

CITY COUNCIL STUDY SESSION MINUTES

February 21, 2017

The City Council of the City of Norman, Cleveland County, State of Oklahoma, met in a Study Session at 5:30 p.m. in the Municipal Building Conference Room on the 21st day of February, 2017, and notice and agenda of the meeting were posted at the Municipal Building at 201 West Gray, and the Norman Public Library at 225 North Webster 24 hours prior to the beginning of the meeting.

PRESENT: Councilmembers Allison, Castleberry, Chappel, Clark, Hickman, Holman, Karjala, Mayor Miller

ABSENT: Councilmember Heiple

Item 1, being:

PRESENTATION BY REPRESENTATIVE FROM VISIT NORMAN AND HUDDLE UP GROUP REGARDING THE SPORTS COMMISSION PROJECT FINAL REPORT.

Mr. Dan Schemm, Director of Norman Convention and Visitors Bureau (NCVB/Visit Norman), said Huddle Up Group was commissioned to prepare a feasibility study on the creation of a Sports Commission for Norman. He said this discussion came about when Norman Forward was passed and the City began planning the construction and renovation of sports facilities throughout Norman. This was a great opportunity to continue to expand sports tourism work and create a dedicated sports department to enable the City to blend with NCVB to deliver additional overnight stays leading to increased economic development that will positively impact the community over time.

Mr. Jon Schmieder, Huddle Up Group, said NCVB is a member of the National Association of Sports Commissions (NASC) and he is Chair. The membership of NASC is comprised of competitors which has grown from 75 members at its inception to 900 members today. He said competition is at an all-time high and in order to be competitive, Norman needs the proper resources such as money, venues, staff in the market, etc. He highlighted the feasibility study process that included a sports tourism audit and evaluation, 19 community stakeholder interviews, and in-person venue and hotel tours. He said there really is an opportunity in Norman to be competitive and relevant if the City can garner community support for the right resources.

Mr. Schmieder said Tulsa and Oklahoma City are placing significant funding from hotel/motel taxes into NASC funds to attract sports venues. He said other states considered to be big competitors to Norman include Texas; Mississippi; Kansas; Colorado; Missouri; New Mexico; Louisiana; Alabama; and Tennessee. He said there are also many smaller communities beginning to compete for a variety of sports venues.

The primary recommendations from Huddle Up Group include the following:

- **Organizational Structure** – in order to deliver a strong sports marketing message to event holders across the country, the NCVB would create a Norman Sports Commission (NSC) within the auspices of Visit Norman. A “blended” organizational structure (NCVB, City of Norman, University of Oklahoma (OU), stakeholders, etc.) will provide the proper oversight as well as the most sustainable financial model for a sports/events department.
 - Staffing – the current staffing structure of the NCVB sports effort is not consistent with its competitive set. NSC will need dedicated personnel to drive sales and service events when they land in the market. Sports groups require several execution elements such as volunteer recruitment and support; media hosting; sponsorship facilitation; team and VIP transportation; reception planning and hosting; and venue scheduling/management. Recommended personnel positions include a Director of Sports and two Sports Services Managers to lead the sports tourism effort on a day-to-day basis.
 - Expand Community Support – Huddle Up Group believes there is great opportunity to engage some of Norman’s “heavy hitters” in future sports tourism efforts. Development of a new vision of the sports market will enable NCVB Staff to give these community leaders meaningful roles in a more expansive effort for Norman. This should include the creation of a C-Level Advisory Board to support the vision of this expanded program.
- **Messaging and Marketing Platforms** – throughout the process, Huddle Up Group encountered stakeholders that showed a lack of understanding of the importance of sports tourism for Norman. Huddle Up Group recommends four action items to help improve NCVB’s sports market messaging to both internal and external stakeholders as follows:

