

Oregon Tourism Commission Meeting

February 15, 2022

Zoom Meeting and YouTube Live

Commissioners present included: Scott Youngblood, David Penilton, Erin Stephenson, Mia Sheppard, Don Anway, Lucinda DiNovo, Greg Willitts, Maria Ponzi, Richard Boyles

Chair Youngblood calls the Commission meeting to order at 9:01 am and notes that the virtual public meeting is in accordance with state public meeting requirements.

Welcome and Introductions:

Chair Youngblood notes that both Nigel Francisco and Kenji Sugahara have officially ended their terms as Oregon Tourism Commissioners. He introduces Erin Stephenson and David Penilton joining today as two new additions to the Commission, appointed by Governor Brown. He asks Commissioners Stephenson and Penilton to introduce themselves.

Commissioner Erin Stephenson states that she was raised in McMinnville and founded a boutique lodging company which has two brands, Third Street Flats and The Atticus Hotel. Commissioner Stephenson is also the founding board chair of Visit McMinnville and is extremely passionate about the power of tourism as an economic development force in small communities.

Chair Youngblood thanks Commissioner Stephenson and asks Commissioner Penilton to introduce himself.

Commissioner Penilton thanks the Commission for the warm welcome. He thanks Travel Oregon, the Commission, and the Oregon tourism industry for their work on Travel Oregon's Transformational Strategic plan. Commissioner Penilton started his career in supply chain and logistics before starting his own company as a tour operator, America's Hub World Tours. He has been on Travel Portland's board, the Lane County Board, the Oregon Shakespeare Festival Board, and is actively involved in a non-profit organization called Our Children of Oregon. He is excited to be a member of the commission to continue to support the growth of our state to support local families and communities. He has been committed to traveling with the Travel Oregon team to promote Oregon domestically and internationally. He is passionate about Oregon's outdoors and, most of all, family.

Chair Youngblood asks each of the remaining Commissioners to introduce themselves.

Commissioner Boyles notes in his introduction that two General Managers at Merete have been named "GMs to watch" by the American Hotel and Lodging Association. Additionally, Liz Dahlager, Executive Vice President of Merete was recognized by ALIS

(Americas Lodging Investment Seminar) as a person who is paving the way in the industry.

Commissioner DiNovo welcomes Commissioners Stephenson and Penilton during her introduction.

Commissioner Ponzi notes that she is receiving a lifetime achievement award today from the Oregon Wine Board and welcomes Commissioners Stephenson and Penilton as well.

Commissioner Sheppard also welcomes the new Commissioners.

Commissioner Willitts notes in his introduction that Oregon's competitive advantage is the state's beautiful, natural locations and this is demonstrated in the Transformational Strategic Plan presented to the Commissioners in advance of today's meeting.

Chair Remarks

Chair Youngblood notes that almost two years ago, the Commission held their last in-person meeting prior to the start of the Covid-19 pandemic. He notes the resilience of the industry, the Commission, and the state, despite the losses over the last two years. He states his optimism and hope for the future. In just five months, Oregon will welcome visitors and athletes from around the world for the historic hosting of the World Athletics Championships Oregon22. He notes the economic opportunity that will be launched due to this event.

Public Comment

On Friday, January 28th, 2022, the Commission meeting notice and materials for this meeting were posted on Travel Oregon's Industry site with instructions for public comment. One General Public Comment was submitted and has been shared with the Commission. This comment will be posted on the Travel Oregon Industry site and become part of the public record for today's meeting.

Commission Business

Chair Youngblood asks the Commissioners for confirmation that they received their Commission packets, including the public comment and financials, to review in advance of the meeting.

All Commissioners confirm that they received their Commission packets.

Chair Youngblood asks if all Commissioners had the opportunity to review the October 5, 2021, Commission meeting minutes.

All confirm they have reviewed the minutes.

He asks if there are any changes to the October 5, 2021, meeting minutes.

Vice Chair Boyles notes that he has a comment unrelated to edits to the minutes, so he will note his comment after approval of the minutes.

Chair Youngblood requests a motion for approval of the October 5, 2021, meeting minutes.

Commissioner DiNovo moves to approve the October 5, 2021, meeting minutes as presented.

Vice Chair Boyles second the motion.

