

ST. JOSEPH COUNTY HOTEL MOTEL TAX BOARD
THURSDAY, AUGUST 3, 2023
CENTURY CENTER – BENDIX ARENA
8:30 A.M.

Members Present

John Anthony	Carmen Piasecki
Becky Fletcher	Gary West
Micki Kidder	Ron Zeltwanger
Paul Phair	

Members Absent

Rob DeCleene
Mark McDonnell
Jenny McNeil
Kyle Willis

The meeting was called to order at 8:30 a.m. by President Anthony. Mary Ellen Smith conducted roll call of board members.

APPROVAL OF MINUTES

President John Anthony entertained a motion to approve the minutes of the 5/25/23 meeting. Gary West moved to accept; Paul Phair seconded; and motion carried.

TREASURER'S REPORT

Ron Zeltwanger reviewed the 2023 Financial Report ending 6/30/2023. The Mishawaka Sports Complex/Fund 4926 had a cash balance of \$2,933,903.63; however, \$1.7 Million of that has been disbursed since 6-30-23. The Potawatomi Zoo Capital/Fund 4927 - \$845,169.12; Morris PAC Capital/Fund 7403 – \$578,499.53; Tourism Capital Investment/Fund 7404 - \$1,908,091.35; however, \$1 Million of that was disbursed in July 2023. The Hotel-Motel Tax/Fund 7304 started 2023 with a 6-30-23 cash balance \$6,242,204.65 plus 2023 Q1-Q2 receipts of \$2,464,679.38 minus 2023 Q1-Q2 expenditures of \$2,189,540.09 leaves a net balance of \$6,517,343.94. There is a little over \$4 Million yet to be disbursed in 2023 plus projected Q3 and Q4 receipts of \$3,400,000.00 (with six Notre Dame home games) which will leave a balance of \$2,507,448.00. The last rolling four quarters 2022 Q3-Q4 and 2023 Q1-Q2 of \$5,865,806 revenue surpassed the previous years -- \$5,132,754 in 2021 Q3-Q4 to 2022 Q1-Q2; \$2,742,156 in 2020 Q3-Q4 and 2021 Q1-Q2; and 2019 Q3-Q4 and 2020 Q1-Q2.

PRESIDENT'S REPORT

President Anthony reported that 2023 Q1 was very strong this year. 2023 Q2 dropped a bit from 2022. There was one commencement this year compared to two in 2022, the Garth Brooks concert at the stadium and also many weddings last year. The board may be asked to fund a study of the tourism future in St. Joseph County.

AGENCY REPORTS

MORRIS PERFORMING ARTS CENTER

Andrew Schreiber reported that the Navarre Hospitality Agreement for Food, Beverage and Catering Service had been renewed for 3 ½ years with two three-year extensions. The revenue share on concessions will increase from 25% to 30%. A new three-year contract with Invictus for security has been signed for the Morris, Palais Royale and Century Center. Self-promoted shows to earn a higher level of income include Ben Harper & The Innocent Criminals 10/23/23, Rocky Horror Picture Show with Barry Bostwick 10/27/23, Hip Hop Nutcracker 11/27/23 and comedian Michael Palascak in the Palais Royale 12/29/23. Jerry Seinfeld 10/21/23 will be a sold-out show. Other major shows to note: Shane Gillis 9/22/23, Dia de los Muertos 10/29/23, Straight No Chaser 11/24/23 and Disney's Alladin 3/19-24/23. Capital projects in 2024 include a new projector and screen to have free family movies, Palais floor and ceiling, Box Office renovation and awning replacement, and new external digital screens to replace printed posters. Discussion followed on self-promoted vs. venue rental to promoters. Schreiber explained that oftentimes it is a risk assessment of paying the guarantee and show expenses vs. potential ticket sales income.

