

ELKO CONVENTION & VISITORS AUTHORITY
SPECIAL SESSION BOARD MEETING
TUESDAY, MARCH 10, 2009
ELKO CONVENTION CENTER
CEDAR ROOM
8:00 P.M.

1. Call to order and Pledge of Allegiance

The meeting was called to order at 8:02 a.m. by Board Chair, Gary Morfin.

2. Roll call

ECVA Board Present: Ruben Abeyta
 Connie Campbell
 Jay Elquist
 Gary Morfin
 Charlie Myers

ECVA Staff Present: Don Newman, Executive Director
 Tom Lester, Convention & Tourism Manager
 Cathie Horn, Marketing and Events Manager
 Delynn Jones, Comptroller
 Mike Benzie, Facility Manager
 Juli Nelson, Graphics/Administrative Assistant

3. Public Comments- Non- Action Item

Pursuant to N.R.S 241.020, 2(c) (3), this time is devoted to comments by the general public, if any, and discussion of those comments. No action may be taken upon a matter raised under this item on the agenda until the matter itself has been specifically included on a successive agenda and identified to be an action item.

No public comments were made at this time.

4. NEW BUSINESS

4A-0310-09 Workshop to review and discuss the tentative 2009/2010 fiscal year tentative budget - Non-Action Item

Don Newman stated that the purpose of this meeting was to review the tentative 2009/2010 fiscal year budget and receive feedback from Board members. He further stated that the completed budget would be brought to the Board at the Board Meeting on March 17, 2009 for final approval.

Mr. Newman pointed out that there were four funds within the budget and invited Delynn Jones to review the Facility Expansion worksheet with the Board.

Delynn Jones pointed out that the Facility Expansion Fund was added last year when the City of Elko increased the room tax rate. She explained that funds from this 1% increase in room tax are used first to fund the airport debt and any excess from this tax is paid to the ECVA but is not received until after the fiscal year.

Ms. Jones reviewed the Facility Expansion Worksheet included in the packet with the Board.

Charlie Myers asked if the \$25,000 committed to the Fire Science Academy was based on a percentage.

Don Newman stated that \$25,000 was the minimum committed to the Fire Science Academy and maybe more if the room tax funds received increased.

Don Newman pointed out that there is an overflow of \$38,000 going into the Facility Expansion Fund for 2009/2010.

Mr. Newman invited Delynn Jones to review the Ad Valorem taxes on the Capital Budget Worksheet and stated that Mike Benzie would review the remainder of the worksheet.

Delynn Jones explained that Ad Valorem is the property tax which is received quarterly from the County. She reviewed the Ad Valorem tax estimates for 2009/2010 with the Board. She pointed out that the capital projects funds is used for most of the major maintenance and improvements on the building.

Don Newman explained that the sale of fixed assets on the worksheet was in anticipation of selling the ECVA Ford Expedition which has accumulated high mileage. He stated that the value of the Expedition is less than the trade-in value so the ECVA would keep it and use it for any ATV, off road or trail events.

Delynn Jones explained funds are set aside on a yearly basis for capital improvements that are anticipated to occur during the fiscal year. She pointed out that any excess funds are carried over to the following year. She further pointed out that a new budget is prepared each year, available are unused funds carried over from prior years and current year net revenues.

A discussion of excess capital funds and how they are applied to the following fiscal year took place at this time.

Don Newman stated that the ECVA budgets the expense of the City geothermal as part of the capital improvement fund. He stated that problems with the geothermal lead to heavy expenses in other areas such as natural gas. He further stated that excess funds help to cover these expenses.

Mr. Newman further pointed out that as a result of the Wells earthquake our earthquake insurance coverage is requiring seismic bracing be installed at the Convention Center. He stated that funds to cover this expense are also budgeted as part of the capital improvement fund.

Mr. Newman discussed the additional capital improvements that will need to be done to the building in the future.

Mr. Newman stated that Delynn Jones would review the revenues of the marketing fund budget followed by which he and Cathie Horn who would address the expenses.

Delynn Jones stated that in estimating what to expect for the current year in marketing room tax she used a 10% decrease from room tax received during 2007/2008. She further stated that for the 2009/2010 estimate she used a 12% decrease from revenues in 2007/2008. She then reviewed the rest of the revenue section of the marketing budget worksheet included in the packet.

Don Newman stated that the ECVA has dropped its spending in marketing to make sure that the room tax collection is not being overspent. He further stated that the ECVA has made some adjustments in some of the areas that it is spending marketing funds.

Jay Elquist asked why a balance would be accumulated in the marketing fund and not used to promote the Elko area. He pointed out that in a marketing budget the purpose is to put the money to work and keep a responsible amount as an ending fund balance. He stated that on the marketing budget worksheet the ending balance is over a full year's budget.

Don Newman responded that there is the threat of room tax funds going away and the ECVA is approaching marketing spending conservatively.

A discussion on how to spend marketing funds took place at this time.

Jay Elquist pointed out that marketing funds are create by the lodging community through room tax. He further pointed out that the lodging community expects those funds to be used to market the Elko area and will expect to know the reason for such a large ending marketing fund balance.

Charlie Myers pointed out a 8.3% of funds is a standard for a year end balance.

Delynn Jones pointed out that it is a state requirement to retain 8.3% of funds as an ending balance.

Jay Elquist explained that a maximum number for a marketing fund balance should be established and not a minimum number.

Tom Lester said he felt that additional funding should not only be placed in marketing local events but also to bring in conventions to Elko.

