

**GREATER TACOMA REGIONAL CONVENTION
CENTER PUBLIC FACILITIES DISTRICT**

Special Telephonic Meeting of Directors – January 20, 2022
Necessitated by COVID-19 Measures

Directors Present: Colleen Barta (Tacoma), Kevin Briske (University Place), Dean Burke (Tacoma),
Jani Hitchen (Pierce County), Lisa McClellan (Fife)

Staff Present: Adam Cook, Interim TVE Director; Tammi Bryant, TVE Director of Marketing,
Chelene Potvin-Bird, Travel Tacoma VP of Sales, Donlisa Scott, TVE Office Manager

Director Absent: Mike Brandstetter (Lakewood)

Chair Burke called the meeting to order at 7:45 a.m. This meeting was held virtually by phone/Zoom, with discussion limited to necessary and routine matters as defined in RCW 42.30.2020 to comply with Governor Inslee's proclamation limiting public gatherings in response to the Covid-19 outbreak.

Approval of Minutes from Previous Meeting

Chair Burke requested a motion for approval of the October 28, 2021 minutes. It was so moved by Board Member Barta and seconded by Board Member Hitchen. The minutes were approved by the Board.

Financial Update

Adam Cook presented the 4th Quarter 2021 financial update. The convention center finances continue to be strong. Revenue is under budget by \$2 million due to pandemic related event cancellations and loss of income such as rent, and AV and food and beverage commissions. Expenses were under budget \$1.5 million, due to staffing shifts and external contracts that have been reduced related to events and sales. A portion is also due to the capital project (Guard Shack) that is expected to be completed by Q1, 2022. Net revenue for 2021 is behind budget by \$577,000. We held on with cost cutting plans and steady revenue from the PFD account.

PFD Funding sources were ahead of budget by almost \$2 million. The hotel/motel tax is ahead of budget by \$670,000. The PFD sales tax collection is over budget by \$1.3 million. Debt service net income is ahead of budget due to lower than anticipated interest expense and has a net positive cash flow.

The Capital Fund balance remains unchanged at \$1.7 million. During the October meeting the Board voted to approve a \$1 million transfer from the PFD account into the capital fund. Due to the city's budgeting process and mid-biennium modification process, that transfer will occur in the first quarter of 2022.

The Debt Service Fund has a positive cash flow of \$653,000. That is a decrease of \$2.8 million based on the December bond payments. Operating Fund is strong at \$2.7 million, down \$85,000 from last quarter. Debt Reserve Fund is at \$501,000 which is a bond requirement to maintain fund. The debt balance decreased by \$5.3 million based on December payments. That is \$3.2 million in principle and \$2.1 million in interest. The PFD and hotel/motel fund are strong with cash balances of \$3 million and \$2.8 million respectively.

Event numbers and their corresponding economic impact remain as expected. We are slowly recovering from the complete shutdown. We increased from 122 events in 2020 to 161 events in 2021. The economic impact shows little change from 2020, due to a lot of first quarter 2020 events that were meetings, conventions, and conferences that draw a higher economic impact to the region. Whereas in 2021 the fundraiser and social market was stronger.

Due to the Omicron virus, we are starting to see early 2022 event delays and cancellations increase more than we were hoping. We have seen a strong rebound on competitions and socials but are still seeing slow recovery on conference & conventions and exhibitions & tradeshow. The strongest economic impact to the region comes from conferences and conventions, followed by meetings and seminars, so that impact will be slower to return as well. We hope to see that trend start to pick up in late 2022 and early 2023.

Hotel/motel revenue continues to grow strongly. We are still pacing near our 2014/2015 levels, but it is consistently climbing and performing. November/December show a dip due to some seasonal regularity, but also due to the Omicron virus. Overall hotel/motel collection is \$1.2 million ahead of 2020 which is almost a 50% growth year over year. Sales tax has outpaced anything performed before at an average 121% growth month over month compared to 2020.

Board Member Barta asked what ratio we are seeing for repeat and new business. Chelene Potvin-Bird shared that 95% of events returning are repeat and slow on new business. In 2018 and 2019 18-19 events were booked with \$200,000 in revenue, and 1,000 room nights. In 2020 -2021 we were at seven events, and this year we are at four events. Unfortunately the Omicron virus is making a huge impact as we had a large conference booked for 1,400 room nights and high revenue that is moving. We are at \$101,000, whereas in previous years we were at \$200,000. Revenue and rooms are 50% of what a standard good year looks like. The good news is that we were able to accomplish those revenue numbers in 4 events instead of 18. Usually in January we would have a lot more shorter-term business.

Chelene and Tammi met with the Lynnwood, Seattle, and Spokane Convention Centers to discuss what everyone is seeing in their market. Everyone is looking at events scheduled between January – May to determine options for those that decide to postpone or cancel their events. Every convention center is standing firm with their cancellation policy whereas they were more flexible in 2020-2021 because of Covid-19. We are maintaining customer service and relationships that provide positive solutions such as offering rolling deposits to another event later in the year, to accommodate them. We are seeing many more social events in Tacoma.