- **Messaging and Marketing Platforms, continued:**
 - Value Proposition – create an educational campaign to roll out both internally and externally. NCVB could partner with an outside stakeholder to present the value of sports tourism to the region and work on NCVB participation in the sports and events marketplace. It is important that NCVB Staff utilize outside supporters as partners to ensure any presentation receives community validation.
 - Create Corporate “Forums” – while the education campaign is aimed at community groups, NCVB should also develop a channel to educate and engage the corporate community in Norman. Huddle Up Group recommends the creation of a quarterly “6X6 Lunch” in which six existing stakeholders invite one guest from the business community to attend an informative luncheon on the importance of sports and events tourism as well as the work of the NCVB in that area.
 - Leverage Major Events – NCVB has a standing partnership with the University of Oklahoma (OU) so Huddle Up Group recommends NCVB use this relationship to provide a mini-family (mini-FAM) environment at each home football game to promote Norman as a destination. NCVB could use its access to these types of events to build bridges with local promoters as well as with national event rights holders.
 - Measurements – in order to create and deliver the educational outreach programs outlined above, the NSC must be able to measure the success of its efforts. This would require the NSC to be able to accurately measure the economic impact of its activities and effectively capture room night totals from events it hosts. The current methodology of counting room nights towards department goals should be reviewed in totality.
 - Targeted (National) Outreach – the sports sales efforts of NCVB has included several industry conferences and a select number of sales trips in association with a state sports tourism alliance. In the future, the NSC should conduct sales trips and mini-FAMs on its own accord and include local leaders and/or elected officials. The sports industry is all about relationships so Norman should develop these relationships in one-on-one environments rather than through busy trade shows, jointly marketed sales trips, or mini-FAM events.
 - Strategic Partnerships – there is great opportunity for NCVB to build bridges in the Norman community. More specifically, there is a need for the newly expanded sports and events effort to bring area sports groups into the fold. Relationships can be greatly improved and the end goal is for the NSC to be viewed as the “go to” organization when its partners need help to host an event.
- **Event Solicitation/Service Concepts** – during the research and analysis for the project, several areas of opportunity presented themselves relating to the sales and serving of events. Four concepts are outlined as:
 - Venue Booking Policies – the NSC should strive to have “favored nation status” at all parks and recreation facilities as well as private facilities such as those governed by OU. If the NCVB were able to assist financially with the enrichment or expansion of area venues, there would be opportunity to request this favored nation status in the future. In addition, a transparent (shared) calendar at all venues is critical for the NSC to add value to event managers over time.
 - Inbound Team Bookings – Huddle Up Group believes there is a significant amount of “low hanging fruit” in the way of room nights for the NCVB to capture purely from inbound teams competing against OU. NCVB should create a travel guide for incoming teams and provide that guide to all coaches/sports within athletics as well as those leading club sports. NCVB should ensure all coaches, sport administrators, and OU sports departments have the travel guide and know how to use the guide for incoming dignitaries. It is recommended that NCVB host a “coach’s breakfast” at OU each year to entertain the various leaders in the athletic department and specifically to talk about how the guide can assist with housing and transportation for incoming teams. The guide should also be mailed to all incoming opponents of the Sooners with follow-up calls to the coaches and team managers.
 - Event Services Expanded – as stated earlier, a sports event service position should be created to offer NCVB clients a support structure on par with other host cities. Rights holders and National Governing Bodies surveyed by Huddle Up Group indicated the level of event support they receive in host communities determine where their events are held and if they will return. The best sports destinations have dedicated event staff to help the event organizers prior to, during, and after the events.
 - Empower Local Promoters – Norman has a strong foundation of event promoters whose work supports the mission of NCVB and the new NSC. These locally based event professionals offer the NSC a tremendous resource to build annual cache of support to these locally incubated programs and thus increasing economic development. The NCS Staff needs to engage in a progressive dialog with area sports/events leaders on the expansion of their existing franchises and the creation of new events within successful structures that already exist. Growth of existing events and the creation of new properties will likely lead to opportunities

- **Event Solicitation/Service Concepts, continued:**

to expand into multiple championships over additional weekends across all sports. For any funds invested into an event, there should be at least a \$9 in bed tax collection for each dollar invested.

- **Funding Model** – significant opportunity in sports tourism and events lies ahead in Norman if and when a new/expanded funding source can be identified to enhance the NCVB’s current program. The current program is underfunded and is solely dependent on bed tax allocation from the NCVB. To be competitive, it is critical the new NSC have dedicated and sustainable funding source beyond that of what the NCVB can offer through bed tax funding. Applying national best practices, Huddle Up Group believes a funding model exists that would enable the NSC to become a community asset at a level that has not been seen in the past.

