

**OFFICE OF THE CITY COUNCIL**

**Annette R. Hastings** 117 WEST DUVAL STREET, SUITE 425

 TDC EXECUTIVE DIRECTOR 4TH FLOOR, CITY HALL

OFFICE (904) 630-7625 JACKSONVILLE, FLORIDA 32202

 FAX (904) 630-2906

 E-MAIL: ANNETTEH@coj.net`

**PRELIMINARY MEETING MINUTES**

**TOURIST DEVELOPMENT COUNCIL CONVENTION SALES & SERVICES SUBCOMMITTEE MEETING**

**Friday, June 16, 2017**

**10:00 A.M.**

**City Council Conference Room A**

**Suite 425, City Hall**

**117 West Duval Street**

*These preliminary minutes are not official until reviewed and approved*

*by the Tourist Development Council at a future meeting*

**Attendance**

City Council President Lori Boyer, Board Chairperson

Kirit Patidar, Board Member

Jeffrey Truhlar, Board Member

Annette Hastings, TDC Executive Director

Jeff Clements, Chief of Research

Phillip Peterson, Council Auditor’s Office

Lawsikia Hodges, Deputy General Counsel

          **Meeting Convened 10:05 a.m. Meeting Adjourned: 12:25 p.m.**

**Introductions**

Chairwoman Boyer convened the meeting and the attendees introduced themselves for the record.

**TDC RFP ESC-0136-17 – Convention Sales and Services - Component 3**

President Boyer said that she had gone back through Visit Jacksonville’s response to the RFP looking for the proposed performance measures and found the following:

1) room night production – contracts obtained in a given year for future years

2) room nights definite (current calendar year actualization)

3) group segment REV PAR (revenue per available room)

4) group occupancy percentage

5) group ADR (average daily rate)

6) leads generated

7) number of site visits

8) number of familiarization (FAM) trips hosted

9) greater awareness of Jacksonville as a destination

10) number of groups booked

11) new versus repeat business

12) number of groups services

13) number of group services provided

Monica Smith of Visit Jacksonville, Inc. explained the difference between their measurement of meeting production (future event bookings) and room night production (actualized room use per year) and explained several of the internal measures the Visit Jax uses to evaluate its work. Ms. Boyer said that some of those internal measures may not be relevant to the TDC for its purposes.

Ms. Smith reported that group commitments are projected to reach 59% of the target for FY16/17, in part due to a number of cancellations of previously-committed groups. Visit Jax CEO Paul Astleford noted that part of the reason for the deficit in commitments is the fact that Visit Jax has left two convention marketing positions unfilled because of the uncertainty about whether the organization’s contract would be renewed for next year, which makes hiring difficult. Ms. Boyer was troubled by the position vacancies and the lack of performance given that the TDC appropriated the full budget for the year with the expectation that the positions would be filled and full effort given to marketing and recruiting events throughout the year while the contract is in effect.

Ms. Boyer questioned whether group sales occupancy as a percentage of total market occupancy is a useful measure since it is affected by so many other factors and because so few hotels that book group business actually report that segmentation data. Ms. Smith explained that Visit Jax has become much more stringent in its processes and in the numbers it verifies and claims, the greater accuracy of which has reduced the overall apparent production numbers. She also recommended that the TDC consider commissioning a new in-depth market destination study based on the available hotels (the 25 or so that book group business), convention center quality and area attractions. The last market study was done in 2011 and may not reflect current conditions and realistic expectations. Ms. Boyer said that if the Jacksonville market’s resources won’t support much more of a convention business than it currently attracts, the TDC may want to shift funding away from convention sales to the leisure market. In response to a question, Ms. Smith said that Visit Jax’s internal expectation is 22,500 room nights produced per convention marketer. The vacancies in the two marketing positions would account for much of the shortfall in reaching the annual target.

The group discussed the disadvantages of the Prime Osborn Convention Center, which attracts primarily local consumer shows and other events that don’t attract many out-of-town visitors. Ms. Boyer felt that the relatively small share of convention business in the market provides room for growth if Jacksonville can be marketed as an attractive destination to meeting groups.

The committee discussed an appropriate and attainable room production goal, recognizing that even when Visit Jax and the TDC execute a new contract, it will take time to hire new personnel, ramp up production, and generate bookings that may not produce rooms for several years into the future. Mr. Patidar felt that the goal of 99,000 rooms included in Visit Jax’s RFP response is unrealistic given the current production rate and market conditions; $20 per room night generated is much too expensive. Ms. Smith cautioned that Visit Jax’s conversion rate of prospects is 30%, which is due in part to room rates, room night availability, and other factors outside of Visit Jax’s control. Mr. Truhlar suggested a tiered multi-year goal, lower in year 1 and ramping up over several years. Ms. Boyer pointed out that 99,100 was what Visit Jax proposed in its RFP response, so the starting point needs to be close to that, possibly with consequences based on percentages below the target. Paul Astleford said that an industry standard is a combination of quotas (absolute minimums) and goals (higher expectations). Ms. Boyer wants the new contract to include provisions regarding recoupment of funding if Visit Jax doesn’t produce the full marketing effort that the budget was intended to fund. Mr. Truhlar is interested in seeing the relationship over the last several years between average room rates and group conversion rates. Is the growth in room rates disincentivizing hotels from offering discounted rates to attract group business? Mr. Patidar noted that the CVB’s lead recruiters have turned over every few years, which sets the recruitment effort back and hurts continuity.

