

Community Services Advisory Commission
Special Meeting
Redding Convention Center
700 Auditorium Drive, Redding, CA
August 25, 2009, 3:00 p.m.

Minutes

ATTENDANCE

The meeting opened with the following Commissioners present; Susan Hinz, Leona McCoach, Adam McElvain, Judy Salter and Jason Waybright.

Also present were Convention Center Manager Chris Gonzalez, Convention Center Facility Supervisor John Johnson, Support Services Director Gerard Kersten, Tourism Development Representative Angela Byrd, Management Analyst Michele Davis, and Executive Assistant Erica Thomas.

PUBLIC COMMENT

City of Redding Airports Manager Rod Dinger explained that in 2004 the airport received a Community Air Services Grant which enabled Horizon Air to bring flights in and out of Los Angeles. Later an incentive package was proposed to Delta Airlines with another Community Air Services Grant in the amount of \$500,000.00. Delta Airlines declined that proposal and counter-offered with a \$1,500,000.00 one-year contract for flights in and out of Salt Lake City, Utah. Currently all negotiations with Delta Airlines are on hold due to increasing costs and a merger with Northwest Airlines. Manager Dinger advised that due to the rise in oil prices, passenger air travel is down approximately 9% from previous years. He also explained that Redding's largest competitor for airline travel is the Sacramento International Airport, which boasts 60-65% of Redding residents who drive to Sacramento instead of flying out of Redding directly. Manager Dinger referenced two case studies titled the "Passenger Leakage Report" and the "Passenger Trend Analysis" which backed up the competition claim. Commissioner Salter requested an Executive Summary of the two reports for the Commission's review. Manager Dinger advised he would provide the information to Director Kersten at a later date and it could be forwarded on to the Commissioners from there. Commissioner Hinz asked Manager Dinger if packaging hotel and airline flights was something that could be done to increase travel in and out of the Redding Airport. Manager Dinger advised that currently, United Airlines is not interested in packaging any hotel/airline deals. Commissioner Salter asked Manager Dinger to "profile" the Redding travelers. He said that Redding residents flying out of town for business purposes are more willing to fly out of the Redding Airport, while leisure travelers are more apt to drive two hours down Interstate-5 and fly out of the Sacramento International Airport if it saves on the price of an airline ticket. Commissioner Salter asked Manager Dinger if the Redding Convention Center was a facility that is important to the current airlines operating at the Redding Airport. Manager Dinger said yes, however he could not provide statistics regarding the volume of passengers coming into town for any particular event held at the Redding Convention Center. Commissioner Salter then asked Manager Dinger if there have been any comments from the airlines directly regarding the Redding Convention Center, either positive or

negative. Manager Dinger answered that although any convention producing a stream of travelers would definitely help the airlines, no comments have been made either way.

He further stated that even though convention rates are down in Redding, with the airlines that have been approached for proposal, none listed that issue as a detrimental deciding factor for a potential contract.

President of the Shasta Cascade Wonderland Association and Redding resident Steve Gaines introduced himself and gave his background in the hotel industry. He also advised at one time he was the Regional Commissioner for the Community Services Advisory Commission. Mr. Gaines explained the evolution of business and the Transient Occupancy Tax (TOT) for the last 8-12 years. Mr. Gaines advised that a "gentleman's agreement" between the City of Redding and the hoteliers exist where as by the City of Redding's portion of the TOT is split 50/50 between the General Fund and the Enterprise Fund. He stated that although the TOT has increased over the years, the marketing budget for the Redding hoteliers remains at \$171,000.00. He would like to see that number increase by ultimately lessening the percentage of TOT provided to the Redding Convention Center via the Enterprise Fund. Mr. Gaines expressed his displeasure with the fact that the Convention and Visitors Bureau was currently undergoing the same privatization inquiry as the Redding Convention Center and advised he was "very pleased" with Tourism Officer Bob Warren's efforts in the Visitors Bureau and Shasta Cascade Wonderland Association. Mr. Gaines stated that hoteliers currently support community amenities such as Turtle Bay, the Convention Center, etc, however business-wise there is not enough revenue being generated from these amenities to warrant an exclusion from the privatization topic. Mr. Gaines offered up multiple private companies he has heard of, including "Compass," "Spectrum," and "Ogden," which, in his opinion, could effectively run the Convention Center. Commissioner Salter asked Mr. Gaines what his idea of the TOT monies being spent perfectly meant. Mr. Gaines advised community facilities are important but did not have an answer as to what type of facility the hoteliers would profit from. Commissioner Salter then asked both Mr. Gaines and Manager Dinger is the Redding Convention Center contributed to the "bottom line" of the Redding Airport or hoteliers. Mr. Gaines said his short answer was "no." Manager Dinger advised that when activities bring in talent and patrons from other areas "yes". However, those events are few and far between.

Redding resident Bonnie Sharp sat in observance for the majority of the meeting, however she did state historically Redding was held in high regard by colleagues in the Tourism and Convention industries. She advised that she still hears from colleagues regarding the wonderful "family" atmosphere that Redding has and she believes that is one of the driving forces in the convention rise a decade ago.

DISCUSSION OF PRIVATIZATION OF CONVENTION CENTER AND VISITORS BUREAU

Convention Center Facility Supervisor Johnson reviewed a Power Point presentation which listed other venues in the area with accommodations comparable to that of the Redding Convention Center. Convention Center Manager Gonzalez finished up the presentation with financial information requested at the previous meeting which showed creative ways to "close the gap" of annual revenue vs. expenses at the Convention Center. Management Analyst Davis gave a brief explanation about the Enterprise Fund's genesis in the mid 1990's. Originally the Enterprise Fund housed all of the TOT monies. At that time Division 640 (Redding Convention Center) and Division 730

(Convention and Visitors Bureau) were separate. Someone within the City of Redding decided to combine the divisions at which point General Fund monies were borrowed and used to subsidize the deficit created by changes in staff, retirements, equipment failures, roof replacement, etc. Support Services Director Kersten explained that attempts are currently being made to shift the TOT percentages back to 50/50 between the Convention Center and Visitors Bureau. At the close of this fiscal year, due to the increase in Facility Fee at the Convention Center, the percentages will sit at 53/47 split in favor of the Convention Center.

PRIORITY SETTING

Commissioners discussed priority topics for the next regular Community Services Advisory Commission meeting to be held on September 1, 2009, as well as topics for the special meeting currently scheduled for September 3, 2009. On the September 1, 2009, agenda the Commissioners request a motion of dismissal for the five-member CSAC panel from the Convention Center and Visitors Bureau privatization study. The Commissioners collectively believe since the City of Redding has established a committee, Privatization Evaluation Committee (PEC), to study other City of Redding services, they should take on the Convention Center and Visitors Bureau study as well. Management Analyst Davis agreed to forward the information on to Executive Assistant Szynal so that the topic would be listed on the next meetings agenda.

As for the September 3, 2009, special meeting - the Commissioners agreed on the following priorities:

1. Commissioner McElvain will present the data he has collected on private companies which own and operate facilities such as the Convention Center and Visitors Bureau.
2. Mary Machado from "Shasta Voices" will make a presentation. Unfortunately Mary will not arrive at the meeting until 8:00am.
3. Success rate of public-to-private facility conversions. Commissioner McCoach will contact the provided list of venues and present the findings.

COMMISSIONER COMMENTS

None

ADJOURNMENT

There being no further business, at the hour of 5:17pm Chair Salter declared the meeting adjourned.

Judy Salter, Chair