A secondary recommendation from Huddle Up Group includes the following:

- **Venue Development/Enrichment/Usage** – as the NSC matures, Huddle Up Group recommends the organization expand its work in three additional areas:
 - Infrastructure Challenges – in order to be a valued community partner over the long haul, the NCVB’s sports division needs to be able to offer support for future venue expansion and event efforts. Creating a venue improvement fund and/or finding consistent ways to support area venues and their events will allow the NCVB to grow its impact in Norman for not only tourism, but community user groups as well.
 - New Arena Concept – while a new arena could be beneficial to the Norman market, it may be a decade before a new facility of this magnitude comes to fruition; therefore, the strategic plan for the expanded sports tourism and events program should not be focused on a new arena. Achieving the goals of the long-range plan would put the NCVB’s sports and events department in a great position to support the new venue when it materializes.
 - Sports Venue Improvement Fund – for the NSC to positively impact Norman’s grass roots sports events community, the NSC must identify a funding mechanism for venue enhancement projects. This would include special projects needed to consistently land major regional and national tournaments for the area. Examples could include paying to add permanent restrooms and concession facilities at the soccer complex or assisting with maintenance costs at the softball/baseball facilities. Numerous cities are placing bed tax funds into the construction and/or operation of sports facilities.

Councilmember Castleberry said Norman Forward projects include a majority of the park projects in Norman and asked if NASC funds could be used for other projects, such as new flooring for sports facilities, sidewalks, etc., that are not currently budgeted in Norman Forward. Mr. Schmieder said absolutely, funding could also be used for assets such as golf carts, event pop-up tents, equipment, etc. He said Norman needs to get in the position of leveraging current assets and creating inventory that helps fulfill the tourism mission.

In the future, NSC should sharpen its focus to three key mission areas or “Pillars.” Each Pillar is driven by a different audience and all are focused on increasing overnight stays in Norman. This refined focus will help the organization enhance its messaging and deliver on the organization’s mission.

The recommended Pillars and driving audiences/factors are as follows:

PILLAR	Bid Events	Created/Owned Events	Community Engagement
AUDIENCE	Tourism; Economic Development; Rights Holders	Tourism; Economic Development; Local Promoters	C-Level Community Leaders; Local Media; Non-Profit Civic Groups; and University of Oklahoma
TACTICS	Request for Proposals/Event Bids	Grants/Incubator Program; Venue Development Fund; Grow Existing Events 10% Annually; and Create One New Event Annually	“6x6” Lunches; Economic Releases; and Corporate Support/Recognition

Mayor Miller asked Mr. Schemm to explain more about the Tourism Marketing District (TMD) and how that works. Mr. Schemm said the TMD is similar to a Business Improvement District (BID) in which the hotels assess a fee upon themselves to be utilized to create tourism heads and beds whether that is through a NSC or other marketing efforts. He said

State Legislation changed last year to allow TMDs to be created and Tulsa created a TMD that will begin revenue collections in April, 2017. He said there are a few other communities exploring TMDs as well so NCVB is currently visiting with the hotel/motel community (50 or more rooms) regarding a TMD. Most hoteliers have not been opposed to an assessment; however, some would like more of the funds to be spent on traditional marketing efforts versus sports events.

Mayor Miller said Huddle Up Group states that \$800,000 could be raised with a TMD and asked how much the assessment would need to be for each room to raise that much money. Are we taking money from some other fund or is this new money being charged to people staying in the rooms? Mr. Schemm said NCVB is discussing a two and one-half percent marketing fee that each guest would pay; however, the hotels may want to negotiate that percentage to two or three percent. He said no City tax dollars would be spent on tourism efforts nor would there be a need for a vote of the people on increasing the current room tax. A majority of the hoteliers would have to sign a petition stating they want to create a TMD as well as how the funds should be spent.

Councilmember Castleberry asked how it would be reconciled if hoteliers agree to spend 20% on the improvement aspect of the TMD, but the City wants them to spend 50%. Mr. Schemm said when the petition is signed there will be a five to eight year strategic plan on how the funds will be distributed. He said that budget will be in the hands of the hoteliers, not the City so if the City wants to negotiate how the funding is distributed, Council needs to do that at the time the strategic plan is submitted; however, discussion regarding a TMD is just beginning.