CENTURY CENTER

Schreiber reported that revenue was down to 5/31/23 - \$1,503,475. Large events in August include Viaggio Pontoon Boats Dealer Show 250 guests/400 room nights; Star Martial Arts 1,250 guests/200 room nights; Barletta Dealer Show 300 guests/900 room nights; in September – Indiana Latino Institute Education Summit 1,600 guests/20 room nights; Jurassic Quest Dinosaurs Show 4,000 guests/25 room nights; Notre Dame Tax & Estate Planning Institute 600 guests/725 room nights; Ramencon 2023 1,800 guests/750 room nights Star Martial Arts 1,250 guests/200 room nights; in October – Indiana Criminal Justice Association 250 guests/350 room nights; Christian Educators Association Regional Conference 1,300 guests/650 room nights; Grand Design RV University 350 guests/900 room nights; in November – Star Spirit/MCDA Cheer & Dance Competition 3,000 guests/400 room nights; 2nd Weekend Start Spirit/MCDA Cheer & Dance 3,000 guests/400 room nights; American Cornhole Tournament 600 guests/180 room nights; in December – AmeriCheer Indiana Championship - 900 guests/300 room nights.

The new air conditioning large-scale chiller system was a higher cost of \$112,153 than the original budget; therefore, other capital costs were adjusted lower – “Skyway/Art Museum” restroom upgrade – \$167,046; catering and kitchen equipment - \$72,442; event tables and chairs \$100,000; repair Island Park pavers - \$15,000; replace bridge decking - \$30,000; water softener/filtration system replacements - \$100,000; parking lot seal and stripe - \$49,124; back entrance gate automation - \$15,000; and Great Hall lighting feature - \$40,000.

Potential 2024 capital project budgets include security cameras on the City network - \$100,000; Discovery Ballroom new carpet - \$100,000; Convention Hall floor refinish - \$100,000; back entrance gate - \$150,000; cleaning equipment - \$25,000; A/V equipment replacements - \$50,000; event furnishings – \$50,000; Great Hall lighting - \$31,000; ice machines - \$15,000; and Bendix peripherals - \$5,000.

The new security contractor Invictus is a local, minority-owned business that is owned by active police officers in the area. They have management on site for events and there is a much faster response to questions than with the previous security contractor CSC. They have off-duty officers available to work. Discussion followed that sworn officers typically have their police radios with them and there is an immediate response to emergencies. Becky Fletcher commented that the Aloft Hotel has better security with an officer owned security company.

Discussion followed on reasons why revenue was down and why event planners choose other facilities. Schreiber explained that there is a lot more competition and people are trying the new Four Winds Casino. Julie Nowak stated that business is seasonal and that large conventions are held in the Fall.

POTAWATOMI ZOO

Josh Sisk reported that the zoo is moving forward on the bear concession lodge. The café soft opening is planned for the Gift of Lights in 2023. The sun bear has arrived and in quarantine. As of 8/2/2023 the zoo had 220,000 visitors which is 30,000 more than last year at this time. The Zoological Registrars Association Conference 10/2-7/2023 currently has 60 rooms booked.

VISIT SOUTH BEND MISHAWAKA

Jeff Jarnecke reported the STR data from 2023 Q2 which showed that hotels in St. Joseph County had a 6% drop in Occupancy. Demand was down 8% (431,822 / 470,079. Average Daily Rate was up 4% (\$113.17 / \$108.76.) VRBO/Airbnb Occupancy was up 4%. Demand was up 33% (41,743 / 31,432 and the Average Daily Rate was up 21% (\$483 / \$399.) The heat map shows that the short-term stay concentration is in the cities of South Bend and Mishawaka. A strong Notre Dame football season is anticipated in the Fall. Discussion followed regarding the 54 hotel properties in St. Joseph Counties and how VSBM is working with STR to report rates.

Leisure marketing 1/1 – 6/30/2023 had 1,895,129 hotel searches (+115% YOY); 15,125 bookings (+108% YOY); 27,829 room nights (+121% YOY); \$4.1 million hotel revenue generated; and spend: \$89,658 (+24%.)

The proposed 2024 VSBM budget increase of +\$450,000 is for Digital marketing/PR support - \$300,000; Co-op marketing program \$100,000 and Bid Fund - \$50,000.) The FY 24 budget request total of \$2,325,000 is for base operation - \$2,050,000; bid fund - \$150,000; and sponsorship/hosting - \$125,000.

