

Minutes of the Executive Committee of the Humboldt Lodging Alliance
Wednesday, June 11 2014
Red Lion Hotel, Eureka, California

Present: Gary Stone, Chris Ambrosini, Marc Rowley, Donna Hufford, Lowell Daniels, Mike Caldwell, John Porter, Tony Smithers

The meeting was called to order at 2:00 pm by Chris Ambrosini. The first order of business of examination and approval of the May, 2014 meeting minutes (Rowley/Caldwell/unanimous).

Next, the June meeting agenda was reviewed and approved as presented (Rowley/Stone/unanimous).

The Action Items were then addressed, beginning with a presentation from Don Ehnesbuske on behalf of the Fly Humboldt group, on the group's efforts to attract additional air carriers to service Humboldt County. Ehnesbuske, who is Executive Director of the Redwood Region Economic Development Commission, began with a short history of airline recruitment in Humboldt, including the work that initially attracted both Horizon Air and Delta Airlines. The circumstances of these airlines' departures from Humboldt were also discussed.

Ehnesbuske went on to explain the potential benefits of bringing in a new airline and especially of the need to have a direct connection to Los Angeles. In addition to the huge Southern California tourism market, he mentioned the flight needs of the film industry, the possibilities of attracting meeting and conference business, and the expected high use by HSU students, parents and alumni.

Finally, he mentioned that the airlines are very active in promoting their routes and services, and when a new carrier comes to Humboldt we may expect to have an active partner in selling the destination.

Among the questions and comments by committee members:

Donna Hufford asked how having another airline might affect ticket prices. Don was not specific but he indicated that prices were expected to drop with a competing carrier in the market.

Gary Stone asked for a definition of "more reliable service," relating that in his experience the delays were due to bad weather here, forcing him to drive to Sacramento or San Francisco. Later, Mr. Stone asked Ehnesbuske for statistics regarding the makeup (business or leisure traveler) of people currently flying to Humboldt or who flew here on previous carriers. Ehnesbuske did not have this information to hand but said that he would try to obtain it. Ehnesbuske mentioned that the only way to get tourism statistics is to interview passengers who are coming off the planes and that is a labor intensive method of getting tourism statistics

Lowell Daniels remarked that the previous recruited airlines took the entire subsidies and left anyway—what is to stop a new carrier from doing the same? Ehnesbuske countered that Horizon stayed in the market over seven years, and explained that the revenue guarantee money could only be drawn if the carrier falls below a stated threshold of revenue.

Chris Ambrosini asked what commitments had the cities of Arcata and Fortuna made to this partnership, and was answered that they had not made any as of yet.

The committee's consensus was that Arcata and Fortuna needed to put their money into this project, and that Fly Humboldt was talking to the wrong group. It was suggested that because these cities do not contribute significantly to destination marketing, they need to commit to the airline revenue guarantee before the tourism industry can do so.

Marc Rowley stated that marketing a new air connection would be an even bigger monetary commitment than the revenue guarantee being asked of the tourism industry.

John Porter agreed with this, saying that 99 percent of his business arrived by "rubber tire" — automobile and bus.

The discussion was then opened to public comment, which started with Humboldt County Supervisor Mark Lovelace explaining that the visitors' bureau was approached to play a central role in the airline revenue guarantee because of its existing partnership with the county to build the tourism economy. Supervisor Lovelace mentioned there would be a possibility that if the bureau did participate then the county would be in a position to make the bureau "whole" by paying back the funds with any increases in the bed tax collections. Supervisor Lovelace also said that on his own behalf, he would try to get the City of Arcata to participate in this partnership and also renew their contributions to destination marketing.

Then, Eureka City Councilmember Mike Newman said that the Fly Humboldt Partnership was an economic prosperity function. "We need more economic drivers in Eureka," Newman said. "And for that we need reliable air service." Newman went on to stress the urgency of this initiative, pointing out that if the commitments to back the revenue guarantee could be secured by the Fall, then it was possible that a new carrier could begin operating in Humboldt by the Spring or perhaps the Summer.

Newman said that the transient occupancy tax was considered a suitable source of funding for this effort, and that the City was looking to the visitors' bureau to devote enough of its funding to cover half of the \$1 million needed (over two years) for the revenue guarantee fund. He mentioned that the City's contract with the HCCVB runs for another two years (note: the contract is in effect for three more years), but that it included a one-year cancellation clause. Newman then speculated that if the visitors bureau was unable to provide the requested funding then the City would be looking at cancelling or changing its contract so that they could apply the TOT funds directly to the airline revenue guarantee, saying "We don't want to de-fund the CVB, but if we have to..." When asked Councilman Newman confirmed that the city would also consider making the bureau "whole" by paying back the funds with increases in the bed tax from the city of Eureka.

After this item was finished, the committee took a short break and the individuals from Fly Humboldt left the meeting.

Next, Brad Laws, the new General Manager of the Red Lion Hotel, was introduced to the committee who welcomed him warmly. Laws briefly spoke of his background and expressed his delight with Humboldt and eagerness to contribute to its tourism industry.

The May 2014 financial statement was then presented by Tony Smithers, who noted changes due to a refund of over \$50,000 paid to the City of Fortuna, due to their previous overpayment. The Community Funding report was also presented and discussed, during which time Mike Caldwell asked whether applications for Community Funding had to be signed by all committee members on the same application. It was agreed that separate applications, submitted by mail, fax or email, could be used. The May statement was then accepted (Caldwell/Daniels/unanimous).

Under Unfinished Business:

The video shoot list committee will meet ASAP according to John Porter's schedule. Malcolm deSoto will shoot the Redwood Run this weekend; Mike Caldwell volunteered to give him his pass for complete event access. In discussion, it was reiterated that for both video and still photography, events and attractions must be portrayed so as to obviously be located in Humboldt County.

It was agreed to combine the still photography shoot list and management with the video committee, with the understanding that there can frequently be different needs for the two genres. The shoot lists will be forwarded to Gary Stone when available.

The Marketing Manager hiring committee was interested in interviewing two applicants, Bill Prescott and Julie Katz. Again, the interviews will be scheduled to work with John Porter's presence in Eureka.

The HLA 2014 Board Ballot was examined and approved with the following changes:

- Addition of a "respond by" date (end of June)
- Addition of "vote for no more than..." language instead of "open board seats"

With these changes, the ballot was approved for immediate mailing.

Under Executive Committee reports, Donna Hufford said that the Redwood National Park lodge/RV park project was "in the hands of regulators."

With no further time, the meeting was adjourned at 4:00 pm.

Respectfully submitted by Tony Smithers