Councilmember Hickman asked what NCVB's current budget amount is and Mr. Schemm said \$940,000 and next year's budget is predicted to be \$875,000. Councilmember Hickman asked if there is a self-assessment, will the hotels be paying from the proceeds of the room nights or will the two and one-half percent be paid by the guests and Mr. Schemm said the funds will be paid by the guests and will not come out of the pocket of the hotels.

Councilmember Hickman asked if the City of Norman could create a room tax as a revenue stream to the City and Mr. Jeff Bryant, City Attorney, said yes, but it would require a vote of the people.

Councilmember Hickman said Huddle Up Group is recommending that 70% of the projected \$800,000 go towards sports and asked what happens to the other 30%. Mr. Schemm said there is a suggested range of expenditures, and most of the hotel owners would like to spend the money on sporting events and that is where NCVB sees the biggest opportunities as well.

Councilmember Hickman asked how well NCVB's current budget is performing and Mr. Schemm said room nights through the first half of the fiscal year is over 13,000 and that is more than the entirety of the room nights for the last fiscal year. He does not expect another 13,000 for the next half of this fiscal year because NCVB only counts room nights in which they have a direct hand in selling.

Councilmember Hickman asked if NCVB has explored whether or not strategic potential partners, such as OU, are interested in "playing ball," so to speak, because the City is basically talking about getting a piece of the pie OU is already getting for sporting events. Mr. Schmieder said Huddle Up Group interviewed all of the potential partners and although OU does their own thing, there are opportunities to partner in sports that do not get the marketing that football and baseball receive. There are several under-marketed areas where a partnership would be very beneficial to Norman. He said the Sports Commission will enhance what is already being done by investing money to make events better and drive new overnight stays and will not take money away from any other partner. Mr. Schemm said there is a Sports Committee that meets quarterly consisting of representatives from youth and adult sports such as volleyball, soccer, rugby, golf, baseball, football, etc., and they see the NSC as a benefit.

Councilmember Holman asked if a majority of the hotel owners want a TMD, does that mean hotel owners that do not want a TMD will be required to contribute. Mr. Schemm said there has to be a 51% majority for the TMD; however, he would not be comfortable asking Council to approve a 51% majority because these are hotel owners NCVB works with on a daily basis so NCVB would like to have 100% participation. He said most hotel owners do not oppose an assessment, they just do not all agree on the ratio of how the funds should be distributed.

Councilmember Holman is concerned about the focus being on hotel rooms and generating hotel tax to support sporting events, which might eventually lead that focus to drawing outside events and forgetting about existing facilities that are open and available to the public. When selling Norman Forward, Council promised the public the facilities would be available to the public and that is a priority so Council would not want sport tournaments taking focus over that. Mr. Schemm said NSC would work with sports operators to try to fill open dates so fields/facilities are not sitting idle when they could be generating revenue from visitors. Mayor Miller felt that many people in the community will be concerned about the NSC taking over the facilities so this is a valid concern.

Councilmember Clark asked if NSC Staff costs would come out of the assessed fee or be an add-on to NCVB's budget and Mr. Schemm said the staff member salaries are included in the assessment revenue so the TMD would be a self-funding entity that pays for anything it needs.

Councilmember Allison said there is concern in the community regarding facility accessibility to citizens and it is important to take that into consideration. He said there was a community in Texas that built a \$12 to \$14 million swim complex, but did not have events booked so within two years the swim complex was closed because they could not afford to pay ongoing operating costs. If there is no revenue generating activities in the facilities and sales tax continued to decline then the facilities cannot remain open. The Norman Forward facilities are going to be constructed so there needs to be a way to keep them open and a TMD could be a viable way to draw people into Norman. This is not just about sports facilities, this is about restaurants and retail as well, which generate sales tax.

Councilmember Allison said it is important for the public to understand that tournaments and conventions book years in advance. Mr. Schmieder said Disney's Sports Complex (considered the Rolls Royce of the industry) booked five years in advance before they even put the first shovel in the dirt so their calendar was full before they even opened. He said Norman will need to follow that pattern. He agrees the community piece is a balancing act, but the NSC will not have authority to take over the calendar.

