



**City of Broken Arrow**  
**Minutes**  
**Broken Arrow City Council**  
**and**  
**Convention and 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*

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<b>Tuesday, September 20, 2016</b>	<b>Time 4:30 p.m.</b>	<b>Council Chambers</b>
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**1. Call to Order Broken Arrow City Council**

Mayor Craig Thurmond called the City Council meeting to order at approximately 4:30 p.m.

**2. Call to Order Broken Arrow Convention and Visitors' Bureau**

Chairwoman Patsy Terry called the Convention and Visitors' Bureau meeting to order at approximately 4:30 p.m.

**3. Roll Call Broken Arrow City Council**

**Present: 5 -** Scott Eudey, Mike Lester, Richard Carter, Craig Thurmond  
**Absent: 1 -** Johnnie Parks

Councilman Parks arrived at 4:35 p.m.

**4. Roll Call Broken Arrow Convention and Visitors' Bureau**

**Present: 5 -** LaTonya Cundiff, Tonya Ellison, Lori Lewis, Patsy Terry, Rob Whitlock  
**Absent: 2 -** Mark Frie, Dianna Yingst

**5. Pledge of Allegiance to the Flag**

Mayor Thurmond led the Pledge of Allegiance to the Flag.

**6. General Business**

**A. 16-1137**

**Presentation, Discussion, Review, and Update on the Tourism Asset Inventory Project, a Visitor Survey, a Hotel Lodging Report, and a Market Research Study, as well as lodging revenues and expenditures, marketing, and various demographics**  
Tourism Director Lori Hill said Berkeley Young, President of Young Strategies, Inc. would be the guest speaker giving the presentation. She recalled that some months' prior, the Bureau had launched a survey of hotel and other lodging properties in Broken Arrow. She stated that Mr. Young would be providing the results, along with STR, Inc.'s Smith Travel Accommodations Report (STAR).

Mr. Young recalled that his firm had been hired to do research and planning for the Convention and Visitors' Bureau (CVB), focusing on Broken Arrow as a destination, which tied in prominently with the City's economic development. Mr. Young indicated that Broken Arrow had just under 800 hotel rooms that were occupied over 50% of the year, meaning that 300 to 400 visitors lodging, eating out, shopping, etc. on any given day or night. While they might not be Broken Arrow solely for tourism, they constituted travelers nonetheless, generating over \$12 million in taxable sales off the rooms each year, and spending upwards of \$30 million while in the City.

Mr. Young explained that typically such a project by Young Strategies lasted four or five months, culminating in a full report for the client. However, he would be addressing Broken Arrow's lodging market, providing a lodging analysis. Fortunately, new hotels were opening but there were challenges to be met. They were in the process of conducting an asset inventory in order to learn what drove visitors there, as well as conducting a visitors' survey with the aid of the Chamber of Commerce. As a partner in research of the latter, the Chamber, Mr. Young reported, would be sending out a newsletter the following day, which would contain a link to the survey, as they desired both visitors and residents to participate in the survey. Mr. Young pointed out that in the course of a year, residents of Broken Arrow were, in essence, running lodging properties whenever they hosted friends and family overnight in their homes. Where hosts took their guests to eat and shop and specifically, how much of their activities were conducted in Broken Arrow interested his company. The end of the project would be a community

leaders survey to take place in November, as a way of understanding their vision with respect to the travel industry in Broken Arrow. They hoped that the entire completed research would be available by the first week of December, whereupon the beginnings of a strategic plan focusing on how the CVB could keep the travel industry growing. Three new hotels set to open that would be adding 40% more to the City's current number of hotel rooms and it was important to drive growth in visitation in a very competitive market.

Mr. Young summarized that there were currently 12 lodging properties holding 782 rooms. The opening of La Quinta would add 80 rooms to that number in December, along with the Hilton Garden Inn's additional 107 rooms by mid-2017, and Stoney Creek Hotel & Conference Center's 187 rooms by the end of 2017. The total of 374 new rooms would increase the number of hotel rooms by 48%. Their data showed room demand to be pretty consistent, however, the demand started falling off in 2015. It was important to address the slackening in light of the fact that they were adding to their inventory, by building new hotels, at a time when a demand for rooms was going down. Clearly, an aggressive plan would be needed to reverse what could be a troubling trend.

