

**Fallon Convention & Tourism Authority
Meeting Minutes April 22, 2014**

Present: Chairman James Richardson, Councilman Bob Erickson, Councilwoman Kelly Frost, Board member Pranav Morar, Board member Scott Tate, Executive Director Rick Gray, City Clerk Gary Cordes.

Chairman Richardson called the meeting to order and asked if the posting requirements have been met. Cordes said they have.

Chairman Richardson said approval of the March 18, 2014 meeting minutes is next on the agenda and asked the board if they want to take a minute and look at them. Board member Tate said he has looked at them and has a couple of questions. He said on page three he does not recall the communication related to the Nevada Commission on Tourism grant and asked Gray if he could go over it again. Gray said at the last meeting while reviewing the Spring Wings grant application he told the board about a grant from the Nevada Commission on Tourism which is related to promoting birding and how it relates to the Spring Wings event. Board member Tate said he also had a question on page four where we were talking about Tractors and Truffles and the Octane Fest events. He asked Gray where we are on these events and if they are break even events. Gray said Octane Fest is a \$10,000 grant commitment from the board and that is our total financial commitment and there will be another \$20,000 in commitments for other parts of the event for which we have received \$22,000 in partnerships and sponsorships. Gray said with Tractors and Truffles the expense to the board is about \$8,000. He said he likens the event to a promotional vehicle to grow awareness of Fallon and our brand. Board member Tate said on page five he recently received a copy of the land lease for the Convention Center and is relieved there is still plenty of time on the lease. Chairman Richardson said with those comments and clarifications he would entertain a motion to approve the minutes. Board member Tate motioned to approve the meeting minutes for March 18, 2014. Board member Morar seconded the motion, the vote was unanimous.

Chairman Richardson said the next item on the agenda is for public comments. There were none.

Chairman Richardson said next on the agenda is consideration and possible approval of four grant applications and asked Gray to start. Gray said before the board are four quality grants that fulfill the tourism mission which is to fill motel rooms with events that fit in with the community and add awareness of Fallon through their marketing efforts. Gray said a representative from each group is present to answer questions about their grant requests. Gray addressed the grant applicants and asked them to come up to the podium when their grant is called and speak into the microphone. Gray said he wanted to remind the grant applicants the amount of any grant is contingent on available funds and budget projections.

Gray said before the board is a grant application from the Fallon Trap Club. He said a representative is not present to answer questions and recommended the grant be tabled. Chairman Richardson said the grant is tabled until the next meeting.

Chairman Richardson said the next item on the agenda is a grant application from LivFast Motocross Race and asked Gray to start off. Gray said a representative is not present to answer questions and recommended the grant be tabled. Chairman Richardson said the grant is tabled until the next meeting.

Chairman Richardson said the next item on the agenda is a grant application from the Cowboy Fast Draw Assoc. and asked Gray to start. Gray said before the board is a grant application and evaluation from the Cowboy Fast Draw Association along with his recommendation. He said Cal Elrich is here to answer questions.

Cal told the board Fallon has been a great location for them to grow the event and they have tripled the shooter base since coming to Fallon in 2008. He said they have added other elements to the event the last few years which have been very successful and he is working on a way to count the number of spectators which has also grown. Cal said they have been thinking about asking one of the local groups to run the gate and take a donation to get in and help them keep track of the spectators that way. He said they continue to add new elements to the event and keep the same budget. He said they advertise regionally and locally with the local radio station doing live remotes as well as with local publications. Cal said he is requesting \$15,000 this year and isn't sure what Gray has recommended but trusts his judgment. Chairman Richardson asked if there were any questions or comments from the board.

Board member Morar told Cal he appreciated his efforts to make this event a growing success and asked if he has had any problem integrating the new events within the Fast Draw competition. Cal said it is working out very well and seems to be resonating very well with people. Board member Morar asked if there is a schedule to let people know when each event is taking place. Cal said they do coordinate a schedule for the different events going on during the weekend and the Fast Draw competition goes on continuously during the additional events. He said the Outdoor Chanel cancelled on him last year but said they will be here this year.

