



City of Broken Arrow
Minutes
Broken Arrow City Council
and
Convention & Visitors Bureau
Special Joint Meeting

City Hall
220 S. 1st Street
Broken Arrow OK
74012

Mayor Craig Thurmond
Vice-Mayor Richard Carter
Councilor Mike Lester
Councilor Johnnie Parks
Councilor Scott Eudey

Chairperson Patsy Terry
Vice-Chair Mark Frie
Member LaTonya Cundiff
Member Tonya Ellison
Member Lori Lewis
Member Rob Whitlock
Member Dianna Yingst

Tuesday, January 17, 2017

Time 4:30 p.m.

Council Chambers

1. Call to Order Broken Arrow City Council

Vice-Mayor Richard Carter called the City Council meeting to order at approximately 4:30 p.m.

2. Call to Order Broken Arrow Convention & Visitors Bureau

Member Rob Whitlock called the Convention & Visitors Bureau meeting to order at approximately 4:30 p.m.

3. Roll Call Broken Arrow City Council

Present: 4 - Scott Eudey, Mike Lester, Richard Carter
Johnnie Parks arrived approximately 4:43 p.m.
Absent: 1 - Craig Thurmond

4. Roll Call Broken Arrow Convention & Visitors Bureau

Present: 4 - LaTonya Cundiff, Lori Lewis, Rob Whitlock, Dianna Yingst
Absent: 3 - Tonya Ellison, Mark Frie, Patsy Terry

5. Pledge of Allegiance to the Flag

Councilman Lester led the Pledge of Allegiance to the Flag.

6. General Business

A. 17-1607

Presentation, Discussion, Review, and Update on the Tourism Asset Inventory Project Final Report presented by Young Strategies, Inc.

Tourism Director Lori Hill said Berkeley Young, President of Young Strategies, Inc. would present his company's final report. She recalled that in May of 2016, the Tourism Asset Consultant Agreement was approved and Young Strategies was engaged to do a market analysis and a lodging market analysis. Young Strategies compiled their research and drafted a tourism asset inventory and a strategic plan for the Convention and Visitors Bureau (CVB).

Mr. Young stated that Young Strategies' 120-page report was filled with data that provided a complimentary picture of Broken Arrow as a destination. He was there to present highlights of the report, summarizing his company's findings showing that there were opportunities for Broken Arrow to bring in more revenue. Those opportunities translated into more jobs for Broken Arrow residents and increased tax base. He announced that Steve Powell, Chief Operating Office of Destination Services, was present, stating that the two firms partnered on the project.

With the goal of understanding Broken Arrow as a destination, they examined lodging first since lodging taxes funded tourism promotion. They realized early on that there was a big hurdle to overcome in that hotels were being built faster than they could be filled. For the benefit of Broken Arrow, they elected to approach the City Council and CVB with the news in September 2016, giving them a heads-up on the challenge, in advance. Current metrics in the market were not demanding the degree of lodging construction taking place and they needed to respond by ramping up their sales and marketing to fill hotels and to avoid their old hotels from becoming crime incubators in the community,

also. They had to drive demand. His company went back and conducted a number of surveys of visitors, residents, and community leaders to assess Broken Arrow's status with respect to how it functioned as a destination.

Mr. Young went over the report's table of contents, skipping to the resident survey results. It might be asked why residents were surveyed, however, it had been found that as much as a third of overnight visitors to any community stayed in the homes of residents. In fact, in the case of Broken Arrow, it was found that on average, five to ten visitors per year were being accommodated, per home. Young Strategies conducted surveys and interviews to discover the community leaders' vision for Broken Arrow as a destination. They found that community leaders were interested in driving development and growth.