All approve the motion to approve the October 5, 2021, meeting minutes as is.

Vice Chair Boyles notes that in reviewing the meeting minutes he recalls that Frank from Destination Think noted a lack of clarity from Travel Oregon staff and industry partners on the role of the Commission. He asks Todd if this could be reviewed in this meeting when appropriate.

Todd agrees and notes that this topic had come up in some listening sessions with Destination Think. Internally, time is being set aside at All Staff Meetings at Travel Oregon to discuss the role of Commissioners and the legislation that drives this process. He notes this is something that is also planned to be addressed the upcoming Governor's Conference on Tourism. Todd addresses the fact that Oregon's tourism industry is vast and only those that attend Commission meetings hear specific ways the Commission functions. He hopes the live streaming of his remarks at the Governor's Conference is a step towards reaching additional industry members.

Vice Chair Boyles thanks Todd and is happy to hear this plan for further communication on the role of the Commission.

Commissioner Penilton notes that in the October 5, 2021, Commission meeting, he was very impressed by the presentation on the Willamette Valley Wildfire Recovery and thanks the presenters. He also notes that he would like to hear more on the goals of the Travel Oregon Why Guides program, as he believes it could benefit more than the guides currently in the registry. He would also like to hear the results of the Only Slightly Exaggerated 3 campaign.

Chair Youngblood asks Todd if he would like to address any of these topics now or in future meetings.

Todd states that the agenda for the March meeting in conjunction with the Oregon Governor's Conference on Tourism will include a recap of the Only Slightly Exaggerated 3 campaign, including metrics and results. This will also be included in the Strategic Plan Progress Report in March.

Financial Update

Chair Youngblood thanks Vice Chair Boyles and Commissioner DiNovo for reviewing the financials with Kathleen Stewart, Comptroller for Travel Oregon, and Todd Davidson prior to today's meeting. He asks Vice Chair Boyles to review the financial statements.

Vice Chair Boyles notes that as of December 31, 2021, Travel Oregon had received \$21.4 million, which accounts for 69.8% of the annual budget. As of December, it is typical for Travel Oregon to have received around 64% of the annual budget. Travel Oregon has also received \$2.4 million in unanticipated revenue, which will be presented as part of the June 2022 budget modification request. Vice Chair Boyles notes his pleasure in the financial recovery Travel Oregon is seeing and sees no reason for concern in Travel Oregon's plans.

Review of Current FY22-24 Revenue Forecast

Chair Youngblood introduces Todd to share a review of Oregon's lodging tax revenue forecast from data collected by Tourism Economics.

Todd shares a revised revenue forecast PowerPoint presentation and thanks Tourism Economics, Dr. Ladan Ghahramani, and Kathleen Stewart for their work on this report. Todd notes that it is common to review a revenue forecast in the February Commission meeting. He notes that we are in the middle of a biennium currently, which is an unusual time to be looking forward as it typically occurs in planning for the next biennium. Kathleen Stewart, Comptroller for Travel Oregon and interim Vice-President of Operations, shared yesterday with Todd that Travel Oregon received the most recent deposit from the Department of Revenue for January and February 2022. This deposit brought Travel Oregon to 88% of projected revenue. Normally at the end of this quarter, which would include the month of March, Travel Oregon reaches 80%. This demonstrates the strong recovery the industry is experiencing. Over the last 7 months, Oregon's room revenue has recovered to pre-pandemic levels, mostly due to higher room rates as occupancy is still down. Todd reviews historical TLT data from 2016 and notes the seasonality of lodging tax revenue. He states that with the national news of states beginning to lift mask mandates, there has been an uptick in travel planning for summer 2022. While variants of COVID-19 like Delta and Omicron impacted the recovery of travel, it did not impact the industry as significantly as the original COVID-19 strain did in 2020. Todd reviews U.S. GDP growth trends after recessions and the growth of consumer wealth in U.S. households. He also reviews travel growth trends and projections in the U.S., including the breakdown of business versus leisure travel. Tourism Economics provided Travel Oregon with three projection scenarios. These projections consider key economic indicators like national GDP growth, unemployment rate, and the possibility of additional Covid-19 variants. Todd notes that the baseline scenario is what Travel Oregon is planning towards as a conservative approach. The baseline scenario forecasts revenues to reach \$35 million in TLT in fiscal year 2022. The baseline projections would revise the current budget for the biennium by \$73.6 million or

an increase of 15%. Todd invites the Commissioners to ask questions based on the revised revenue forecast.