Board member Tate asked how does the disbursement of the cash prizes money work. Cal said they pay out about \$20,000 each year and the way it's paid out is the top 20 men and the top 15 women win the cash prizes. Board member Tate asked what is the top award given away. Cal said \$1,500 cash and a \$1,500 holster and they are given out at the awards ceremony which is going to be at the Convention Center this year. Board member Tate told Cal we are not going to be able to meet the \$15,000 he is asking for but will get pretty close with the budget constraints.

Chairman Richardson asked if there were any other comments or questions from the board, there were none. Board member Morar motioned to approve a grant for \$14,000 to the Cowboy Fast Draw Association. Board member Tate seconded the motion, the vote was unanimous.

Chairman Richardson said the next item on the agenda is a grant application from the Churchill Country Fair and asked Gray to start. Gray said before the board is a grant application and evaluation from the Churchill Country Fair along with his recommendation. He said Shannon Ernst is here to answer your questions and to talk about their plans for this year's event.

Shannon said this is an annual event put on by a group of volunteers and last year we doubled our participation. We had more of the rodeo groups participate in the sanctioned Ranch Hand Rodeo and it continues to grow. She said this year their event is being included in the Nevada 150th celebration and the event will go on all of their websites and advertising. Shannon said along with the advertising from the state's celebration they are advertising on TV channel 8 and have partnered with the LVN again this year. She said the event has a new logo and website and has included a sample people will be seeing this year as well as bringing back Churchill Charlie. Shannon said Churchill Charlie is a coloring contest being handed out the last week of school and will be displayed during the fair for families to come and see. She said this is one of several things the group is trying to increase attendance and interest in the fair. She said they are having a hard time getting people to return surveys so this year they are going to offer a raffle prize for returned surveys.

Chairman Richardson asked if there were any comments or questions from the board. Board member Tate said he has talked to people who participate in the ranch rodeo who said they are choosing this event over competing events in the area and it's nice to see. Board member Tate asked about the barrel race. Shannon said it's a new group that used to be in northern California who has moved to northern Nevada and has chosen our event as one of their circuit races. Board member Tate asked if the ranch dog event was part of last year's fair. Shannon said it wasn't and that it is completely new to their event. Board member Tate asked if they have thought about charging a small cover charge for the event this year. Shannon said the committee wants to keep the fair portion of the event free but the rodeo events will have a fee to attend and they started doing that two years ago.

Board member Morar asked how long the event has been running. Shannon said it is the 10th year for the event.

Councilwoman Frost asked about having the 4-H display this year. Shannon said 4-H is going through a change and they do not have a permit for here so we are unsure of the level of participation they will have. She said they do try to have some kind of educational exhibits with hands on animal interaction during the fair and this year we are competing with a fair in Carson City which will be having 4-H competition and is unfortunately on the same weekend and would be competing with them so it's hard to get competitors. Board member Tate asked if the State Fair would be in Carson City. Shannon said it will be this year only because it is part of the 150th celebration.

Chairman Richardson asked if there were any other questions or comments from the board. Councilwoman Frost asked Gray about his recommendation of \$6,000 and the group's request for more funds and if it is because of funds available or something else and asked if he would elaborate on it. Gray said the grant process traditionally involving grantees, not only local but also with the Nevada Commission on Tourism, to apply for any amount and what we do is evaluate their advertising and marketing plan and compare that to our available funding. Councilwoman Frost motioned to approve \$6,000 to the Churchill Country Fair and Ranch Rodeo. Board member Morar seconded the motion, the vote was unanimous.

Chairman Richardson said next is agenda item five, FY 15 budget and asked Gray to start off. Gray said before the board is the FY 15 budget that as a board we reviewed

in March and input from the board, which was minimal, has been woven into the budget and so before you today is what we believe to be a very conservative budget yet one that meets our goals to drive room nights, grow awareness of Fallon through our marketing and grant programs. Gray said either himself or City Clerk Treasurer Gary Cordes can answer questions you may have.

Chairman Richardson asked if there were any questions or comments from the board. Board member Tate said he has a couple of question. He said on page six it talks about annual visitor guides and asked Gray what the cost is to produce them. Gray said it doesn't cost us anything and it's a collaborative effort between us and the LVN. Board member Tate said on page four it talks about the Tractors & Truffles event and saw a report saying we spent \$33,000 last year and asked if we are bringing the expenses down to \$24,000 as Gray talked about earlier to make our total out of pocket \$7,500 to \$8,000. Gray said yes we will be bringing it down to \$24,000 this year. Board member Tate said on Convention Center funds page two of two under Sales & Service there is a notation of SYFL in the FY 13 column and asked Gray what the notation means. Gray said it is there to show why there may be a deviation in the numbers, which this shows there is a \$3,000 difference.