In the course of conducting their asset inventory, the team at Young Strategies came to the realization that Broken Arrow was part of a very large metro area. Therefore, they had to look at Tulsa too, to get the full picture. This was especially important considering Broken Arrow's western boundary, which was a source of "leakage" to neighboring Tulsa with regard to hotel lodging. They extended their asset inventory to cover the whole metro region, producing a massive data in a spreadsheet. They drew some conclusions, giving some action items and calculating economic impact figures, as well. Mr. Young stated that he was there to present the data and receive feedback/input in return, because their next and final task was to put it all together into a strategic plan on where the CVB would be going from the present to 2025. Was the CVB going to continue to be a grants organization and a type of support group for the City or a true sales and marketing organization to drive growth in Broken Arrow as a destination? Mr. Young displayed their review of the lodging data, revealing that Broken Arrow had 12 lodging properties containing approximately 782 rooms, and 374 more rooms, or 48% of the current inventory, were being added. This presented a big challenge in that they would have to fill those rooms. Moreover, 37% of their inventory was built prior to 1990 and in the hotel world, the newest, nicest hotels would command the highest rates generating the highest demand. Older hotels that had been working hard, faithfully collecting taxes for the City for years, would suddenly find themselves less appealing due to competition, and so they could not afford to sit back and ignore those hotels either. The City would have to develop strategies to drive room nights at all its hotels in order to reap maximum positive economic outcome. With the exception of February, demand for rooms had slipped month by month in 2015. Currently, individual business travelers were driving about 42% of room nights, however, they should aim for a market of a third leisure/family-visitation travelers, a third convention meeting groups and sports travelers, and a third business transients. This would have the effect of making the City less dependent upon business travel, which varied from year to year. Having made a significant investment in the Stoney Creek Hotel and Conference Center about to be finished, they had to make sure to get that the best financial return they could from room bookings. Clearly, they needed to be aggressive with regard to sales, in order to drive the booking numbers up to meet the looming dramatic increase in rooms available.

Mr. Young pulled up a Google map of Broken Arrow's hotels. The market study revealed that when team sports came to the City its beautiful parks and recreation facilities – best in the region – would be waiting for them. However, the wonderful baseball complexes in the south part of the City were proximate to Tulsa hotels, making them the logical place for sports visitors to stay. If that was not prevented, city-funded parks and recreation facilities would drive revenue to Tulsa hotels. What the CVB needed to do in that situation, was to negotiate with the visiting teams to persuade them to stay at Broken Arrow hotels.

Mr. Young went over what they had learned from the visitors profile which, they found, matched national statistics with regard to age group and economic status. Individuals in overnight travel parties were typically in the 35 to 54 age-range. The majority of travelers to Broken Arrow came from a three- to five-hour drive radius, fortunately not from big cities farther away that were more expensive markets to advertise in. It was also found that 30% of leisure visitors reported it being their first visit to Broken Arrow, which was very good considering that first-time visitors typically spent more. The way to keep that healthy percentage was to advertise. Broken Arrow rated very highly in overall trip satisfaction; surprising, given that it could not boast as many attractions and activities as other highly rated cities. Nevertheless, Broken Arrows hotels were good, and it was an attractive, prosperous town, with good infrastructure. Visitor amenities that rated the highest were appeal of shopping and merchandise, lodging value and outdoor experience. Overall spending per travel party averaged \$851.07 for leisure visitors, or \$303.95 per day, as compared with \$254.09 overall spending per leisure daytrip visitor. Interestingly, both overnight and daytrip respondents reported that referral by friends and family, i.e. word of mouth, was their main information source in coming, illustrating that the City was not advertising enough. If they actually invited people through advertising, they would certainly be able to drive visitation up. Mr. Young stated that in addition to visitor satisfaction being very high, the average overnight stay of 2.8 nights was impressive too. He brought on the screen up a word cloud illustrating complimentary

words that were most often associated with Broken Arrow by day-trippers and overnight visitors. It was evident that they appreciated Broken Arrow's atmosphere, but in order to promote the Broken Arrow as a destination, a hook, or an attractor that would make it stand out from other cities, was needed. For men that fished it was their Bass Pro Shop. Mr. Young explained that once an attractor got the visitors there, they would be informed of all the other attractions they could spend their money on.

Mr. Young reported on the results of the residents survey, which reflected again, a very positive view of Broken Arrow. A total of 64% of residents stated they hosted from one to ten visitors annually, with only 14% surveyed reporting that they hosted no guests. They could be reminded that they would enjoy their guests more and help the local economy by putting visiting family up in a hotel. Nevertheless, dining rated highest as an activity for residents entertaining houseguests. According to the US Census Bureau, there were roughly 37,246 households in Broken Arrow. A conservative projection of 50% of households hosting five overnight guests per year represented an estimated 94,115 annual overnight visitors lodging in resident homes.

Mr. Young summarized the findings from their survey of community leaders. A broad cross-section of 55 community leaders responded, including persons directly involved in the Chamber of Commerce and civic affairs, along with sales and marketing. The community leaders rated Broken Arrow very highly, all the more significantly because leaders were often highly critical, being well acquainted with community problems. Positive evaluations by these leaders were accompanied by a forward-looking attitude to promotion of the City as a business and weekend getaway destination. Leaders showed greatest satisfaction with casual dining, unique local shopping and festivals and events. They emphasized developing unique attractions, such as shopping village boutiques and lakeside music concerts. In addition, they believed that promoting more attractions, special events/festivals and a lively downtown would attract more overnight visitors.