For large conventions we primarily use our general lead source Cvent as a measuring tool. Leads have dropped to as low as 40%, and as a result we are not seeing 60-70% of the general leads we would normally receive. Which is consistent with industry standards across the nation. Meeting planners are beginning to come back online but there is a high turnover rate, and we are starting from scratch with the new planners. There isn't a lot coming in, but we continue to promote ourselves.

Board Member Barta asked if there were any updates from the Governor's office to return to limited percentages for attendance at events. Adam shared that there haven't been any updates presented by the Governor.

Director's Report

Adam reported that we are focused on rebuilding our team and have hired an Office Assistant to manage the front desk, and an Office Assistant in Finance. There are still open positions on the operations team and in our booking side. Overall, we are almost back to full staff. The open TVE Director position will be public later this afternoon on the council agenda with the intent that it will go to the City Council on Tuesday for their final vote and approval. The City Manager has made the selection and it will be published later today. Once it is finalized, we will look at the structure of the team and organization and how we are moving forward. The City Manager's Office and Emergency Management team have updated the City's Work from Home policy to extend the program until at least early April. This is not a confirmed Back to Work; it is only the next timeline in the review point.

The operations team will start on the capital projects at the convention center in the first quarter. We were waiting for mid-biennium modification to transfer funds. Audio visual will be added to the conference room which will give us added sales pieces, and the ability to hold hybrid and virtual meetings. We are updating the security system with cameras, adding fencing, and updating the lobby furniture.

We hope that we are seeing things start to return to business and it feels like it will roar back quickly. We are starting to see that in the Dome with business picking up. We are not looking to making any staff changes in preparation of business returning.

Chelene commented that in reviewing the 2022 calendar everything from 2020- 2021 was postponed and we rolled events from 2020 – 2021 and now the calendar is full of events. If Omicron dies down it may be a really great year. Chair Burke shared that the Tacoma-Pierce County Health Department announced that Covid cases are starting to peak which is encouraging. He expects the rebound to happen quickly and have brought back some staff that were laid off.

SB 5513 – Lodging Tax Allocation

Chair Burke shared that this agenda item is a heads-up, and that no action items are needed this time. SB 5513 was a bill brought up specific to Chelan County which would allow the county to take 33% of lodging tax and divert it toward affordable housing. There was tremendous outcry from across the state and Chelan county. Although a delicate and important topic, and one that needs to be addressed the funding source was not ideal, especially when talking about tourism recovery. Even though the bill was specific to Chelan county there was concern that there would be a trickle down or influence effect on other cities and counties. The bill is currently stalled and there were over 90 letters of support from individuals and statewide organizations against it, and 10 in favor. Sponsors of the bill have backed down and have rediverted their attention to a sales tax that will work for their needs and Chelan county. At this point there is no action. If anything changes Chair Burke will notify the Board.

Hosting of Association of Washington State PFDs Update

Tammi Bryant shared that she reached out to Betty Erickson who is the contact for AWSPFD to find out about planning an in-person meeting in the fall. Tammi and Betty have not had an opportunity to meet. Tammi will follow up with Betty and provide an update at the April meeting.

Adam shared that he's had some internal discussions and there is a preference for an in-person meeting in the fall as opposed to trying to schedule anything virtually before then.

Re-opening and Ongoing Pandemic Protocols Update

Adam shared that our operational protocols follow the mandates from the Governor's Office. Masks are required for all indoor events, and any event over 1,000 attendees requires proof of vaccination or proof of a negative Covid-19 test within 72 hours. It does impact some events at the convention center especially sporting events and larger events. We are not seeing a lot of push back given that it is state mandated. He noted that the mandate does not apply to staff, promoters, artists, or clients. It only applies to attendees coming to the venue. The state specifically didn't want to step on the OSHA rules.

Board Member Barta asked if there were touchless sanitation point stations in the buildings. Adam shared that all restrooms and event sanitizer stations are touchless, and escalator handrails are UV cleaned.

New Business

Chair Burke shared that it was Secretary/Treasurer Brandsetter's last meeting. Board Member Barta asked if the Board sends letters of appreciation to board members thanking them for their service. Adam will review the PFD documents and contact Kim Bedier to see what was done in the past. All agreed that something should be done to honor board members who have served.

Board Member Hitchen shared that the Tacoma-Pierce County Health Department (TPCHD) has developed an advertising campaign of venues and spaces that require proof of vaccination for guests. If you know if any venues, the TPCHD wants to make sure to highlight them for the public.

The meeting adjourned at 8:23 a.m.

The next regularly scheduled meeting of the board is April 21, 2022 at 7:45 a.m. via Zoom.

Recorded by Donlisa Scott