

RAPID CITY HOTEL
BUSINESS IMPROVEMENT DISTRICT

MINUTES FOR THE BOARD OF DIRECTORS Special MEETING

WEDNESDAY, January 4, 2018

11:00 a.m. – 12:30 p.m.

GrandStay Residential Suites Hotel Conference Room

PRESENT

ABSENT

VOTING MEMBERS

G. Fawbush
L. Steffens
C. Arceneaux
M. Lamphere
S. Hull
M. Gustafson

VOTING MEMBERS

C. Connelly

NON-VOTING LIAISONS

B. Drury
J. Jensen
C. Johnson

NON-VOTING LIAISONS

Mayor Allender

VRC STAFF: Julie Jones-Whitcher, Carol Bancroft, Stacie Granum

Call to Order

G. Fawbush called the BID Board special meeting to order at 11:02 a.m. in the GrandStay Residential Suites Hotel Conference Room.

Agenda

Fawbush stated the agenda for the special meeting is to discuss the VRC Partnership Plan.

Board Business – VRC Partnership Plan

Fawbush requested J. Jensen provide the board with the objective of the plan and he would follow-up with a few questions before he opened it up for discussion and further board questions.

Jensen shared the Partnership Plan is number two (2) of the VRC strategic plan which was determined in March 2017 by a joint planning session of both the VRC and BID Boards. This partnership plan is new to VRC because VRC is no longer a bureau of the Chamber; but these types of plans are not new to DMOs all over the country. After much research across the country found some DMOs have membership and some have partnership programs. VRC did not want to be a membership organization because this is what VRC had at the Chamber and it makes it so those who are collecting the BBB or Hotel Occupancy tax have to buy a membership in order to be promoted by VRC. We wanted to be able to represent all visitor industry businesses that collect the BBB or Hotel Occupancy tax, so this is why we moved to a partnership plan.

Jensen explained years ago there was an agreement with the Chamber to pay approximately \$100,000 of the membership dues collected from the visitor industry to the CVB/VRC. There has always been the concern those collecting the BBB or Hotel Occupancy tax should be represented by the CVB/VRC. Equally

important, visitors to Rapid City and the Black Hills area love “hidden gems” and ethnic restaurants but VRC could only list those which were Chamber members. At one point we only had one Chinese restaurant listed as ethnic restaurants on the website. This didn’t allow for VRC to promote a lot of great ethnic restaurants that were collecting the BBB tax as they were not member of the Chamber. Then the breweries started and the small businesses that are the little “hidden gems” visitors want to visit weren’t promoted because they weren’t members of the Chamber.

During the March joint planning meeting, which was well attended by the BID Board, this was one of the key take-aways – number two on the list was partnerships and stakeholders.

January 1 was set as the target date to launch the Partnership Plan as this is the beginning of the new fiscal year. First draft was provided to the VRC Board at the October board meeting at which there were members of the BID board present with both boards providing great input. Then there was a small focus group of participants who weren’t at the October board meeting and some participants who had already seen the plan at that meeting. The input from these meetings and the tremendous amount of research conducted by Julie Jones Whitcher and Stacie Granum with other DMOs across the country enabled VRC to come up with a really fair and affordable opportunity. Hotels will have the same amount of marketing at no cost as they have had for the cost of their Chamber membership dues. If the Hotels want enhanced marketing there is a reasonable cost for this package. Jensen shared the exciting opportunity is for the Big Friends of Rapid City because there are businesses that want to support Visit Rapid City in some format. This will be businesses who do not collect the BBB or Hotel Occupancy tax but benefit in some manner from the visitor industry; including those outside the city limits of Rapid City. She explained even though there are other organizations like Black Hills & Badlands, Downtown Rapid City, Chambers across the Black Hills who market the area, VRC serves a key niche in helping visitors plan their trip. VRC inspires people to come to Rapid City and the Black Hills area, rather than taking care of them once they arrive. VRC has a huge outreach – a good strong story to tell to build this partnership agreement.

G. Fawbush asked what is the goal, what was the shortfall from the Chamber membership dues. J. Jensen clarified it was about \$100,000 but this was an exchange of monies with the VRC paying the Chamber \$98,000 for overhead costs. She explained we are now paying some of these same costs but not as much as \$98,000 in overhead in the new location. Jensen stated \$50,000 is the amount of planned revenue from the partnership plan in the 2018 budget. This is a conservative amount because this is the start-up year.

Fawbush asked if during any of the meetings about the partnership plan anyone felt this was a direct competitor with Black Hills & Badlands. Jensen replied it came up in a meeting in about April and the reply was it competes with anybody who is out selling packages. The Chamber was competing with Black Hills & Badlands, every Chamber in the Black Hills area is competing with Black Hills & Badlands.