The asset inventory for the region was presented by Mr. Young, who stated that they had produced a spreadsheet for each of the 20 asset categories. He showed a bar chart with assets broken down into Broken Arrow and Downtown Broken Arrow, revealing that the City scored highest with respect to parks and recreation. Parks and recreation facilities representing such a valued asset in terms of tourism was due to the fact that Broken Arrow's parks were so large, and that their many trails provided an opportunity for popular outdoor activities. Mr. Young pulled up two pie charts, one of which showed that Broken Arrow possessed fully 50% of the park space in the greater metro area. Clearly, Broken Arrow had great facilities connecting people to the outdoors, which could prove a means of promoting it as a destination. A second pie chart showing categories of events as assets was displayed, as well.

Returning to travel-party spending, Mr. Young showed a chart delineating tax revenue gained from an average travel party of 3.4 persons, in an average stay of 2.8 nights. The chart illustrated that lodging tax was the fertilizer that funded sales and marketing, the crop being sales tax going to the General Fund and the State. The 4% lodging tax needed to be used for promotion, and as they drove hotel occupancy was driven up, more lodging tax funds would be available, meaning more sales tax revenue generated and allowing the City to provide grants for festivals and events.

A graph showing the 2015 direct economic impact from overnight visitors in paid accommodations, was presented. Total overnight visitor spending generated was \$52,400,980, at a lodging occupancy of 60.4%. Mr. Young specified that the sum did not take into account the spending of day-trippers and visitors staying in homes. He postulated that increasing the lodging occupancy rate of 60% by just 1%, at the average daily spending for a party of \$303.95, would generate over \$867,000 in taxable sales that could go to the General Fund and to the promotion fund from lodging taxes gained. Looking at it from another angle, Mr. Young pointed out that to generate \$10,000 in lodging tax, at an average hotel rate of \$85.41 per night, would take the sale of 2,857 rooms. With reference to the present inventory of 782 rooms, it would take 3.6 sold out nights to accomplish that. With more rooms being added to the inventory, the need for visitor growth was greater than ever. Within the two- to five-hour drive market was roughly, 40 million people. Broken Arrow was sitting in the middle of a very populated region and they really had to get their invitation message out. They could not expect the old adage, "Build it and they will come," to apply to the Stoney Creek Hotel and Conference Center and other new facilities. They had to sell rooms now, in advance of the Conference Center's opening, since groups normally booked one to two years in advance.

Mr. Young summarized Young Strategies' research findings and assessment of opportunities. Broken Arrow was a viable destination for a weekend getaway or conference. The City had to continue with its master plan of development and keep on doing what it was doing. They had to increase Broken Arrow's appeal, focusing on need periods to fill hotel rooms and preventing leakage of hotel rooms across the city

boundaries into account. They had to aim for the target market of Oklahoma and its contiguous states. Their target audience was mostly comprised of adult couples and families and they needed to go after small conferences and meetings, sports teams, and focus on converting day-trippers to overnight guests, as well. With children being in school most of the year, they faced a tough market with highest occupancy during the summer vacation months. They needed to drive the period when children were in school, promoting adult-oriented attractors including active outdoor activities, sports and shopping. They would be helped by the fact that visitor and resident perception was very positive and that Broken Arrow's community leaders had vision and supported growth. It was time to invest, putting out the necessary money that would enable them to get a return on investment. Direct sales efforts in connection with meetings and sports to fill need periods would figure greatly in their short term strategy.

Mr. Young summarized that with regard to the long term they needed to think creatively. For example, they should consider how to repurpose the vacant Chevrolet dealership site in the middle of the hotel cluster, to make it an additional attractor that would help fill hotel rooms. With reference to gateways and way finding, Mr. Young observed that Broken Arrow was a spread-out, big city with a beltway. It was interesting to note that the Rose District was sort of surrounded by residential neighborhoods and if you were not from the City, you ended up getting lost trying to reach the Downtown center from the highway. Working on leading people from the highway down a grand boulevard, right to the heart of the City, was something they should consider.