Mr. Young went on to summarize that business travelers and other transient travelers currently accounted for roughly 42% of the room nights, with business groups and conferences making up another 39%, and leisure/other making up the remaining 19%. Late spring and early summer were the most popular times for visitors, with mid-week being most popular for business stays. Seven of Broken Arrow's 12 hotels responded by participating in the survey, representing 578 rooms in the market, or 74% survey response. It was a good, solid response providing reliable data. He pointed to a chart showing dates of six hotels built 1989 and prior to hold 37% of available rooms, two hotels built in the 1990s as having 12% of the rooms, and 4 more properties built after 2000 as 51% of the rooms. All hotels that reported were the newer hotels, and it was known that newer hotels typically drove the higher demand for rooms and higher prices, especially among business travelers. Four hotels did not report to STR, a company aggregating data from hotel chains. Included in the Group/Conference/Meeting market segmentation was about 12% having to do with team sports like baseball and softball, for which Broken Arrow had invested facilities. Mr. Young noted that they should see a dramatic increase in conference and meeting bookings as the Hilton Garden Inn opened, followed by the Stoney Creek Conference Center. They were in a new market in that Broken Arrow had not been a conference/meeting destination, but would now have a conference/meeting hotel. They would have to be aggressive in getting the word out that as of 2017, Broken Arrow would be a conference or meeting destination.

Showing a cluster of hotel on the map, Mr. Young made note of the fact that since they were located over the County line their revenue was going to Tulsa. Moreover, the Tulsa hotels had some appealing features like closer proximity to malls and restaurants, so their challenge was the factor of "leakage." Players and attendees of a ball tournament in Broken Arrow booking accommodations across the County Line was an example of "leakage." Visit Tulsa and their CVB had a very aggressive sales effort going after sports and other type bookings. A supply vs. demand 6-year trend was displayed next, in which the numbers for 2016, 2017 and 2018 were forecasted. The inventory to sell by 2018 would be increased very significantly. The problem was that demand was not growing much other than with regard to the newer, more competitive hotels. The annual occupancy trend from 2010 through 2015 was brought up on the screen and Mr. Young explained that as the supply of rooms increased, occupancy was almost guaranteed to come down because they wouldn't easily be able to sell rooms as fast as they were being built. Mr. Young brought up occupancy data on the screen showing a drop off in sales beginning in 2014 and continuing to the present for the most part, which was a concern. He pointed out too, that if Broken Arrow were more of a leisure destination, they would have much stronger weekend room sales. Bookings for every night of the week had fallen off in 2016, as well. Demand driving price and room rates had increased only negligibly from 2010. It was calculated that between 2014 and 2015, they lost about \$10,000 in state, city and hotel taxes combined. Clearly, group business would be very important in driving sales. It was observed that Sunday and Monday nights percentages fell below 60% occupancy for most of the calendar year.

The seven hoteliers that responded individually to the survey questions made comments to the effect that corporate business had decreased, government bookings had decreased, oil and gas business was down significantly, and team sports business was down. Fortunately, the leisure market had potential, drawing people from three to four hour's drive away. The hoteliers ranked the markets they would like to target as corporate, first, followed by team sports, second, and leisure, third. The geographic disadvantage of ball field people staying at accommodations across the County Line, but a good sales effort could counteract that by working with convention bookers and planners, giving them incentives and other reasons to stay in Broken Arrow hotels. Mr. Young observed that hotel sales were a very aggressive business and extremely competitive. Hotel staff were there, however, to sell their hotel only, and not the destination city. The job of a CVB

was to promote both. Six hotels responded with suggestions for future sales and marketing efforts for the CVB. Suggestions included: soliciting young sports associations and attending trade shows, offering them seed or incentive money; joining motor coach organizations and soliciting them to stop over in Broken Arrow; advertising to recreational travelers in nearby markets; bringing in businesses that travel and sports tourism trade shows; creating new sports tournaments; targeting government, sports teams and medical facilities (healthcare tourism); and attracting conference events. When asked if they were getting any direct return on investment from the CVB the hotels answered pretty consistently in the negative.

In the end, Broken Arrow was also in competition with new hotels being opened across the County Line. They were putting Broken Arrow on the map by making huge investments in the downtown Rose District, which was at the point of becoming a destination in its own right, but they would have to invest in promoting it, advertising it and targeting groups.

In conclusion, Mr. Young summarized that Broken Arrow's daily lodging room STAR inventory was going from 690 room to 802, which represented an increase to an additional 40,667 they needed to sell. Room demand was what they should focus on, not occupancy percentages. The CVB would have to partner with hotels, focusing on slower seasons also. The City and the CVB had to find out what would motivate people to come to Broken Arrow, which was after all, a lovely town and a successful town in terms of business. The City's assets made it a place that people were interested in, but future research was necessary to determine what would give it more appeal as a leisure destination. Young Strategies was continuing its research and would be returning in December with a lot more data and information, along with a strategic plan to guide the CVB going forward. Mr. Young asked if there were any questions, inviting discussion.