Charlie Myers pointed out that as the marketing account fund decreases through promotion of marketing events and as revenues increase by successfully bringing in conventions the year end balance for the marketing fund will continue to increase.

Jay Elquist stated that as a philosophy he felt the marketing account should not be a fund that is cut back.

Don Newman stated that the ECVA has utilized the NCOT in the past for grant funding to help market events which realistically will not be available any longer. He commented that only \$10,000 was budgeted for grant funding in 2009/2010 which is a significant decrease from past years.

Tom Lester pointed out that it is possible for the public to notice a large ending balance in marketing funds and decide that those funds should be made available for public use.

A discussion on the importance of using the majority of the marketing budget to market the Elko area and how to utilize those funds took place at this time.

Jay Elquist suggested that as an example the ECVA could set a yearly goal of spending \$100,000 in marketing funds even if it isn't all spent.

Don Newman stated that steps have been taken to keep better track of on going marketing spending.

Jay Elquist pointed out that there is a risk of not having a plan for excess marketing funds. He stated that it is hard to defend a large ending balance of excess funds that are meant to be spent in promoting and marketing.

Ruben Abeyta stated that excess marketing funds could be earmarked for the future expansion of the Convention Center.

Don Newman pointed out that advertising cannot be done for something that may or may not happen. He did agree that more funds could be used to support Tom Lester in his efforts in bringing in more conventions to the Elko area. He pointed out that it is part of the ECVA 5 year marketing plan to increase a convention base.

Ruben Abeyta pointed out that almost 300 additional rooms will be added to the lodging community with the building of new hotels. He stated that room tax funds will have to be used to fill these new rooms and existing hotel rooms.

Don Newman stated that although the room tax may increase slightly with the additional hotel rooms that in actuality room tax money will be redistributed through the lodging community.

Jay Elquist pointed out that it is the ECVA's job to fill all rooms within the lodging community.

Don Newman stated that the ECVA budget is typically around \$350,000 and he would like to see \$100,000 set aside for marketing should a strong downturn develop.

Charlie Myers stated that \$100,000 should be what is in the marketing account and suggested that the excess at the end of the year could be earmarked for bringing in conventions and for the future expansion of the Convention Center.

Tom Lester asked if the excess would roll over for the next few years.

Don Newman stated that it would. He further stated that he would like to carry this over the next few years knowing that room tax dollars may decrease. He did agree that there should not be a

huge balance which is not earmarked.

Mr. Newman agreed with Charlie Myers that a line item for the campaign of future facility growth should be added to the marketing budget. He stated that the ECVA could aggressively help promote through advertising existing events in the Elko area with marketing funds along with utilizing more marketing funds to help build the ECVA convention base.

Jay Elquist agreed that marketing funds should either be earmarked or put to work.

Delynn Jones reviewed the general fund budget worksheet with the Board.

Charlie Myers asked why revenue-facility set up fees on the worksheet increased \$15,000.

Don Newman stated that it was mostly due to the increased use of the building.

Charlie Myers asked if the ECVA is anticipating having the same events as the previous year in the building.

Don Newman stated that not as many repeated events but additional new events are anticipated.

Tom Lester stated that in 2010 there are six additional conferences booked at the Convention Center.

Charlie Myers pointed out that marketing funds could also be used for is something that could be given to those who have been to Elko to bring them back.

Don Newman stated that the ECVA does have the postcard program in effect where free postcards are made available in hotel rooms for guests that are visiting Elko.

Tom Lester stated that he is looking at ordering different items for different tradeshow to spark interest in Elko. He pointed out that packets which include the Visitors Guide are already handed out at tradeshow. He further pointed out that baskets and packets are placed in hotel rooms for guests that are attending conventions and FAM tours.

A discussion of how Elko could be promoted to those attending conventions and tradeshow took place at this time.

Gary Morfin suggested that this topic would be a good one for discussion at the next Marketing Committee meeting.

Delynn Jones explained to the Board how she projects the year end balance for the general fund budget.

Charlie Myers asked what transportation and travel from the general fund worksheet covered.

Delynn Jones stated that is was for travel to such conferences as Governor's Conference and Rural Roundup.

Charlie Myers asked why only \$1,500 was budgeted for transportation and travel.

Don Newman stated that the remainder of travel goes into other specific budgets such as consumer shows, mining shows, etc.

Mr. Newman reviewed the support sheets included with the general fund worksheet with the Board.

Charlie Myers asked about ECVA support for the recreational trails.

Don Newman explained that maintenance for the trails was taken over by the ATV Club and the ECVA supports them in their maintenance efforts.

Charlie Myers asked if the ECVA promotes the activities of the ATV club.

Don Newman stated that the ECVA does support the annual ATV Jamboree through in kind donations such as posters. He further stated that Kurt and Karen Hayes with the ATV club will be attending a show in Richmond, Utah in March to promote Elko as an ATV destination.

8. Board Comments

Don Newman stated that the 2009 Elko Mining Expo is looking strong.

Cathie Horn stated that currently there are almost 200 booths sold for the Expo. She pointed out that exhibitors from the previous year have until March 16, 2009 to pay for their booths. She pointed out that Expo packets were emailed this year followed by a reminder to reserve booth space.

Ms. Horn stated that she anticipates that this year's Mining Expo will be sold out. She pointed out that general sponsorships will most likely decrease this year however the golf tournament is already sold out and golf sponsorships remain strong.

9. Adjournment

Jay Elquist made a motion to adjourn the ECVA Special Session Board Meeting for March 10, 2009. Ruben Abeyta seconded the motion. The motion passed unanimously.

The meeting was adjourned at 9:16 a.m.