Cards? Jim added that he's not against doing the additional cards now, however, for the future, perhaps we tweak the plan and focus on local partners for future campaigns. Teri clarified, that for the line item in the budget, would you like us to proceed with that idea and find a partner? Lee Howell stated that with the marketing already in place, we should proceed with what we have. Chrissy Spoo and others agreed, but it was decided that for the future, we should research options. Teri asked if people think that 1000 cards total is enough for this current promotion? All agreed 1000 is the limit for this promotion.

Teri concluded stating that this is the proposed supplemental budget. Sara Bogdanov made a motion to approve the supplemental budget. Shailesh Patel seconded. Unanimous.

Review 2011-2012 BID Activity

Lee Howell commented that Teri mentioned about not having some of the softball tournaments this summer. Teri stated that attendees are still upset at Sioux Falls about our hotel rates, therefore, we did not go back in November to bid the bigger tournaments. We will go back this November (giving people more time to cool off) to bid the biggest one. Jan Grunewaldt and Lee Howell reminded that these tournaments want a \$10 rebate on top of the hotel rate as well as a 20% housing commission. Teri said that people have been talking about wanting the CVB to do housing again. Lee suggested that maybe the BID could cover the \$10 rebate and then the hotels can deduct that amount from their rates. Jan stated that they have their normal rate, not an inflated rate for the tournaments, however, when you tack on the rebates and commissions, the rates look inflated.

Teri reported that the Minnesota Vikings promotion is going very well. There have been nearly 1200 entries from across the country to win the promotion.

The new CVB website has launched and has received very positive response. Teri asked the board to let her know if anyone sees anything in need of change.

Teri reminded that at the last BID Board meeting, the CVB was given the go ahead to invest in bidding for the Small Market Meetings Conference, which we did and won for October 6-8, 2013 for 100 meeting planners. Yesterday we were given the go ahead to announce the booking.

Teri reported that, as you may have heard, the runway at the airport will be closing for four weekends in the summer/fall of 2012. In partnership with the Best Western Ramkota Hotel, the CVB had booked Travel Media Showcase to arrive on one of the weekends. Teri has talked to Dan Letellier, but he is not changing the closure dates. The airport knew they wanted to avoid the Hunter's weekend and the Air Show. Jim Entenman added that Rex Roling has a similar situation with his business as they were hosting 300 people to arrive on one of the closure weekends. The concern was, if they pull out and go to Chicago, they may not come back. Teri added that Cathy Buchheim and Krista Orsack talked to the TMS planner yesterday and are working it out so they will still hold TMS in Sioux Falls.

Teri reminded that at the last meeting printing meeting planner guide pages was discussed, and how the hotels currently pay for their own pages. In 2010, the hotels invested \$6400; in 2011, one hotel is currently working on their page at a cost of \$530.

At the last meeting the board approved hiring a Visitor Guide delivery person. This is complete and he has done two monthly deliveries, saving several hours of staff time and costing less.

The board was told at the last meeting that we had received a funding request from The Outdoor Campus. This request is no longer an active request. The Board also requested the CVB put together a funding request form. Teri distributed the first draft today. Jim Entenman reminded that according to the Ordinance, the money has to be used for marketing and asked that we include this specifically in the funding request form. Chrissy Spoo suggested adding that statement where it says how funds will be used. Chrissy also suggested that perhaps after an event, the organization could be required to submit tear sheets or documentation on how the funds were used. Teri will make suggested changes to the form.

Event Center Update

Mike Cooper reported that the City is working with an architectural design team and are expected to finalize the design by March/April with construction expected to begin yet in 2012. The \$115 million package was approved by voters.

- The City is also working on an operating contract for the entire complex. Currently Global Spectrum manages the Convention Center and SMG manages the Arena and Orpheum. By April/May the City plans to have a new contract approved to have one management firm manage all of the facilities including the new events center.
- They are also looking for a plan to expand the economic development of the core area surrounding these facilities.
- They are also looking for a booking event firm.
- They are working on sponsorship and naming rights. There is also apparently a large interest in suites in the new facility so they are taking that into consideration.

Jim Entenman extended thanks to all who supported getting the event center passed. Over 5400 absentee ballots were cast and 41,000 total votes were cast. The project passed 58% to 42%.

Other Business

Jim Entenman is a member of the Governor's Tourism Board. He explained that last week he was contacted by Jim Hagen, South Dakota Secretary of Tourism, to say that Tourism revenues

were down by 14% and they are, therefore, forced to cut \$575,000 in budget. This would include cutting \$100,000 of the matching funds program. Last year the State promised Jim \$50,000 for the Summit League Tournament for marketing and promotion. Due to the cuts they are now required to pull those dollars. Jim Hagen was eventually able to come back to Jim with \$20,000 of the \$50,000 for Summit League. Jim is asking the BID Board to consider a \$25,000 investment to the Summit League for 3 years. He said Evan Nolte has committed the Chamber to give the remaining \$5000. Jim said he believes we need to continue going after the State for money, but also believes we need to take care of ourselves. (Deadwood Gaming Tax is down too which is a part of the need for decreased budget.)

Chrissy recapped that the Summit League is asking for a total of \$75,000 over three years. She said they would need to complete a funding request, so they will need to get an application form from CVB. Jim said he will see that it gets completed and will return to Teri soon. Chrissy asked where will we cut the budget to fund this request? Teri stated that the CVB will look for places in the budget to take it from. Chrissy stated that when Teri gets all of the information, she will send it to BID board members via email and we'll need to take a vote via email because our next meeting is not until after the Summit tournament.

Teri asked Jim if it is possible to get a list of the other funding cuts from Tourism.

Mike Cooper stated that we have now completed one year with the BID. He proposed we put together an annual report. Teri agreed. Mike said we should bring it to an informational meeting during the first or second quarter. Reid Christopherson added we should get info back to the hotels as well.

Teri extended thanks to the board members for their time, advice and guidance after this first year.

Lee Howell made a motion that the meeting be adjourned. Second by Mark Wahlstrom. Unanimous.

The next BID Board meeting is scheduled for Wednesday, March 21, 2012.

Respectfully submitted:

 Kathie Puthoff
Name

 December 21, 2011
Date