Councilman Lester said that he presumed the Stoney Creek Hotel & Conference Center would do marketing on their own and asked if they had considered what impact it might have on hotels in proximity. Mr. Young said that Stoney Creek would have to get revenue from both conference space and hotel rooms. He anticipated organic growth in room demand, i.e. Stoney Creek would attract the curious visitors away from older hotels without trying. He pointed out that they should be selling right now, reminding them that associations had already booked for 2017. In fact, they were actually booking groups for 2018 and beyond. Hopefully, they were blocking rooms for groups and would fill the rooms left with leisure and individual business bookings. The organic growth Stoney Creek would experience would increase the burden on older hotels.

With reference to grants, Rob Whitlock asked whether Mr. Young agreed that only allocating between 5% to 10% to out-of-town sports marketing was extremely low. Mr. Whitlock went on to say that was how they had been proceeding and it was one of the smallest allocations with respect to grants, but it needed to be reversed. Mr. Young replied that there was a limited sized budget to drive visitation and with special event grants they could fall into the trap of focusing on 20, 30, 35 nights out of the year, or so, and let the rest take care of itself. It was all about return on investment. Their budget would increase somewhat because the new hotels would most likely command a higher price and from that alone, their revenue would grow. However, Mr. Young made the point that he thought they were at the juncture where they could not be as generous as before. If the money budgeted was invested in aggressive sales and marketing, with traceable return on investment, should generate enough sales and hotel taxes to still have money for grants, etc. Mr. Whitlock concurred.

Mr. Young referred to a leisure visitor profile case study of a travel party's total trip spending tax calculation, stating that it was evident that the hotel tax was the fertilizer, so to speak, and the sales tax was the crop. He illustrated also how even a 1% increase in occupancy rate generated almost \$2 million in additional visitor spending. He stated that with many new rooms in the market they would have to drive a lot of additional demand for the rooms and his completed study would contain some forecasts. Hopefully, they could show over an 18-month process that if they did it well while growing their revenues, they would not have to take as much from the budgets as much as reinvest. Nevertheless, Mr. Young emphasized the need to spend a significant amount in sales and marketing to attract visitors or face the ire of established hoteliers also. The results of Young Strategies' research would be instrumental in providing the City with a long-range plan and a vision of how everyone could work together to create and sustain long-year, year-round jobs and economic growth. In reply to a question by Councilman Lester, Mr. Young stated that his recommendation was that the CVB and people doing the booking at Indian Springs work very closely together because the goal was to avoid a period when hotels were empty. They would need to look to the facilities they had which were almost maxed out, such as baseball and soccer fields, a so on, because a tournament could drive three to five nights of sales. LaTonya Cundiff asked if communities Mr. Young and his firm had dealt with followed the "stay and play" plan with respect to sports teams, and

when they did, what the number of rooms they needed to fill was to make it work. Mr. Young answered that with respect to Broken Arrow, they would have to do a complete competitive assessment to gauge that. They would start with Tulsa and examine what they were selling and how they were promoting, in order to compete. Mr. Young gave the example of Tupelo, Mississippi where they realized that after their ball fields completely sold out and there was no further room for growth, with a need for business during the months of January to April. They partnered, received grants and built an Olympics-quality swim facility with dramatic results in hotel sales. Young Strategies would be looking at different sports and different returns on investment they generated in formulating an economic development strategy. He added that in the religious market, as well, it had been observed that some churches were bigger spenders than others.

Broken Arrow had to decide which markets to go after and who to target. Mr. Young observed that competitively, the City was still a small market on the fringe of a mega market. It was a bit daunting that the inventory of rooms was growing by 50%, but the good news was there would be a lot of new hotel rooms, with the challenge of not losing the older hotels. Regarding the latter, some of the older hotels indicated to him that they would be reinvesting to enhance the property in order to remain competitive. Mr. Young specified that that was not to suggest that the CVB would have to do what the hotels were not doing for themselves, but they faced a situation that would be so competitive that what the hotels did for themselves would not be enough. The efforts of hotels would have to be supplemented to drive the kind of growth they wanted. Mr. Young concluded by saying that it was an exciting opportunity which would make a lot more money for Broken Arrow and elected officials would see that it was a means to generate more revenue without raising taxes.

Mayor Thurmond entertained a motion to adjourn.

**7. Adjournment of Broken Arrow City Council**

The meeting adjourned at approximately 5:23 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: 5 -** Scott Eudey, Johnnie Parks, Mike Lester, Richard Carter, Craig Thurmond

**8. Adjournment of Broken Arrow Convention and Visitors' Bureau**

MOTION: A motion was made by Lori Lewis, seconded by Rob Whitlock.

**Move to adjourn**

The motion carried by the following vote:

**Aye: 5 -** LaTonya Cundiff, Tonya Ellison, Lori Lewis, Patsy Terry, Rob Whitlock

Attest:

/Craig Thurmond\_\_\_\_\_  
Mayor

/Lisa Blackford\_\_\_\_\_  
City Clerk