Fawbush asked who is in charge of selling the packages and how is it going to be done. Jensen replied the plan is to hire an independent contractor, not adding to the staff. This person will be paid 100% commission, no benefits. They will work out of their home or car. L. Steffens asked for clarification if the \$50,000 revenue is after the commission, Jensen replied it is.

Jensen explained the Travel Show leads are at no cost for the Rapid City Hotels collecting the Hotel Occupancy tax.

Fawbush opened the meeting to questions from the board.

L. Steffens expressed concern about what keeps Visit Rapid City from becoming Visit Black Hills, Visit Hill City, or Visit Deadwood. Jensen explained the link to Jackrabbit provides a listing for hotels; however

only the Rapid City BID Hotels will pull live rates when the visitor clicks through to the Hotel listing. The outside Rapid City properties will only be listed with no live rates. Jensen shared some BID Board members think we should include all Black Hills. Steffens doesn't want to lose focus Rapid City is where you should stay because it is central to Black Hills and Badlands attractions. S. Granum explained it was this way when VRC was under the Chamber. Outside Rapid City did not pull live rates through Jackrabbit.

Granum explained Rapid City is one of the 3 pillars for VRC marketing. VRC elevates Rapid City above other pillars – Parks and Monuments, Outdoor Adventure, Downtown Rapid City.

Discussion ensued regarding philosophical differences whether VRC should market hotels outside Rapid City.

C. Arceneaux expressed concern about why VRC would not leverage relationship with Black Hills & Badlands to market the Black Hills attractions rather than create the partnership plan. He questioned if we are re-duplicating efforts already in place through Black Hills & Badlands. Arceneaux expressed he thinks the partnership plan is a terrible idea because of how much time has been spent by staff on this as a new effort, it going to take staff time to do this going forward, and the return on the time investment is not there for \$50,000. Jensen replied this is the budget figure; reminding board members there are VRC board members who believe this too conservative.

C. Johnson stated he disagreed with the comments VRC is chasing \$50,000. There is another major component with constituents who VRC is responsible to market who are chasing VRC. Discussion began about whether these constituents pay the BBB tax, which those Johnson is referring to do not.

Jensen replied to Arceneaux the partnership plan VRC offers includes tremendous outreach to potential visitors. We want to touch visitors as they are making their travel decisions, not necessarily when they are already in the State. This is an area where we excel and sets us apart from other organizations in South Dakota. Arceneaux agreed VRC does a really good job, the execution is good. His concern is VRC is going to take resources being used to be very good at what we do and take the focus away from this. Jensen clarified staff will not be involved in designing ads or selling packages. Staff time will be spent doing what they are already doing. S. Granum explained VRC will not become an ad agency. Those purchasing the packages would provide their own ads and pictures.

Discussion began regarding what the process for implementing the packages.

Jensen suggested removing outside Rapid City Hotels from the Partnership plans. L. Steffens stated he prefers removing outside Rapid City Hotels.

Discussion ensued on rationale for having partnership plan for visitor industry outside Rapid City and other businesses that do not collect the BBB or Hotel Occupancy tax.

M. Gustafson asked if VRC has someone in mind for the independent contractor position. Jensen replied there are a couple of candidates being considered.

Fawbush asked what happens if VRC doesn't meet goal for the Partnership Plan. Jensen replied we would have to look at budget, line item by line items to see where we can reduce the budget.

G. Fawbush requested VRC make a quarterly report on the performance of the plan. Jensen agreed this could be provided. M. Lamphere requested members of the BID Board sit on the review committee of the Partnership Plan. She proposed allowing hotel properties within a 2 to 5 mile radius could be solicited for

the partnership plan.

S. Granum distributed copies of other DMO Visitor Guides to demonstrate strategies for what the new VRC Visitor Guide would look like. B. Drury asked what the deadline is for the Visitor Guide. Jensen replied March is the deadline.

G. Fawbush made a recommendation to VRC Board in 2018 the plan include lodging within Rapid City and the plan is not pitched to lodging outside Rapid City. Then have focus groups in 2018 to determine if lodging outside Rapid City should be included in 2019. He proposed VRC and BID Boards conduct a 6 months evaluation in June; including the independent contractors sales perspective in the evaluation. Additionally, propose having monthly reports with updates on the plan and monitoring of the return on investment on staff time.

Other business:

January Hotel BID Board meeting will be held on January 25 at 11am at the Comfort Suites with a Marketing Report as the primary Agenda Item.

Adjournment

There being no further business to come before the Board, M. Lamphere moved to adjourn at 12:32 p.m. C. Arceneaux seconded motion. Motion carried. Meeting adjourned.

Respectfully submitted,
Carol Bancroft, Sr VP of Finance & Operations