Jarnecke congratulated the VSBM team on the newest Visitors' Guides. There were 80,000 copies printed and are distributed in the lobbies and rooms at 54 hotels in St. Joseph County and at attractions. The 2023 Faces of Tourism award winners are front-line staff at hotels, restaurants and attractions. They were honored at a South Bend Cubs game.

Discussion followed about America's Youth on Parade (AYOP) and having them continue to come to Notre Dame in future years. Jarnecke and Nick Kleva are going to Wisconsin to meet with Don Santell, long-time organizer and founder of the event to let him know that they are appreciated and welcome in South Bend. Rob DeCleene, former Executive Director of VSBM, started working with Don the last 10 years to have him start thinking about a succession plan.

Jarnecke stated that the Pokagons have entered into a Development Agreement with the City of South Bend that effective 7/1/23 the hotel will set aside 8% of sales on paid rooms to remit to St. Joseph County on a quarterly basis to go to the Hotel-Motel Tax fund.

Discussion followed about the new electrical vehicle battery plant and if there will be a need for hotel rooms. Jeff Jarnecke responded that subcontractors have started to ask about blocks of rooms.

MISHAWAKA SPORTS COMPLEX

Nick Kehr, Vice President of Legal at Card & Associates, gave an update on the Mishawaka Sports Complex. Groundbreaking was held in June. The Veterans Parkway expansion, utility poles and retention ponds are underway. The project has 30 contractors. Opening is anticipated in 2023 Q2 or Q4. Conversations have started with groups about scheduling.

NEW BUSINESS

ALLOCATION COMMITTEE REPORT

Mikki Kidder thanked Jeff Jarnecke and Andrew Schreiber for excellent budget conversations and proposals submitted. She reported that the Allocation Committee (Mikki Kidder, John Anthony, Carmen Piasecki, and Ron Zeltwanger) met to discuss the proposed 2024 Hotel-Motel Tax Fund \$6,539,437 total budget. Century Center remains flat with Debt Service - \$385,000; Lease - \$221,437; Operations - \$1,275,000; Building & Structures - \$100,000; Reuse Study - \$33,000. CVB remains flat at \$1,650,000 and \$400,000 has been allocated as an additional Marketing Grant. Special Projects - \$2,250,000. CVB Tourism Grants remains flat at \$225,000. Paul Phair moved to accept the 2024 Hotel-Motel Tax Fund budget as proposed; Gary West seconded; and motion carried.

TOURISM CAPITAL INVESTMENT FUND COMMITTEE REPORT

Paul Phair reported that the Ice Box 2022 award grant for a third sheet of ice has been delayed. Construction prices have increased. Project funding is being secured with a bank loan, \$2 million grant from the Tourism Capital Investment Fund, charitable giving, and a matching grant of \$2 million by the City of South Bend. Construction is anticipated to start in 2024 with the third sheet of ice open by the 2025/2026 skate season.

The Tourism Capital Investment funds will be administered by Visit South Bend Mishawaka. The first 2023 award grant of \$215,000 is to the Indiana Invaders Sports Complex to expand with additional playing fields, parking and infrastructure at Pine Road on the West side of South Bend. This will allow them to larger crowds, host more and larger tournaments. The second grant of \$1,000,000 is for the construction and opening of the Indiana Dinosaur Museum which is a part of the larger South Bend Chocolate Company factory project on U.S. 20 West of South Bend for a new attraction and experience. The amount of \$785,000 would be allocated immediately for the construction project and \$215,000 would be allocated in the beginning of 2024. Mark Tarner gave a brief update on the project. There is a new marquee sign on the U.S. 20 Bypass. Construction is continuing on the exhibit space. St. Joseph County purchased 200+ acres between the bog and the Dinosaur Museum for new trails. There are 13 acres across from the airport for a new hotel (hopefully a Hilton product.) Mark invited board members to visit the site.

OLD BUSINESS

None

ADJOURNMENT

With no further business President Anthony entertained a motion to adjourn the meeting. Ron Zeltwanger moved to adjourn the meeting; Mikki Kidder seconded; and the meeting adjourned at 9:15 a.m.

JA:mes