Board member Tate said the last thing he has a question about and is a bigger concern is the City administration allocation that we have talked about before but weren't able to ask more questions at the last meeting because Gary wasn't there. He said he still struggles to see how this can be done to a special revenue fund and asked Gary what his thoughts are on it. Gary said what we have done is identified costs in our general fund that provide the most efficient, proper and legal administration of the Convention Center and Tourism Fund. Gary said this is a different kind of fund where you receive room taxes and use fees and then subtract maintenance costs and so forth where certain costs within our accounting, the City of Fallon, are not captured and are definitely required in the administration of our fund. Gary described how they arrived at the amount of the allocation. He said these are costs we have not accounted for in the past but have to start accounting for now due to auditing requirements. Board member Tate said he understands costs but struggles to understand why all of a sudden this allocation is being implemented when we have operated without one in the past. He said additionally I think that the Convention & Tourism office does things that are outside the realm of convention and tourism activity, and asked how that should be accounted for.

Gray said there is a lot of interconnectivity to City operations and Tourism operations and the number of events we produce and that our grantees produce which require a lot of City support relative to street closures, parking lot striping, etc. He said the City is able to help us with those costs and that makes our tourism function and effort a lot more efficient. Gray said relative to what I may do, that might not be considered strictly tourism focused, when we think of the interconnectivity of the importance of how community impacts a visitor and first impressions show visitors they can get services here. He said a healthy business community is good to show visitors we have services they need. So my work on say the Live Local program is not only helpful for the community it impacts visitors as well.

Board member Tate said he tends to agree and has learned while evaluating this process it we need to be really careful of the activities we look at that we realize the additional efforts they require because these are basically hidden and or reoccurring

costs. He said Live Local Fallon is positive for the community but struggles to see how it helps tourism tremendously. He said Live Local Fallon includes expenditures the Convention & Tourism has to pay and I don't think it's appropriate and doesn't recall being told last year during budget time we were going to be involved in the program.

Board member Morar said as he recalls the City's PR agency came up with the program and we were told Rick was going to head it up. He said his problem with the program is it's designed to promote business within Fallon and not attract business from outside Fallon.

Board member Tate said when I read this budget and see what the office is doing and we didn't talk about this last year and here we are supporting Live Local Fallon through the tourism office when it's not a tourism function.

Board member Morar concurred with board member Tate and Live Local wasn't a Tourism Authority idea yet it's taking up a lot of valuable time to market and create business instead of tourism. He said the other concern I have is the occupancy tax is a nonexempt tax and the way it's written is the only way you are exempt from the occupancy tax is if they stay continuously twenty eight nights. He said if you are paying some of the tax to the general fund then it becomes a sales and use tax. The occupancy tax is advertised as to be used only for running and maintaining the convention center not to have it moved to the general fund.

Councilman Erickson said as a result of recent legislation coming from the Legislature over the last few years they have asked for greater accountability of transfer of funds and delivery of services to entities both from the general fund and to the general fund. As a result we have had to rethink how we allocate the overhead and administration, which is substantial to the five major enterprises the City operates. He said traditionally we have excluded the convention center because we wanted to maximize the amount of money available to accomplish its mission, so we delivered these services without any reimbursement from the convention center, but we have since had to implement these administrative transfers. He said the other point that needs to be made on behalf of the City is that Ken has been extremely committed to tourism and business development within the community. He said he doesn't know how much time Rick spends on Live Local but doesn't believe it detracts from doing his normal functions, unless this board has noticed something otherwise, but hasn't heard anything to the imply it and he believes Rick is doing a good job. He said the cost is about a third of what it would cost if the convention center were to buy services themselves. He said the City and Tourism Board made a tremendous commitment when they raised room tax to try and vitalize our tourism industry. Bob said he understands your concerns and is sorry to see this allocation is becoming a contentious point.

Board member Tate said it is a big point for me and it's hard when you start something new. He said we need to look at these costs as it brings to light quickly the value of what you are bringing to light. Fee schedule for Convention Center, does everybody pay a fee to use the Convention Center. Gray said yes.