Commissioner Ponzi notes how encouraging these projections are and thanks Todd for the good news. She asks if there are concerns about Portland acting as the gateway to Oregon for many leisure and business travelers and the negative sentiment that currently surrounds the city.

Todd notes that this topic has been discussed and considered by Tourism Economics in these projections.

Commissioner Penilton thanks Todd for the update. He asks if there is room to be more aggressive in Travel Oregon's marketing, noting that some of this recovery is due to pent-up demand.

Todd thanks Commissioner Penilton for the question and notes that this is Travel Oregon's charge as an economic development driver for the state and how it is identified throughout the Objectives in the draft Transformational Strategy. Todd notes that an additional goal of Travel Oregon is to inspire travelers to visit in the shoulder and off-seasons to level some of the seasonality of visitation noted earlier in the presentation. Todd also notes that international recovery is growing slowly as flights return to PDX and allows more off-season visitation. Marketing is a key part of this recovery plan.

Commissioner Penilton thanks Todd and notes the importance of the international visitor to Oregon.

Todd states that historically international visitation makes up 12% of Oregon's visitors. Additionally, \$1 out of every \$8 being spent during travel in Oregon is from an international visitor. While domestic leisure has helped with the speed of Oregon's recovery, the international recovery will help sustain this growth.

Commissioner Anway asks about the return of business travel based on conventions. He notes that these are planned years in advance and many conferences and conventions remain virtual. He asks what Oregon can do to encourage the return of conferences and conventions to capture business travel.

Todd notes that there are ripple effects to business travel that increase the state's tourism economy and that the whole state has been affected. He also cites sports events as a bridge to increasing group travel as business travel slowly returns. Todd notes he plans to work with Travel Oregon's research team in better understanding the data behind the effect of conventions and conferences on Oregon and discussing ways Travel Oregon can be more involved in this space. He thanks Commissioner Anway for the question.

Chair Youngblood notes the importance of Portland's economy on the state as a whole. He is optimistic that state, regional, and national associations will choose Portland as a

place to hold conventions and meetings. He notes that the research team at Travel Oregon and Travel Portland can help the Commission understand this locally gathered data more.

Commissioner Ponzi appreciates the work behind the forecast presented today and thinks the baseline approach is appropriate.

Commissioner Willitts notes that the wildfires of the past couple of years have dampened advance bookings for events, like weddings. He worries that if there are wildfires in the summer of 2022, it will impact bookings for years to come. He notes that his property avoids booking large events in August due to the unknowns of wildfire season.

Commissioner Penilton also notes his concern for Southern Oregon and the dry weather and droughts the region has been experiencing this winter. He worries for what summer will entail in this region.

Commissioner Sheppard notes that Central Oregon is also concerned about the lack of rain. She notes that her business does not have any booking for August and September due to drought concerns. She is hopeful that more rain will come this spring and new fire management measures will help.

Chair Youngblood notes that this is not a budget modification request but is a review of the revenue forecast modification. He asks the Commission's feelings on this baseline approach.

All Commissioners agree to the baseline forecasting approach.

Chair Youngblood notes that the Commission looks forward to the budget modification in June 2022.

Public Comment on Travel Oregon's Draft Transformational Strategy

Chair Youngblood notes that on Friday, January 28, 2022, the public meeting notice and meeting materials were posted for public comment. Several comments were made to the draft Transformational Strategy and the public comment period will remain open through February 21 at 5p.m. Chair Youngblood states that Kari Westlund, President and CEO of Travel Lane County, signed up to provide public live commentary to the commission.

Kari Westlund thanks the Commission for their time to provide comments on the draft Transformational Strategy. She notes that a 10-year strategic plan provides an important framework and clarifies priorities. She notes that she agrees with the goals of this plan but believes Travel Oregon's primary mission of driving the visitor economy needs to be better articulated in the plan. Kari states that for those unfamiliar with our industry's history, Travel Oregon's funding partnership and subsequent goals needs to be clearly laid out to continue to uphold our industry's future. She believes this should be

better reflected in Travel Oregon's mission, vision, and values to retain this funding stream into the future.