Regarding room night production, the subcommittee will recommend a year 1 minimum quota of 85,000 room nights with a 5% annual escalator rate. Phillip Peterson questioned whether the 5% escalator should apply to a base year rate or to each year’s actual bookings. Ms. Boyer suggested a combination of 5% growth over the base year and no more than a 10% reduction year-over-year to account for the cumulative effects of positive growth and occasional economic downturns.

Regarding room nights definite (actualization), Mr. Truhlar suggested a year one quota of 75,000 with a 10% growth rate in year 2 and 5% annual growth thereafter. After some discussion, the group agreed to recommend a goal of 85,000 and 5% annual growth thereafter (same as the room night production goal). Reporting will cover the period of August-July each year.

Regarding group segment revenue per available room (REV PAR) and room average daily rate (ADR), Mr. Astleford cautioned that pursuant to federal anti-trust law, convention marketers cannot discuss ADR with potential convention clients. He said that when he came to Jacksonville the goal in convention marketing was to drive up the ADR which led to booking the vast majority of business in the few full-service hotels charging higher rates. If the TDC’s intent is to spread business to all hotels throughout the community, then a goal of increasing ADR is counter-productive. The group agreed that REV PAR is a better measure for Jacksonville than ADR. The recommended goal will be 0.25% REV PAR group segment growth (based on STR report data) per year over each year’s actual rate (beginning at $14.54 for 2016), measured for the August-July period. Mr. Astleford said that the TDC and Visit Jax have no means of controlling REV PAR, which is entirely dependent on occupancy rates, local and national economic trends, and other uncontrollable factors. Ms. Smith expressed the hope that these goals would be revisited annually, or at least in years when there are substantial market fluctuations.

The committee decided that leads generated by marketers would be reported but not used as a contract performance measurement. The number of groups recruited will also not be used as a contract metric. Regarding awareness of Jacksonville as a destination (as measured by Smith Travel as part of the STR report), Mr. Astleford felt that market awareness is not nearly as important as room night generation and is hard to measure. Ms. Boyer said that given the percentage of the CVB budget devoted to marketing rather than sales and service, there needs to be some measure of how well that budget allocation is succeeding. She welcomed suggestions for other potential measurements of awareness among meeting planners. Ms. Smith recommended that the data include all meeting professionals, not just Certified Meeting Planners. Mr. Truhlar noted that the response rate to the meeting planner survey was very small; the TDC should only consider data from surveys with sufficient response to be statistically significant. The group decided on a goal of 2% annual awareness growth (to 8% from a base of 6%) based on meeting planner surveys with at least a 40% response rate.

Regarding quotas for new versus repeat business, Mr. Astleford noted that there are different market segments that have differing likelihoods of returning (i.e. groups based in Northeast Florida versus groups that rotate locations). The group set a goal of 50% of room night production and actualized attendance being new business each year. The group did not recommend a goal for return business.

The group determined that none of the other measures provided in the Visit Jax RFP response needed to be formal measures in the contract, although they will be reported to the TDC throughout the year.

The committee discussed whether to impose consequences based on failures to meet goals in the 5 individual measures separately or to consider consequences based on the performance of groupings of measures (success in one factor could offset a deficit in another factor). The committee decided to recommend that if the goals on measures 1 and 2 (room night future bookings and room night actualization) or 1 and 2 combined by a total of some percentage yet to be determined, are missed by 5% or more, the TDC is allowed to reopen contract negotiations. Ms. Boyer asked Lawsikia Hodges and Phillip Peterson to think about options for consequences that could be imposed for failure to meet the quotas on the other three measures for discussion at the next full TDC meeting. Ms. Hodges said that the ultimate consequence of failure to perform any service contract is to terminate the contract and hire another contractor. Ms. Boyer asked for research on consequences for non-performance in other CVB contracts, since termination in mid-term is not a practical option. Shifting funding to other more productive uses is a more logical alternative.

**Public Comment**

Paul Astleford asked if Visit Jax could talk to individual TDC members about their evaluation of the response on the rejected tourist bureau component. Members may not talk about the development of the future RFP.

TDC administrator Annette Hastings relayed a telephone request from TDC member M.G. Orender that Ms. Hodges send out a memo outlining how TDC members may and may not communicate with Visit Jax representatives during this period when the contracts on the two accepted RFP components are being negotiated and the rejected RFP component (tourist bureau) is being revised for re-advertisement so that TDC members don’t accidentally jeopardize the selection and contracting process by having improper communication with anyone on a prohibited subject.

**Adjourn**

The meeting was adjourned at 12:25 p.m.

Jeff Clements, Council Research Division

Posted 6.23.17 12:00 p.m.