"Action items" to work on included restructuring of the CVB. There needed to be clear understanding and focus that the CVB was a department dedicated to economic development, which existed to sell and market the City as a destination. The Bureau must report and be answerable to the City Council. Ideally, Young Strategies suggested creation of a nine-person travel industry-focused board, which was their standard recommendation. The board would need to be a business-focused body driving revenue and money. At present, they required a three-person staff, headed by the very capable and highly qualified Ms. Hill to market the City. A group sales person was needed, along with office support to handle inquiries, etc., as well. Their focus must be on 365 nights and keeping that in mind, Mr. Young added up all the festivals, events, and so on, funded by the City in the course of a year. It came to about 41 nights and at the present time they were concentrating their money on those 41 nights, making it difficult to receive a return on investment. With regard to group sales, an experienced, local person would prove indispensable. In marketing the City, they had to build their brand name around the uniqueness of Broken Arrow. In essence, they needed to invite more people to the party and then, to help them find where to go and where to spend, once they were there. Concluding, Mr. Young pulled up a slide with a list of the names of Young Strategy staff who worked on the report, accompanied by a brief description of their qualifications and experience.

Mr. Young asked if there were any questions. Councilman Lester inquired if they had spoken with the hotel group putting in the Stoney Creek Hotel and Conference Center. Mr. Young replied that they had not. Councilman Lester said he assumed the hotel group would have its own marketing group and Mr. Young confirmed so, explaining that such a team was focused just on filling their hotel while the CVB was selling the City, complementing the work of the hotel team and looking to fill rooms at all the other hotels. Mr. Young stated that he would reach out to the Stoney Creek people that week. Mr. Whitlock commented that they, the CVB Board, had gotten antsy, thinking that maybe they should start marketing the events; however, the experts seemed to take it in stride, with the intent to begin their own marketing in April or May. Mr. Young explained that it depended on what the Stoney Creek contract stated: if they were making money on rooms, they were going to focus on selling room nights rather than the Conference Center. It was a matter of what their incentive to sell conference space was or wasn't. Mr. Whitlock complimented Mr. Young and his team on a fantastic job, above and beyond what the City had asked for. In reply to another question by Mr. Whitlock, Mr. Young stated that the report did not include statistics from Broken Arrow festivals. He went on to say that he was not opposed to festivals – they were great and important for a town – but the major issue for the City was with the funding sources, which should come from the General Fund or a dedicated fund, and not from the hotel tax, which should be allocated for advertising and promotion. He added that hotels were opposed to an increase in the hotel tax, emphasizing the need to get room night numbers back up before considering raising it, and it was higher other places, so there was some wiggle room.

With regard to sports and other attractors, Councilman Lester wondered whether the choice of which ones to invest in was gratuitous, like just throwing things against the wall, or whether it was part of the job of Young Strategies to assess and recommend. Mr. Young answered that it was the specialty of Steve Powell, who had managed two large convention centers and facilities, to examine the potential and feasibility of particular attractors. Mr. Young himself, envisioned a large indoor sports facility where the vacant old Chevrolet dealership stood. It would be essentially, a big box that they could

reconfigure to drive a lot of business in the winter time. Mr. Young gave the example of Tupelo, Mississippi, where the City chose to invest in a large natatorium: a very expensive venture. They built the best one in the State, attracting all the swimming tournaments along with the affluent crowd typically associated with the sport. Mr. Young pointed out that not all team sports were the same, with some generating higher hotel rates and higher return on investment than others.

Lori Lewis asked about their survey on what people wanted in terms of particular attractors in the City. Mr. Young replied that active outdoor engagement providing fun, and evening entertainment appealed to many respondents, including business travelers. He gave examples of cities where bands playing outdoors in the evening, in a nice setting had become popular, simple attractions. Another possibility for Broken Arrow would be a water park, but it only drove the summer months when occupancy as at its peak. It was necessary for them to drive visitation and hotel occupancy during the slack months.

Vice-Mayor Carter thanked Mr. Young, commenting that his presentation opened his eyes to the many things and he appreciated the hard work Mr. Young and his team had put into the project. The Council looked forward to working with Lori Hill to get things done, keeping in mind the report's recommendations and all Mr. Young had said. Mr. Young said that he had given out his and Mr. Powell's business cards and should feel free them to contact him if they had any follow-up questions.

Vice-Mayor Carter entertained a motion to adjourn.

7. Adjournment of Broken Arrow City Council

The joint meeting adjourned at approximately 5:34 p.m.

MOTION: A motion was made by Mike Lester, seconded by Scott Eudey.

Move to adjourn

The motion carried by the following vote:

Aye: 4 - Scott Eudey, Johnnie Parks, Mike Lester, Richard Carter

8. Adjournment of Broken Arrow Convention & Visitors Bureau

Mr. Whitlock asked for a motion to adjourn.

MOTION: A motion was made by Lori Lewis, seconded by LaTonya Cundiff.

Move to adjourn

The motion carried by the following vote:

Aye: 4 - LaTonya Cundiff, Lori Lewis, Rob Whitlock, Dianna Yingst

Attest:

Mayor

City Clerk