Commissioner Ponzi notes that she appreciates Kari's comments and while Travel Oregon evolves it remains important to harken back to our history.

Vice Chair Boyles also notes his appreciation for Kari's comments. He asks Kari to elaborate on her concerns around the budget implications in the plan.

Kari notes that the industry helps protect the revenue stream. Kari states that we as an industry sometimes shy away from the economic conversation and lean into societal issues and conversations. She notes that in her mind these are intrinsically linked and should be represented on paper for posterity's sake. She states that new measures are always introduced in the legislature that could hinder Travel Oregon's funding and believes it is important to always make the economic mission clear in writing.

Vice Chair Boyles agrees that many of our legislators do not understand the importance of the history of this revenue stream. He agrees that spelling the importance of this out explicitly remains vital.

Commissioner Penilton thanks Kari for her comments. He asks her to comment further on the partnership between government and industry and her concerns.

Kari notes that Travel Oregon is in service to the state as a semi-independent state agency but should not shy away from discussing the funding that makes that possible. She states that noting the importance of driving the industry's economy through hotel overnights can be stated in harmony with achieving the social and climate-related goals of the agency.

Chair Youngblood thanks the Commissioners and Kari Westlund for her time.

Chair Youngblood notes that no other members of the public signed up to speak publicly and if there are no other comments, he closes the public comment period of this meeting. Chair Youngblood states that the comment period for the Draft Transformational Strategic Plan remains open online until February 21, 2022, at 5 p.m.

Chair Youngblood suggests a break from 10:15 to 10:25 a.m.

Review and Discussion of Travel Oregon's Draft Transformational Strategy

Chair Youngblood reconvenes the meeting and asks Todd to walk the Commission through the Draft Transformational Strategy.

Todd presents walks the Commission through the Draft Transformational Strategy via a PowerPoint presentation. He notes that a 10-year strategy has been developed to approach this transformation with consistency and appropriate planning and timing. He states his appreciation for the industry in refining this plan and moving our collective work forward. Todd states that while the pandemic has brought many hardships, it also brought the opportunity to pause, reflect, and lean into needed transformations. Todd

expresses gratitude and acknowledges the many tribes and bands who call Oregon their ancestral territory. He notes Travel Oregon's origins and the legislation that drives our work and goals. He notes that this can be more richly described in the plan per Kari's comments. Todd discusses the framework of the transformational strategy driven by Travel Oregon's mission. Our work will be framed by Travel Oregon's core values and a racial equity lens to drive four key objectives of equity, recognition, experiences, and environment. Travel Oregon's strategies will be framed by these four pillars and result in our vision and racial equity outcomes. Todd shares Travel Oregon's new draft vision and mission. He discusses the racial equity lens and the United Nations 17 sustainable development goals that act as a destination stewardship lens through which all work will be guided. Todd states that this strategy evolved from surveys, listening sessions, research, and focus groups with over 2,000 Oregonians. From this research came three focus areas: societal, environmental, and economic. Todd describes the key performance indicators and objectives included in the plan, as well as the strategies that fall under the four main objectives. He notes that the strategies are created with fluidity and flexibility in mind, knowing that we are in uncharted times, however, the goals and outcomes of the strategy are absolute. Action planning and budgeting will be guided by the strategies. He notes that the world has changed and it is our opportunity to be a driver of change while not losing sight of who we are. He notes that intentionality is key to moving forward for the stewardship of our land and the welcoming of a diversity of communities and visitors.

Chair Youngblood asks if there are questions from the Commission.

Commissioner Penilton thanks Todd for the presentation. He notes that the Oregon Tourism Leadership Academy will be visiting the Umatilla tribe during the first week of March and he is excited for what they will learn from these industry members. He expresses that he believes the Commission should have reviewed the Draft Transformational Strategy prior to it being reviewed by the public. He adds that as we work to revise this draft, it should be in conjunction with key stakeholders and Commissioners before it is shared again. He would like to be on this committee to review the strategy before it is publicly shared again.

Todd thanks Commissioner Penilton for his response. He states that historically the plan has been shared with the Commission at the same time as the public but he has made note of his comments for further discussion and consideration.