Councilmember Clark said the Huddle Up Group report mentions weaknesses in the proposed location of the softball and football facilities. She questioned how much the City is relying on this report because the current location in Griffin Park would help the east side of Norman, i.e., restaurants, retail, etc. Mr. Schmieder felt it was important to note that Huddle Up Group realizes there are not a lot of 60 acre tracts of land sitting vacant in the areas that would be better suited. Mr. Schemm said it is important to balance the location of the venues for hotel benefits as well as the community's. Mr. Schmieder said it will be incumbent of the NCVB and the City of Norman to provide user friendly transportation options to visiting teams, their families, and fans. In a sports market where walkability is king, Norman will need to be creative in how it thinks about the customer experience when ground transportation has to be utilized for tournament play.

Councilmember Hickman said in many instances there are public/private sponsors for the Sports Commissions and asked if that is something Huddle Up Group typically comes across or has explored. Mr. Schmieder said that trend is dying off and is morphing back into the Convention and Visitor Bureaus' purview because of the stability of the bed tax as a constant funding source. Councilmember Hickman asked if the two could be blended and Mr. Schmieder said yes, that is doable. Mr. Schemm said Wichita, Kansas, has a sports commission solely privately funded and they only looked at sporting events that could make them money to keep operating and did not look at what was holistically best for the community.

Councilmember Chappel said he sees this as an extension of services NCVB already provides and a NSC could help NCVB put Norman on the radar for many sporting events that would not normally take place in Norman. He said this would also make better use of Norman Forward facilities and Norman does not want an open calendar because there are still costs to facilities when events are not taking place.

Councilmember Clark said another weakness mentioned in the report was the lack of an anchor facility and asked what an anchor facility has to do with the sports fields. Mr. Schmieder said Norman does not have a mega-sports complex of any type, a large convention center, large arena, etc., which are considered to be anchor facilities. Mr. Schemm said, for example, there is no flat floor, high ceiling space where Bart Conner could host a gymnastic championship event.

Councilmember Hickman asked what the next step will be and Mr. Schemm said NCVB has a meeting with hoteliers on Friday so his next step is to garner consensus on how much tourism marketing fees will be charged and how those dollars will be spent. Visit Norman needs the hotels to agree on that to create the petition to bring forward to Council. The next action step for Council will be another meeting regarding the funding once the hotels come to an agreement.

Councilmember Hickman is concerned to hear that facilities could be closed due to lack of funding and felt it is important for the hoteliers to understand that some of the money may be necessary for basic maintenance at some of the Norman Forward facilities to ensure they stay open and are available for events. Mr. Schemm said that is being discussed and some hoteliers are more comfortable with that while some are less comfortable, but he will definitely make sure hoteliers understand Council is very receptive to that idea. Mayor Miller said funding for operation and maintenance of Norman Forward Projects has been discussed and money has been set aside for that, but things happen and it would be better to have multiple sources of funding for ongoing costs.

Councilmember Castleberry said there is money in Norman Forward Projects for ongoing maintenance. The facilities are going to make money, especially the Indoor Sports Facility, and funds were allocated in contingency of operation and maintenance. He said it is very important for the Venue Improvement Fund to be as high as possible so he does not want to see all the money going towards salaries. He would like to see some type of permanent endowment fund to be used towards future capital projects and their operation and maintenance. If the City does not maintain the facilities, the hoteliers are not going to get a return on their money. Mayor Miller asked if Huddle Up Group has seen an endowment fund in these types of instances and Mr. Schmieder said no, but Huddle Up Group could research that and there may be a State Statute that does not allow that.

Ms. Sereta Wilson asked if the money could be used for infill or backfill for projects such as the Senior Center. Could the funds also be used to pay off debt of completed Norman Forward projects? Mr. Schemm said this process is new to him, but he believes the hoteliers would have to approve how that money is spent and they will want it to be spent on revenue generating heads and beds type venues.

An interested audience member said citizens are paying for Norman Forward Projects through sales tax so how will Norman charge the promoters to use those facilities and how much money is anticipated to come back to Norman. Mr. Schemm said the NSC would not charge the operators, but the entity that owns the facility could charge a fee for use of the facility. The NSC only wants to bring the events to Norman to utilize those facilities. Mayor Miller said the sports teams will pay for use of the facility because that will help pay for the continued operation and maintenance of the facility.

Items submitted for the record

1. PowerPoint presentation entitled, "Visit Norman Sports Tourism Strategic Planning Project Stakeholder Presentations," dated February 21, 2017
2. Visit Norman Sports Commission Project Final Report dated February 17, 2017

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The meeting adjourned at 6:45 p.m.

City Clerk

Mayor