



Tourism Marketing District Renewal Task Force (TMD-RTF)

Meeting #3 – January 28, 2021

Notes

Kent Berman, TMD-RTF Co-Chair, began the meeting at 10:05 a.m. Moderator, Joe Terzi thanked everyone for their participation and asked that the TMD-RTF members provide feedback from their conversations over the past few days with TMD members:

- Gael Abayon – has heard from two of the four properties. General consensus is that they want a lower rate and they are more in favor of the percentage than the tier. Gael is also in favor of the percentage model.
- Robert Bailey – he has left messages for two and will be talking with one over the coming weekend.
- Kent Berman – he has heard back from two of the five TMD members. Of the two he spoke with, the percentage assessment is preferred. The feeling is that with the uncertainty, the percentage assessment will be the best way to move forward. He also recommended creating a list of five questions to ask during the outreach so that all TMD-RTF members will be providing the same feedback.
- Chris Ferrante – she has reached out to all three but was not able to connect as of yet.
- Mike Harris – he has not received any feedback yet. He also noted that the talking points would be helpful.
- Tim McGregor – he has not been able to connect with his contacts but has sent an email and/or left a message.
- Ajita Patel – she reached out to all three of her properties and heard back from two of the three. The Aquabreeze had no feedback from the information that she shared, and the Quality Inn Capitola (General Manager) who stated that they could go with either the percentage of rate or could go with the current structure, but that he would defer to the owner.
- Bhavana Patel – she reached out to four properties and received feedback from each as follows: Pacific Blue wants more information about the participation in the TMD and documentation on how the money was spent. Pelican Point said they would prefer it stay the same, but she also advised that they are currently focusing on long-term stay due to the pandemic. Rio Vista Suites stated they would prefer the tier over percentage. And Sunny Cove was interested in staying with the current tier structure.
- Bijal Patel – he reached out to three properties. He spoke to each and found out that two of the properties are leased out by the owners. They are comfortable with the current level, as it is what they know. He also received comments that the percentage allows for the organization to take advantage of the market conditions much more quickly. All commented that they were happy with the outreach that VSCC is conducting to bring in business to the region.

- Dimpal Patel – in her outreach, she found that the percentage is the strongest option, and she also agrees.
- Sita Patel – she heard back from two properties. One property supported the percentage model depending on what the percentage amount would be. The second property would be ok with either the percentage or the current structure, depending on what the lower amount of assessment would be.
- Darren Pound – he has reached out but has no updates yet.
- Matt Schupmann – he was able to connect with two of the three properties. One asked for a shorter term depending on the market, and both were supportive of having whatever is the lowest assessment.
- Tejal Sood – she has heard back from one, and they were supportive of either option. However, she received a comment that a percentage may be easier to understand from a guest’s perspective. She also recommended having the five questions/discussion points to share so that all comments coming in are consistent.

Joe summarized the comments and thanked the TMD-RTF members for their outreach. He commented that it sounds like a number of TMD members are interested in the percentage and learning more about this, as well as people are interested in continuing with the current assessment structure. He did express concerns about the comments regarding wanting a rate that is as low as possible – he reminded the members that the assessment is paid by the guest. He recommended that the TMD-RTF members share that this fund is being used to help all the properties to grow business through marketing and bringing more people to the area.

Maggie suggested that now may be a good time to educate the TMD members on what the organization has been doing with the funding, sharing the metrics of what the organization has been doing over the last five years, and more importantly, what VSCC has been doing during the pandemic. She recommended having the town hall webinar, as has been discussed, for all TMD members in place of the February 25 RTF meeting. Tejal recommended having questions submitted in advance.

A discussion was then held regarding the types of structures and how they would impact Santa Cruz County and VSCC. Maggie pointed out that VSCC’s competitive markets are charging the same or more than what the Santa Cruz County assessment is to visitors to our region. Joe suggested that Maggie look at projections for the two models that have been favored so far. He recommended looking at the current structure for reference and then use various percentage rates (1%, 1.25% and/or 1.5%) and providing a projection of what the budget would look under the various options.

An anonymous poll of the TMD-RTF members was conducted regarding the options that were discussed and the results are:

- 62% in favor of the percentage structure
- 46% in favor of the RevPAR tier structure

Maggie noted that VSCC will put together an estimate of what budgets would look like based on the options voted on in the poll. Mike Harris stressed the importance of the district and having the ability to compete with other markets, not just regionally but across the state. With the pandemic, competition will be stronger. He agreed that the talking points are important for effectively communicating the

benefits of the TMD and getting back on track after the pandemic. Maggie reminded the TMD-RTF members that documents regarding issues and background have already been emailed out to the TMD-RTF members, and she asked for any additional feedback from the members. Maggie will meet with TMD-RTF co-chairs to finalize the document for the TMD-RTF members to use during their communication with the TMD partners.

Maggie then shared that the length of the current TMD structure is seven years but noted that it can be as few as five years or up to 10 years. A discussion was held regarding the length, and some of the comments included:

- Recommendation to go for the longest time possible.
- Advocate for a longer term early on.
- Consider the costs to the organization each time the renewal process comes around (staffing, meeting costs, legal costs, etc.), including the volunteer task force members.
- Recommendation made to consider that the TMD has been around since 2010, so in a sense, it will have already been around for 12 years. Therefore, asking for a longer timeframe is not out of the ordinary.
- Clarification of who is voting would help to ensure that the right people are being contacted.

The discussion then moved on to the structure and what the TMD-RTF members feel about the options. Comments shared included:

- Request for more information on what the percentage would look like to compare fees.
- Concerns expressed about the percentage being a large number – consideration should be given to a cap. Joe suggested that Maggie reach out to Santa Barbara as they have a cap and can share how they work the collections.
- Concerns over perceptions of an increased assessment and what impacts it would have on overall rates, especially in the peak months.
- Request on how the percentage would be assessed with the vacation rentals. Joe will look into the number of TMD's that have vacation rentals and how they are assessed.
- Important to remind the TMD members of the importance of VSCC and what the fund does to market the region to visitors.
- Importance of establishing the current level of assessment as the baseline and that we can only go up, not down.
- There is a need to remind the TMD members that the funds are imperative to continuing to reach the drive market.

Maggie ended the meeting with a recap of the items that will be shared, as well as confirming that the February 25, 2021 will be a general town hall webinar with all TMD members invited.

The group confirmed the next RTF meeting will be held on February 11.

Meeting was adjourned at 11:33 a.m.