Commissioner DiNovo thanks Todd for the presentation and notes how thoughtful this strategy is. She states her encouragement and pride in this work. She notes the importance of the word "strategy" and explaining to the industry that this is the lens through which we will do our work. She notes that there is an opportunity to call out optimizing economic impact again as in previous plans to continue to educate the industry.

Todd notes that he does believe this should be referred to as a transformational strategy. This plan will begin in earnest at the onset of the next fiscal year and continue to have deep industry involvement. He acknowledges the trust that has been afforded to the Oregon Tourism Commission and better explaining this in the strategy.

Commissioner Willitts notes that he was impressed with this as a draft. He states how clearly this plan connects to Oregon's competitive advantage and the respect for land and people addressed in this plan. He notes that Kari's points are well taken, that if industry members do not see the economic components in the plan, like he does, then it should be adapted somewhat. He notes the resiliency of the hospitality workforce through wildfires and the pandemic. He would like to see the pride the industry has in their workforce spelled out in a concise way.

Todd thanks Greg for his comments. He notes that there were 2,000 Oregonians that weighed in on this draft in some way and it is still being adapted. He notes that high schools in Oregon historically hosted hospitality training programs that are now difficult to find. Despite being a growing industry, there is a public sentiment that the tourism industry is not a viable career path. This is important work for our industry to take on to continue to drive workforce growth and engagement.

Commissioner Ponzi thanks Todd for his comments regarding hospitality education which ultimately grows a destination's economy. She notes that she agrees with the comments on including economic impact in the transformational strategy and continued need to communicate this as a transformational "strategy" and not a full plan. She applauds the organization for the inclusivity and boldness of this plan. She notes that Oregon must continue to preserve the cultural heritage of our state and was thrilled to see this included in the plan.

Commissioner Stephenson states that as a new Commissioner she commends the Commission and team at Travel Oregon for being willing to be transformational during a time that has been incredibly difficult for our industry and communities. She appreciates the inclusivity of the plan and the conversation focusing on workforce. She also states her appreciation for Kari's request to not shy away from including economic development in the strategy. She notes that tourism creates richer communities due to the economic inflow that visitors provide when local spending might not sustain these businesses through all seasons. She thanks the Commission for the great work to get us to this stage.

Commissioner Anway thanks Todd and Travel Oregon for the work on the draft plan. He notes that he struggles with how the document is presented and industry confusion on the transformational strategy. He asks if more time is needed to discuss how to educate the industry on what a transformational strategy is and gain industry buy-in. He states his concern that this plan could fragment our focus and wonders if these social issues are truly Travel Oregon's mission. He agrees that economic development

should be the core focus with other issues supporting that work. Commissioner Anway wonders if voting on this plan in March is too soon.

Chair Youngblood notes that the Travel Oregon staff will take all this feedback and provide updates to the Commission prior to the meeting next month. He shares Commissioner Anway's interest in ensuring this process does not feel rushed. He notes that Travel Oregon is always the first in our broader industry to be brave and innovative.

Commissioner Anway agrees with Chair Youngblood. He adds that Kari Westlund and Alana Hughson's public comments, both past Commission Chairs, brought him pause in this process. He hopes to receive more public comments to hear directly from the industry.

Vice Chair Boyles thanks Todd for the presentation and industry members for their comments. He agrees with more overt communication on their role as Commissioners and the economic mission of Travel Oregon. He agrees that the comments of two past Commissioners should be addressed. He notes that Lizzie Keenan's public comments on the missing nature of economic development and fears that industry members may not see their work in this document were of particular interest to him. He states that the legislative core of our work needs to be explicitly stated. He agrees with Commissioner Penilton's comments that the Commission could have been looped into this process earlier. He encourages each Commissioner to understand their legislative role through ORS 284 and would like to see it acknowledged in this document. He is hopeful that over the next week, more public comments are received, particularly from the lodging community. He would like to see a public work session with all Commissioners to discuss the future of the plan and the organization's work. He also believes the timeline to do so before the next Commission Meeting in March will most likely be too tight.

Todd thanks Vice Chair Boyles for his comments and the challenge to Commissioners to read ORS 284. He notes that all of Travel Oregon's work is in service to this statute. He notes the connection to residents is not historically what Travel Oregon has leaned into but due to the pandemic has become more of a focus. He appreciates Vice Chair Boyle's suggestions on how we might move forward.