Board member Tate said the fee schedule needs to be reevaluated, it's too cheap to use it, and it's clear our costs have gone up and the fee schedule needs to reflect that. He said he is uncomfortable supporting the administrative allocation in this budget in this year and would like to have more workshops, more conversations on this item and is uncomfortable supporting at this time.

Councilman Erickson asked Gary if they have a public hearing on the budget the third Tuesday in May and that is when you should have comments and final adjustments made to the budget and the final budget by May 31st.

Chairman Richardson said if we took the allocation out of this budget the City still has to recoup its costs in other ways which could end up being more costly. He said which will lead us down a road to raise costs to cover additional expenses.

Board member Morar asked how we know once the allocation is made that it won't keep going up so down the road the room tax money will not be available to help special events because this allocation could continue to grow. He asked if we could have another meeting and discuss it.

Chairman Richardson said he doesn't think another meeting is going to accomplish anything and you are either for the administrative allocation or you're not. He said he doesn't think this allocation is new and in the past there has been an allocation.

Gray said that is correct and the fee used to be a flat \$7,500 fee. Gray said the flat fee allocation was not ever adjusted. Councilman Richardson said it was a fee to acknowledge there are costs associated with the administration.

Gray said it was to acknowledge the costs to the City to help with day to day running of business at the Convention Center. Gray said it would be a daunting task to have an accounting firm to do our payroll or insurance which are things handled by the City and I think the allocation is a small part of what it would cost to go out and purchase these services separate from the City. Gray said many things were cut from this budget to accommodate the allocation in this conservative budget.

Board member Tate said he is very concerned with the state of our economy and needs more time to digest this allocation.

Chairman Richardson said it's pretty clear that this allocation would be watched if it passes. He asked if there is any more discussion, there was none. Chairman Richardson said he would entertain a motion for this budget. Councilman Erickson motioned to approve the Fiscal Year 15 budget. Councilwoman Frost seconded the motion. The vote was Councilman Erickson, Councilwoman Frost and Chairman Richardson in favor to approve the budget and Board member Tate and Board member Morar opposed. The budget was not passed. Chairman Richardson said we will bring it back to the next meeting for approval.

Chairman Richardson said the next agenda item is Board & Staff reports and asked Board member Tate if he had anything.

Board member Tate said he has a question about the future meeting dates and asked Gray if October 22, which is a Wednesday, is the correct date since we usually meet on Tuesdays. Gray said it should be October 21.

Board member Tate asked Gary questions about the P&L. Gary explained the P&L reporting to Board member Tate. Board member Tate asked about charges to the promotion account from Bank of America. Gray said the charges are for Google Ad Words which can only be paid by credit card. Gray said it is something he monitors and tweaks daily and uses it as a tool to promote and advertise Fallon online.

Board member Tate said he is confused on the set-up of the Convention and Tourism board and asked Gray if he would look into it. He said the chapter that talks

about establishing the Convention and Tourism board and it says all actions of the Authority and disbursements shall require the affirmative approval of four members of the Authority. He said he has asked this in the past, does this mean we should be reviewing monthly disbursements.

Gray said he takes that as the approval of the budget and that we stay within the means of the budget. Board member Tate said it specifically says disbursements. Gray said that is one of the many services the City provides and the Tourism Authority can't obligate more than \$10 without a purchase order which are vetted and debited against our accounts.

Board member Tate asked if he could get some specific clarification on that. Gary said he would look into it for him.

Board member Morar said his main concern is the allocation to the City in the budget.

Board member Tate asked if the City's auditors have looked at the Convention & Tourism funds.

Councilman Erickson said the auditors and City Attorneys are aware of the legislative changes that affect other cities similar in size also.

Councilwoman Frost said since we didn't approve the budget and the new fiscal year starts July 1 when would our next meeting occur since the budget is due before our next scheduled meeting of July 22.

Chairman Richardson said we will have to meet again before then. Gray said it will be a special meeting. It was decided May 6, 2014 at 4 p.m. will be the date of the special meeting regarding the budget.

Chairman Richardson asked if there were any other questions or comments. There were none.

Chairman Richardson asked if there are any public comments, there were none. The meeting is adjourned.