Commissioner Sheppard agrees that more time is necessary to take in partners' comments before a final draft is determined. She appreciates the energy and thoughtfulness that has gone into this plan. She notes her concern with the new mission statement that does not focus on business development. She asks whether the mission should speak to travelers or Oregonians. She fears that there is a risk in this strategy due to the lack of focus on economic impact of tourism and believes there should be more of a focus on tourism explicitly.

Todd thanks Commissioner Sheppard and states he has noted all her comments.

Commissioner Stephenson supports the statements on process that Commissioner Anway, Boyles and Penilton presented. She notes that with a 10-year plan, ensuring due process is important including the engagement of stakeholders and partners.

Commissioner Penilton states his appreciation for the boldness of the draft plan. He states his concern with the lack of input from the lodging community who help drive Travel Oregon's funding. He echoes the thought process of other Commissioners to slow the process if needed before final decisions are made.

Vice Chair Boyles notes that he proposed a framework and asks if the Commission can get to agreement on how to proceed.

Chair Youngblood notes that staff will begin working immediately on revisions as they are provided over the next week. He echoes that the Commission could receive an edited draft in advance of the March meeting. The March meeting could provide an additional opportunity for discussion. He proposes holding the vote until the June meeting and not rushing to meet artificial timelines. He notes how hard the Travel Oregon team has been working on this plan for the last year.

Vice Chair Boyles notes that the Commission and the public have only had the opportunity to work with this plan for roughly two weeks. He states that Chair Youngblood captured his timeline adequately and proposes that the Commission reviewing an additional draft should be held as a public meeting.

Commissioner DiNovo agrees that having adequate time is important, but states concern for Travel Oregon's work being paused until approval.

Todd states that he appreciates the Commissioner's insights, thoughts, and suggestions for a proposed timeline to create revised Draft Transformational Strategy. Any Commission convening would need to be a public process, particularly if any consensus was agreed upon. Todd notes that staff are reviewing all public comments, including those today, and implementing edits to the draft plan. Todd notes that this piece of the plan is foundational to additional planning, like action plans and budgeting. He notes that if it is possible to present a draft plan and engage in further discussion by the March Commission meeting then it would be discussed as a public hearing. He notes that if further deliberation and changes are needed, the June Commission meeting will provide the opportunity for Travel Oregon to present both a new strategy and modified budget as a package at that time.

Chair Youngblood commends the deep conversation today and vital commentary from stakeholders and partners. He notes how different this plan looks from previous strategies created by Travel Oregon. The elements that are different are also the aspects of this plan that are brave and aspirational. He believes the comments today reflect additions to be made to the strategy as opposed to changes to what already exists within it. He notes that our emerging workforce needs to be inspired and feel

aligned with the values of an industry. He believes the values in this strategy align with the core values of our industry.

Commissioner Ponzi agrees with the comments today and does not believe the strategy is far from where it needs to be. She believes a bold plan is important and these additions will make it even stronger. She is also a proponent of a lengthened timeline to June if needed to get the strategy where it needs to be.

Todd agrees with Commissioner Ponzi. He notes that Travel Oregon is working under the current strategic plan and budget now. He agrees that additions are important to this draft strategy to avoid misinterpretations of Travel Oregon's work. He also notes that Travel Oregon has already been working towards DEI and stewardship goals under our current plan. He states that the staff will work diligently to ensure that the public and Commissioner comments are included in a new draft and that both the March and June meetings will provide further opportunity to refine this plan.

Closing Remarks

Todd thanks the Commission for their work, knowing that this is a volunteer position, and their commitment to thinking deeply and intentionally in this space. Todd reflects that Commissioners have always brought a myriad of interests and perspectives to our collective work. He notes that with the creation of the Commission, the statute reflects that 5 of the 9 Commissioners must be members of the lodging community because it relates directly to the funding of the agency. He thanks all Commission members for their thoughtfulness and selfless service to Oregon.

Chair Youngblood notes the engagement and involvement seen today in this meeting. He notes that the next meeting will be held in Sunriver, Oregon in-person in conjunction with the Oregon Governor's Conference on Tourism on March 14, 2022.

Chair Youngblood adjourns the meeting at 12:19 p.m.